

CITY OF GRAND RAPIDS FY 2022 **PRELIMINARY**
BUDGET REVIEW WORKSHOP MAY 11, 2021
FISCAL PLAN

NEVERTHELESS,
YOU PERSISTED.

FY 2022 Budget Review Schedule

Tuesday, April 27 Introduction of the FY 2022 Preliminary Fiscal Plan (10am)

Tuesday, May 4* Budget Review Workshop (9am – Noon)

Thursday, May 6* Budget Town Hall (TBD)

Tuesday, May 11 * Committee of the Whole (10am) and **Budget Review Workshop** (1 – 5pm)

Tuesday, May 18 Committee of the Whole **Discussion and Deliberation** (10am)

Public Hearing at City Commission (7pm)

*Special meeting scheduled
Thursday, May 20* **City Commission Adoption** (9 – 11am)

Overview of Budget Topics Schedule

- **April 27 Introduction of the FY 2022 Preliminary Fiscal Plan**
 - Financial Overview (Fiscal Sustainability and Discipline)
 - Equity Investments
 - Summary of proposed work by Strategic Plan priority
- **May 4 Budget Review Workshop**
 - Public Safety Reform and Crime Prevention / Violence Reduction
 - Third Ward / Neighborhood of Focus Equity Funding
- **May 11 COW: Briefing on Sustainability, Capital Investments, Stormwater and Vital Streets**
- **May 11 Budget Review Workshop**
 - Legislative Update on Federal Investment
 - Housing and Homelessness
 - COVID Relief / Economic Recovery including Health Impacts
 - Cannabis Update
- **May 18 Discussion and Deliberation at COW and Public Hearing at the evening meeting**
- **May 20 Budget Adoption**

Today's Topics

- Legislative Update on Federal Investment
 - American Rescue Plan
- Housing and Homelessness
- COVID Relief / Economic Recovery Including Health Impacts
- Cannabis Update



UPDATE ON FEDERAL INVESTMENT

President Biden and Congress are working together to provide emergency relief and ongoing investment in critical areas of need:

- **American Rescue Plan \$1.9 Trillion** – Signed into law and provides direct funding to States and Municipalities, funding for vaccines and distribution, and direct aid to families.
- **American Jobs Plan \$2 Trillion** – President Biden's plan for critical investment for Infrastructure Initiatives.
- **American Families Plan \$1.8 Trillion** – President Biden's plan to provide direct aid to families and children. It is a combination of tax cuts and investments.

President Biden's American Rescue Plan provides \$1.9 Trillion as follows:

- \$350 billion in new federal fiscal assistance for states and municipalities. The City of Grand Rapids is estimated to receive \$94 million over 2 fiscal years.
- \$7.25 billion for the Paycheck Protection Program for businesses.
- \$2.5 billion in emergency rental assistance.
- \$400 million for support to homeless services providers, eviction prevention assistance, and utility shut-off prevention assistance.
- \$300 million in relief for firefighters across 2 FEMA programs.
- Shuttered Venues Operators Grant which provides emergency assistance for eligible venues affected by COVID-19 as follows:
 - Over \$16 billion in grants to shuttered venues.
 - Grants up to 45% of gross earned revenue.
 - \$2 billion reserved for eligible applicants with up to 50 full-time employees.

American Jobs Plan – Over \$2 Trillion

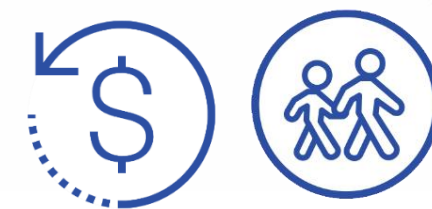
President Biden’s American Jobs Plan which would provide over \$2 trillion for infrastructure initiatives and includes the following highlights:

- \$621 billion towards transportation infrastructure and resilience (roads, ports, transit), including \$174 billion for the investment in vehicle electrification;
- \$213 billion to develop and preserve “more than two million affordable and sustainable places to live;”
- \$111 billion for clean drinking water infrastructure;
- \$100 billion for broadband; and
- \$100 billion for improving electric grid systems

American Families Plan - \$1.8 Trillion

President Biden's plan to provide direct aid to families and children. It is a combination of tax cuts and investments including the following highlights:

- Two free years of community college for millions of Americans;
- Universal access to high-quality, free Pre-K for 3- and 4- year-olds;
- An increase of up to approximately \$1,400 in Pell Grants and allowing DREAMers to access the funding;
- Ensure no one earning under 150% of state median income pays more than 7% of their income on high-quality care for children under 5;
- Provide comprehensive paid family and medical leave; and
- Expand tax credits for workers and families.



