



Housing Finance Meeting #4 Notes

August 20, 2015
10:00 am to 12:00 pm
City of Grand Rapids Parking Services
50 Ottawa Avenue NW

WORKGROUP MEMBERS PRESENT: Laurie Craft, Jeremy DeRoo (Co-Chair), Sue DeVries, Ruth Kelly, Helen Lehman, Carlos Sanchez, Monica Steimle (Co-Chair), and John Wynbeek

STAFF PRESENT: Erin Banchoff, Connie Bohatch, Emily Madsen, and Johanna Schulte

Notes from the August 6, 2015 meeting were reviewed.

Sue DeVries commented MSHDA is seeking suggested topics and presenters to cover at the next Building Michigan Communities Conference. Commissioner Kelly noted the goals and strategies of this workgroup would be important topics. The group discussed MSHDA's list of topics. The conference will take place April 25-27, 2016. Ms. DeVries commented the recommendations of this process would be appropriate and would be a good way to get this platform out publicly. Connie Bohatch explained that the audience is mostly made up of like-minded professionals in the field. The group discussed who attends the conference and what purpose it might serve to present.

Commissioner Kelly mentioned the Health in all Policies method.

Helen Lehman commented there are not a large amount of employers at the table like was discussed at the Workgroup Kickoff meeting. Connie Bohatch responded attempts have been made to get employers at these meetings but there are not very many in this workgroup. She explained there are some employers that attending the other workgroup meetings. The group discussed needing to do more to educate employers on why this process is important and why it makes economic sense to engage in these topics.

Ms. Bohatch mentioned Traverse City's struggle to find employees since employees cannot afford to live there. The group discussed that intentionally educating and reaching out to community employers could be a part of the recommendations. The need to champion certain successes in the city was identified. Spectrum Health once had an employee assisted housing program. The SOURCE was identified as a potential asset for the Economic and Workforce Development workgroup.

The group discussed the colleges and universities in the area and their influence on housing and involvement in this process. The group discussed getting colleges and universities involved in the general housing conversation – not just in terms of student housing. Ms. Bohatch mentioned there is a group which meets with neighborhood organizations and all the local colleges and universities to talk about being a good neighbor and housing. Sue DeVries

mentioned that Calvin College has a good program to engage students in the community. Calvin has housing projects in the neighborhoods which have been successful. Commissioner Kelly mentioned the University Accountability Ordinance passed last summer in Boston. The ordinance requires colleges and universities to report its total number of enrolled students, the number housed both on and off campus, the locations of all university-owned or affiliated housing, and the addresses of students housed off campus in Boston.

The group went through the document outlining City of Grand Rapids Economic Development Department programs which could be modified to meet the goals identified by this workgroup. The policies could be modified as an “all or nothing” approach, meaning if a project does not further the goal of mixed-income neighborhoods, the City programs will not support it. The group could also consider a modification to the policies which would prorate incentives by giving points for meeting the mixed-income neighborhood goal. Emily Madsen explained the first two programs (Neighborhood Enterprise Zones or Obsolete Property Rehabilitation Act) could be modified by the duration of the support but the dollar amount of the incentive cannot be modified. Ms. Madsen explained the third program (Brownfield Redevelopment) could be modified by the duration of the support, which activities are supported, and/or the amount of support eligible activities receive. The group discussed these modifications would only apply to housing projects, not solely commercial developments. Jeremy DeRoo proposed if a project has housing, the City would not support that portion of the project if it does not meet the needs of the neighborhood and the goal of mixed-income.

The group discussed incentives in GR Forward Draft Plan.

Carlos Sanchez asked whether other municipalities have tried these kinds of policies. Monica Steimle explained the location of the incentives have to be considered. Connie Bohatch clarified the proposed policy modifications were attempting to address that concern. The group discussed whether projects outside of the Neighborhood Enterprise Zones could receive the benefit. Helen Lehman commented language will be important to avoid running into Fair Housing concerns or the Supreme Court ruling on disparate impact. Ms. Bohatch said the recommendation from the group could include a statement on working through these issues.

The group discussed making a recommendation to continue to look at these policies with Economic Development moving forward.

Helen Lehman proposed making a stronger expectation that if you build in Grand Rapids, you will provide affordable housing. She explained that LEED certification is now the norm and this proposal could lead to a similar change in terms of culture and expectation. Commissioner Kelly said there should be social recognition and pride in doing these things which needs to be a cultural change.

The group decided to go through the list of potential recommendations.

ADVOCATE FOR CHANGE TO THE QUALIFIED ALLOCATION PLAN (QAP)

Sue DeVries said advocacy would be more effective if, in addition to advocating through individual organizations, the group also recommended a process for coordinated advocacy.

Carlos Sanchez said the recommendation needs to explain what the QAP is, its connection to LIHTC, and how it works. Ms. DeVries said the advocacy of the QAP might be more effective if it is longer-term and ongoing.

Mr. DeRoo asked whether there is anything on the list of potential recommendations that need to be removed and whether there are any topics missing from the list.

Mr. DeRoo said that census tracts should be specifically addressed in the recommendation. He said neighborhoods are too large to use as the geographic identifier and the City should use census tracts to define the need for mixed-income. Ms. Bohatch commented the data collection for this kind of program would be cumbersome. She explained the City is working on comparing the assisted housing data with the downtown inventory of units.

Ms. Lehman stated the primary goal is to make sure there are housing choices.

MIXED-INCOME NEIGHBORHOODS POLICY:

The group discussed recommending the City review data on a regular ongoing basis and adjust incentives accordingly. Mr. DeRoo said the recommendation could be that the City start developing goals and strategies to launch a program that meets the goals identified by the group.

The group discussed the percentage goal of affordable housing in the downtown area. The GR Forward Plan suggests 25 percent of units downtown be affordable for households at 120 percent of Area Median Income (AMI) and below. The group discussed that incentives attached to assisted housing programs are related to 80 percent of AMI or below.

HOUSING TRUST FUNDS, COMMUNITY LAND TRUSTS, AND COMMUNITY REINVESTMENT ACT:

Carlos Sanchez asked who would be encouraged to create these tools. He said there is a federal housing trust fund but the funding has been the primary problem. Ms. Bohatch mentioned the State of Michigan also has a housing trust fund but it is not funded. She commented Seattle has a housing trust fund that uses a mileage to fund affordable housing. The group discussed what other communities have done to establish housing trust funds and how the financing works. Mr. Sanchez said Seattle had a numerical goal of units which is how they were able to secure a dedicated mileage.

The group discussed making a recommendation that there be more exploration of these policies and tools. Ms. Bohatch explained Community Development is set up as a bank and has the infrastructure to run a housing trust fund.

Sue Devries had a note of caution when looking at community land trusts because MSHDA has had a lot of issues unwinding them. She said since community land trusts are set up to remain owned by the same entity for 100 years or more, if and when the entity no longer has the capacity to continue the project, the trust can become very complicated to unwind.

The group discussed the differences between community land trusts and housing trust funds.

Commissioner Kelly asked whether the City could hold a community land trust. Ms. Lehman explained that non-profits have to set up guidelines for what happens if and when the entity goes under. The group considered whether an entity could set up the community land trust and include plans to adjust or dismantle if necessary. The group discussed whether community land trusts could receive MSHDA funding.

Mr. Sanchez explained as bigger developments by Public Housing Authorities (PHAs) are being torn down, they become deed restricted which means basically, they end up as land trusts because HUD does not want the land to lose long-term affordability.

The group talked about including facilitation as part of the recommendation. Ms. Bohatch suggested these tools may be too narrow and land use restriction tools may be more appropriate for the recommendations.

The group discussed whether to make affordable housing as part of the turnover for the land bank.

Sue Devries said she would ask her legal team about deed restrictions.

Recommendation: Identify and use property use restriction tools to preserve housing affordability (for example, community land trusts, deed restrictions, declarations of trust, and community use agreements).

Ms. Bohatch asked what the group was interested in exploring with Community Reinvestment Act (CRA). She said that there could be an opportunity to get to the lending institutions to help promote these recommendations. Mr. DeRoo said having banks submit information on CRA projects to be included in a public CRA report card could encourage banks to do more.

Ms. Lehman said being bold about this will be important to creating meaningful recommendations. The group talked about finding a target dollar amount that would be needed to create a housing trust fund.

Recommendation: Form a funded housing trust fund initially supported with a \$10 million minimum investment supported by City and other government institutions, financial institutions, corporate citizens, philanthropic partners, healthcare institutions, and other stakeholders.

John Wynbeek said healthcare institutions have a vested interest in affordable housing since it could reduce the amount of money spent on emergency services as opposed to preventative healthcare.

The group discussed recommending a staff position in the City to handle the implementation of these recommendations.

Recommendation: Modify City Economic Development programs and affordable housing tools and policies to accomplish the goal of mixed-income neighborhoods.

The group discussed HUD's affirmative fair housing tool which is an unfunded mandate. The need for resources, including staffing ability, to achieve these recommendations was discussed.

Recommendation: Advocate for preserving and increasing state and federal housing resources including HOME and CDBG.

Recommendation: Coordinate advocacy to make changes to the QAP to better support the Great Housing Strategies recommendations.

Recommendation: Create a staff position to oversee the implementation of these recommendations.

The group discussed the GR Forward Draft Plan's goal of 25 percent affordable housing downtown for households making less than 120 percent of AMI. Workgroup members suggested a more appropriate goal would be 30 percent affordable housing for households making less than 80 percent of AMI. Connie Bohatch explained the Zimmerman Volk study found the five year absorption forecast for affordable housing is 28 percent. Co-Chairs will discuss how this suggestion be implemented in the recommendation process.