Housing and Homelessness

Housing and Homelessness Investments: \$19.5M City FY2022 plus \$79.6M Federal to Local Housing and Homelessness Ecosystem

Community Development Department

- Community Development and Housing Rehabilitation staff (\$468K)
- Housing Code Compliance staff (\$2.53M)
- Lead-based Paint Remediation Programs (\$1.2M HUD; \$1M State)
- Housing Rehabilitation Construction (\$542K)
- Neighborhood Investment Plan (CDBG, HOME, ESG, JAG)
 - Prevent and resolve homelessness (\$774K)
 - Improve access/stability of affordable housing (\$245K)
 - Increase affordable housing supply (\$1.425M)
 - Improve condition of existing housing (\$2.982M)

Community Development Department (cont'd)

- Homelessness Coordinator (\$128,000)
- Additional Housing/Lead staffing support (\$146,940)

Other City Departments/Initiatives

- Housing Practice Leader (\$100,000 ARPA)
- Housing Fund (\$900,000 plus \$5M ARPA)
- Land Bank Contract Maintenance (\$170,000)
- HOT (\$1.5M ARPA)
- Water/Sewer Bill Assistance (\$221,000)
- Refuse Millage Subsidized/Assisted Service (\$242,856)
- ARPA – TBD based on post-budget discussion

2020 Housing Needs Assessment

- ~25,000 Grand Rapids households are cost-burdened by housing (>30% of household income is spent on housing).
- Households of color are more likely to be cost-burdened than white households (61.4% vs 44.3%) and are less likely to be homeowners (37% vs 77%).
- There is significant demand for more housing in the City (~5,300 additional rental units and ~3,500 additional for-sale units by 2025). Lack of housing supply creates incentives for aggressive price increases.

2021 Market Assessment

- Average baseline cost to construct a new apartment is roughly \$150,000 to \$200,000 per residential unit (excludes legal, environmental costs).
- Average baseline cost to construct a new single-family home is roughly \$235,000 for an attached home and \$295,000 for a detached home (approximately 1,400 – 1,600 square feet).
- Filling the gap between the cost of construction and what many families can afford requires the community leverage every available tool.

Housing Production Update – Approved and in Development

	Month	Total Units	New	Remodel/Reno	Income Restricted
2020	July	75	63	12	0
	August	22	14	8	0
	September	51	15	36	25
	October	23	10	13	4
	November	83	75	8	62
	December	93	15	78	1**
2021	January	6	2	4	0
	February	26	17	9	8
	March	217	188	29	0
	April	28	7	21	0
	FY 2021 Total to Date	624	406	218	100
	CY 2021 Total to Date	277	214	63	8

** Temporary Emergency Shelter

New Ground Level Units in Commercial Projects			
2357 WaterTown Way NE	2 units*	Approved	4/20/2021

*Town homes off of Maryland Avenue, not in a TBD

Housing – Economic Development Support (FY20-21)

Fiscal Year ↑	Project Name	Incentive Type	Incentive Status	Total # Housing Units in Project	# Units <60% AMI (income restricted)	# Units <80% AMI (income restricted)	# Market Units (not restricted)	New City Income Tax Term of Incentive	City Share of Value of Incentives	Total Value of Incentives (incl. City Share)
2020	Tapestry Square	EGLE Grant	Approved	56	50	0	6	8,800	-	1,000,000
	Beacon Hill @ Eastgate	EDC Bonds	Approved	26	0	0	26	3,120	-	-
	470 Market	Brownfield/OPRA	Approved	167	0	0	167	1,122,583	763,003	7,732,866
	341 Henry	Brownfield	Approved	10	0	0	10	60,534	102,887	430,002
Subtotal				259	50	0	209	1,195,037	865,890	9,162,868
2021	730 Leonard NW	OPRA	Approved	18	0	0	18	101,077	80,639	315,524
	Victory on Leonard	Brownfield/NEZ	Applied	119	0	0	119	257,913	622,856	3,365,998
Subtotal				137	0	0	137	358,990	703,495	3,681,522
Total				396	50	0	346	1,554,027	1,569,385	12,844,390

Housing Fund

- \$900,000 initial seed funding with ongoing dedicated revenue and additional one-time investments. \$20M+ Goal by 2025
- 11-member Fund Board to represent community interests with deep background in housing & finance.
- Prioritize use of limited funds to achieve maximum impact while continuing to grow the Housing Fund. Partnerships with Housing Commission, non-profits and for-profit developers will be important to success of the fund.
 - Homeowner assistance, gap-financing for priority projects, acquisition and predevelopment

Preserve Existing affordable housing while growing the overall housing supply (affordable & market-rate).

- Leverage incentives to preserve existing affordability and support new housing supply at all price points.
- Continue to actively support new LIHTC investments
- Utilize publicly-owned land to support additional housing at all price points
- Establish dedicated source of funding to support greater affordability

Prioritize Ownership Opportunities in Neighborhoods of Focus (NOF)

- Establish 5-year & 10-year goals for home ownership rates among Black households and households of color. Align resources to achieve equitable outcomes.
- Leverage City-controlled funds to support existing homeowners and first-time home buyers in NOF (lead, asbestos, energy, & ADUs). Whole Homes Initiative.
- Support incremental developers in NOF and Commercial/TBA zone districts.

Implementation Strategies

- Utilize Land Bank lots to support attainable homeownership and moderate-income rental options.
- Deploy limited Housing Fund resources to ensure priority projects are fully funded. Focus on acquisition, gap-financing, and homeownership.
- Adjust zoning near transit corridors to make small-scale and missing middle development opportunities simpler to execute on.
- Offset or eliminate City development costs related to utility connections and development fees when related to affordable housing.

FY2022 – Housing Practice Leader Summary

Scope of Work

- ❑ Initiate Affordable Housing Preservation Strategy
- ❑ Help Support Master Plan update process
- ❑ Stand-up Housing Fund
- ❑ Help Catalyze new housing supply at all price points
- ❑ Leverage Public Property to achieve City-wide and neighborhood goals
- ❑ Work Seamlessly with City Team
- ❑ Additional support services as needed

Housing – Community Development Support

	Project	Source	Total Units	Affordable Units
FY 2020 Completed	501 Eastern/Steepleview Apartments (ICCF)	HOME, PILOT	65	61
	Stockbridge Apartments (ICCF)	HOME, PILOT	64	51
	Pine Avenue Apartments (Dwelling Place)	HOME, PILOT	23	23
	Single-Family Development (Habitat, New Development)	HOME	2	2
	TOTAL		154	137
FY 2021 Completed	415 Franklin (ICCF)	HOME, PILOT	40	40
	Edge Flats on Seward (Commonwealth)	HOME, PILOT	34	34
	West Garfield Apartments (LINC)	HOME, PILOT	26	26
	Avenida Brillante (Dwelling Place)	PILOT	24	24
	Suroeste Brillante (Dwelling Place)	PILOT	24	24
	Single-Family Development (Habitat, LINC)	HOME	4	4
	TOTAL		152	152
FY 2021 In Process	HOM Flats at Maynard (Magnus Capital)	PILOT	240	240
	Eastern Lofts (LINC)	HOME, PILOT	70	70
	Tapestry Square Senior Living (ICCF)	HOME, PILOT	56	50
	Emerald Flats/Eastern Elementary (ICCF)	CDBG, PILOT	50	35
	Madison Lofts (Brad Gruizinga, Nick Lovelace, Tom Ralston)	PILOT	22	22
	Single-Family Development (ICCF, LINC, New Development)	HOME	9	6
	TOTAL		447	423
FY 2022 Planned	Single-Family Development (Community Rebuilders, ICCF, LINC, New Development)	HOME	18	18
	TOTAL		18	18
	GRAND TOTAL		771	730

*Conditional PILOT approved for 13 projects applying for LIHTC/ If awarded = 709 additional housing units (688 affordable)



Eastern Lofts



ICCF Community Land Trust



Suroeste Brillante



West Garfield Apartments



Pine Avenue Apartments



Habitat for Humanity Zero Lot Line

Housing – Community Development Support (cont'd)

Payment In Lieu of Taxes (PILOT)

- Ordinance changed 2018
- Option – 4% PILOT, or 1% PILOT and 2% service charge payable to Affordable Housing Fund
- \$22,846 collected in FY21 for the Affordable Housing Fund

PILOT Projects Since Change	
Total Conditionally Approved	36
Number on PILOT Roll	13
Not on PILOT Roll/Reason:	23
Financing Being Secured	15
In Service/No Notice to Local Assessor	2
Under Construction	2
Financing Secured/Pre-Development	2
No Longer Being Pursued	2

Housing – Community Development Support (cont'd)

Housing Rehabilitation and Lead Hazard Control Programs

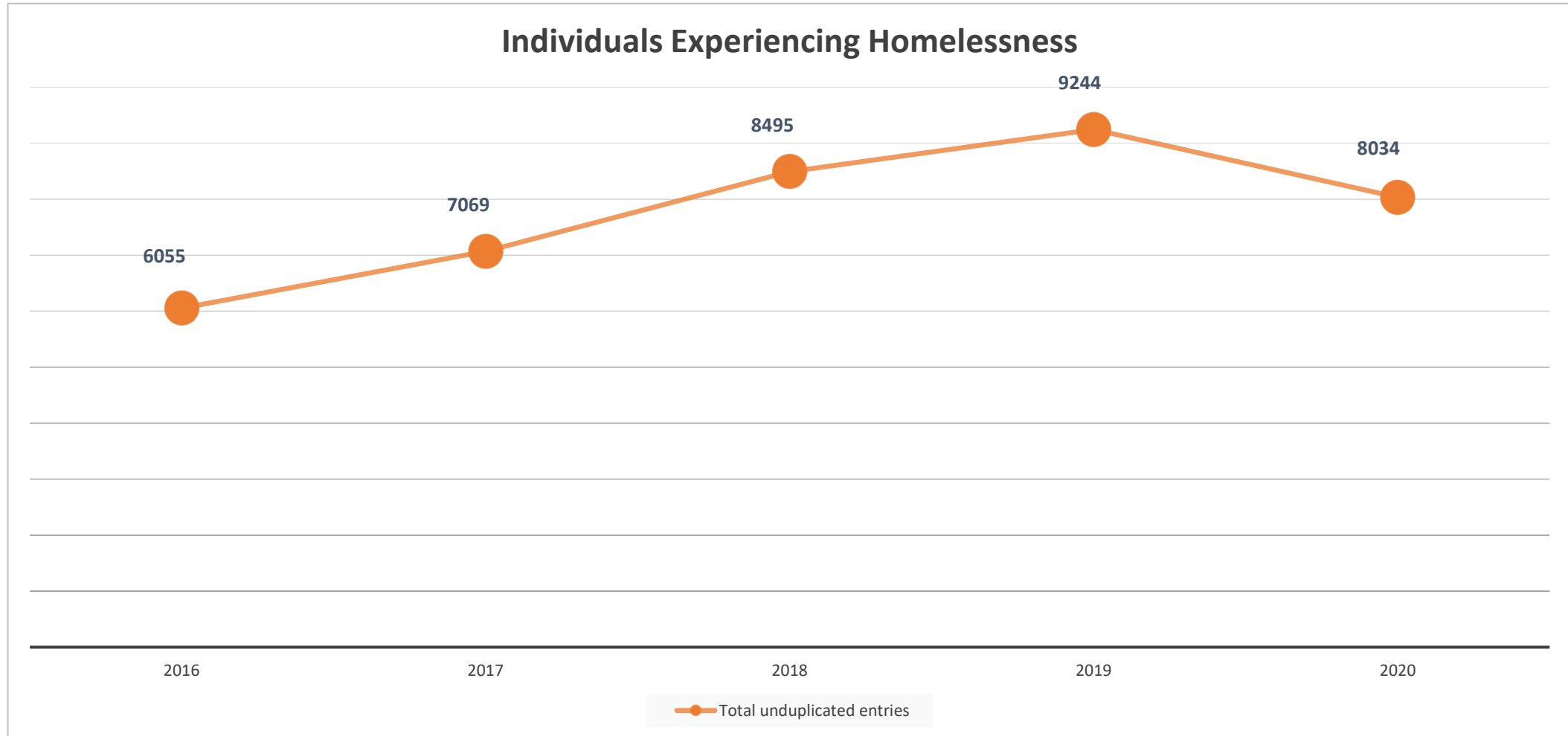
Program	FY 2021		FY 2022
	Projects Completed To Date	To be Complete by 6/30/21	Planned Projects
Housing Rehabilitation	32	16	45
Lead Hazard Control	40	10	72
Total	72	26	117

- 49 homes made lead safe
- Another 12 units to be completed by 6/30/21

FY2022 Housing – Additional Community Development Department Staffing Support

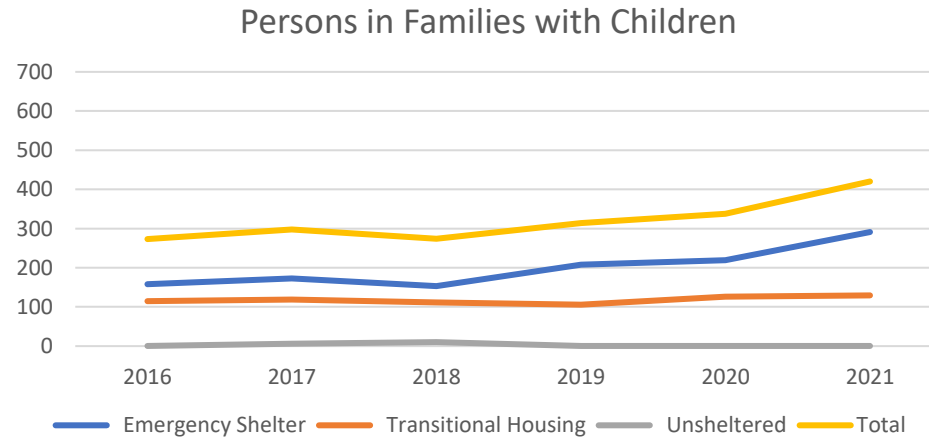
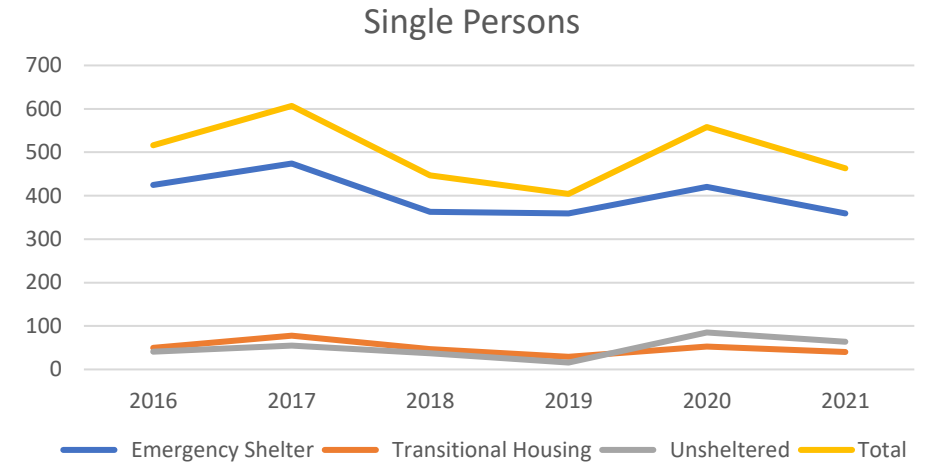
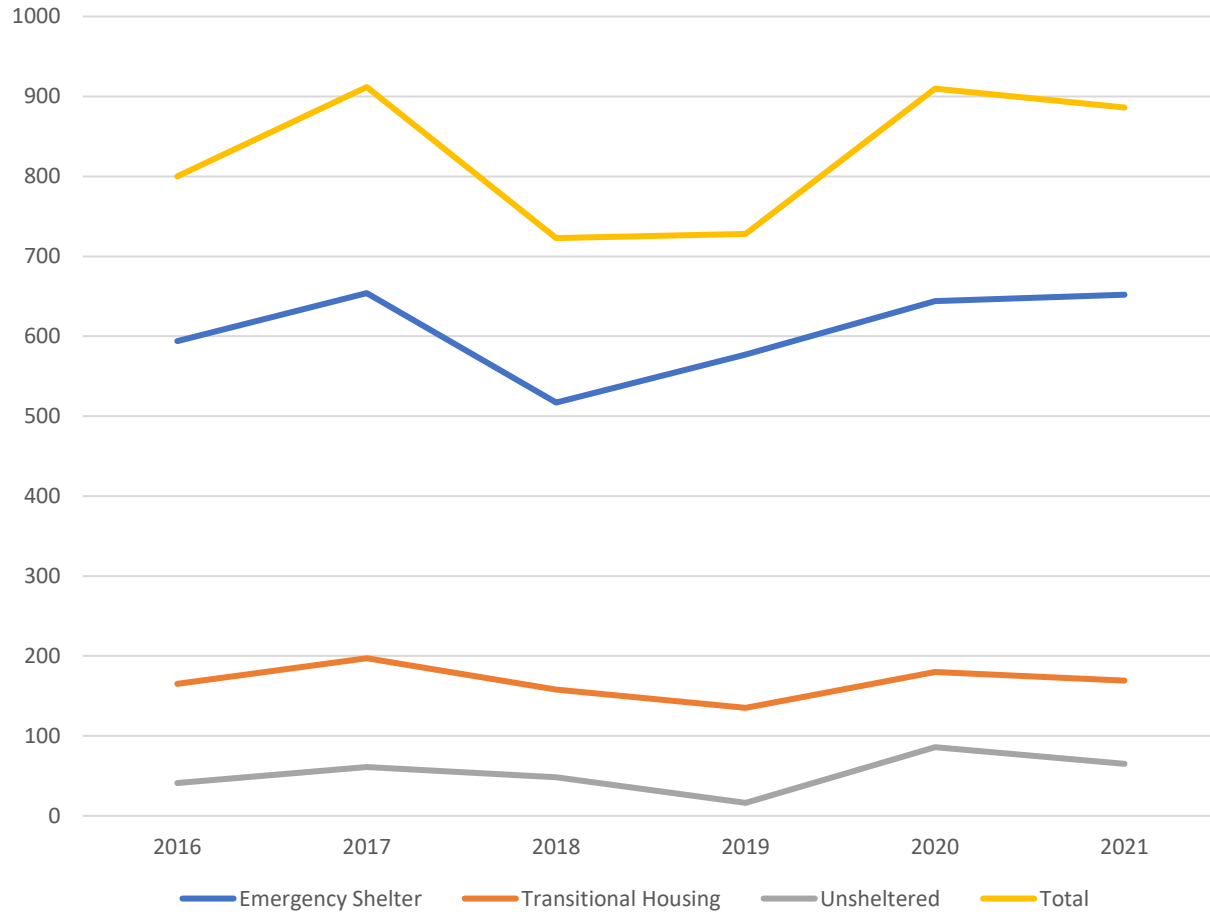
- ❑ Facilitate modification of the Rental Property Certification Program to include lead-based paint inspections
- ❑ Attract and retain lead abatement and residential construction contractors
- ❑ Enhance lead remediation program(s) education and awareness
- ❑ Resource development and advocacy
- ❑ Establish compliance monitoring program for non-federally funded affordable housing projects

Homeless Annual Count Trends (2016-2020)



Source: Homeless Management Information System

Homeless Point-In-Time Count (2016 – 2021)



Source: Grand Rapids Area Coalition to End Homelessness

FY2022 Investments in Homeless Response

- ❑ Homeless Outreach Team (HOT) – \$1.5M ARPA
 - 3 teams since March
 - Network180 social worker and recovery coach - \$418,730
 - Police and Fire combined budget - \$1.1M

- ❑ Annual CDBG, ESG and HOME – \$774,421
 - Eviction Prevention
 - Rapid Re-housing
 - Short-term rental assistance

- ❑ Homelessness Coordinator – \$128,000

Homelessness Coordinator

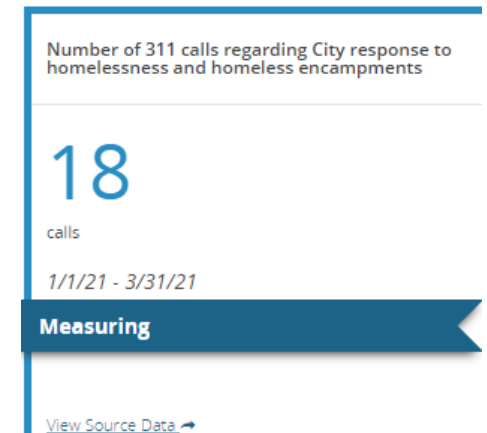
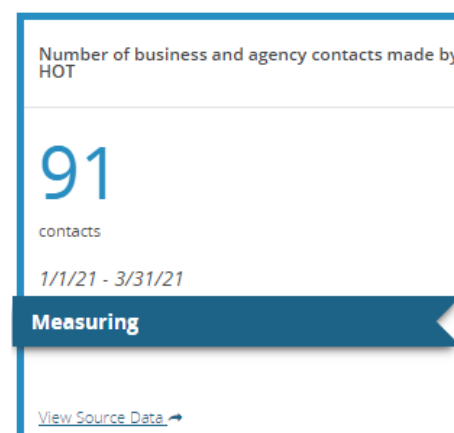
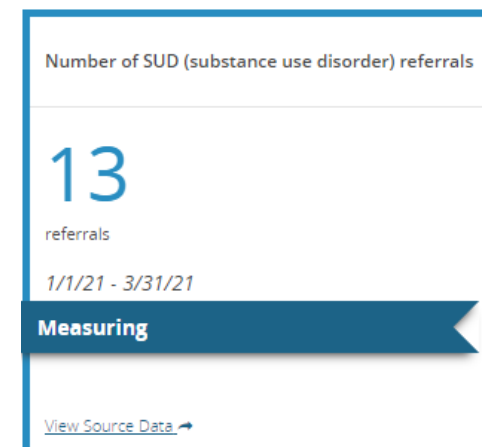
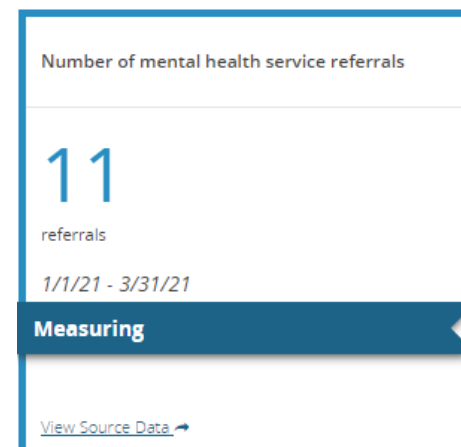
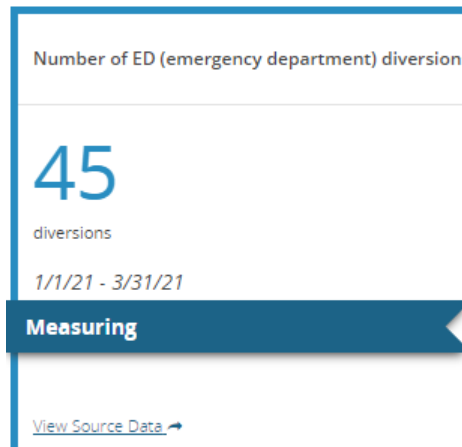
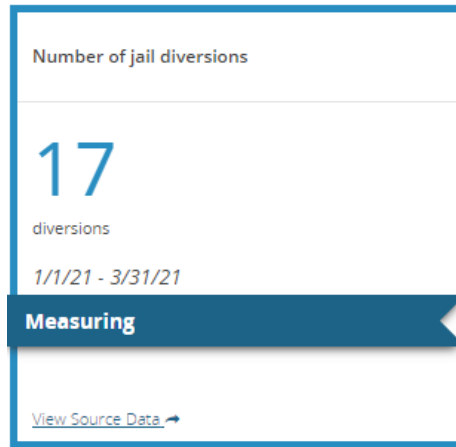
Key Work Activities

- Supports the HOT team and the Homelessness Work Group
- Assists in coordination with community partners
 - Monroe Center Targeted Homeless Outreach Project
 - Frequent User System Engagement (FUSE)
 - Kent County Health Department for COVID vaccines

Key Accomplishments

- Coordinated City service response for unsheltered homelessness
- Developed Homelessness Work Group Action Plan
- Established ongoing partnership with community Street Outreach Work Group
- Developed homelessness landing page on City website
- Prepared FAQs and City response to issues
- Supported coordination of City encampment response

HOT Dashboard – 1st Quarter of Outcome Measurements



Community Homeless Initiatives

❑ Frequent Users System Engagement (FUSE)

- Targets highest users of emergency rooms, jails, shelters, clinics, and other costly crisis services
- Uses a “by-name list” created by MDHHS using Medicaid and Homeless Management Information System (HMIS) data
- Affordable housing with wraparound support services to reduce

❑ Built for Zero

- Four-year engagement with Community Solutions
- Methodology to end Veteran and/or chronic homelessness – establish measureable milestones to reach functional zero
- Local efforts will focus on chronic homelessness
- Data driven approach using a “by-name list” that provides real-time data

Housing and Homelessness ERRIS Investments

Investments and Accomplishments (as of 4/29/2021)					
Organization/Activity		Planned Units	Actual Units	Amount Awarded	Expended To Date
Resident Resiliency					
Housing Security	Emergency Shelter				
	Community Rebuilders - Bridge Housing/Targeted Locations Project	70	25	\$ 460,302	\$ 47,637
	Degage Ministries - Shelter Operations	390	126	\$ 65,000	\$ 45,559
	Mel Trotter Ministries - Shelter Operations	3,700	1,536	\$ 200,000	\$ 196,556
	Homelessness Prevention				
	The Salvation Army - Rent Assistance/Eviction Prevention Program	115	32	\$ 511,428	\$ 82,258
	Rapid Re-housing				
Community Rebuilders - Rent Assistance/Targeted Locations Project	75	38	\$ 1,548,000	\$ 75,836	
Housing Support Services	Street Outreach				
	Arbor Circle - Street Outreach	50	13	\$ 59,488	\$ 8,892
Housing Support Services	Home Repair Services of Kent County - Foreclosure Counseling	150	4	\$ 76,000	\$ 11,975
	Legal Aid of Western Michigan - Tenant Assistance/Eviction Prevention	200	162	\$ 76,000	\$ 19,000
Housing Resiliency	La Lucha Fund	450	644	\$ 250,000	\$ 250,000
TOTAL				\$ 3,246,218	\$ 737,713

Other Existing and New Resources for Housing and Homelessness

❑ COVID Emergency Rental Assistance (CERA)

- Michigan State Housing Development Authority (MSHDA)
- ERA 1 from US Treasury - \$622 million
- \$40 million for Kent County – Since April 7 launch:
 - 679 applications
 - 70% of applicants are Grand Rapids residents
 - \$900,000 expended to date

❑ American Rescue Plan Act

- ERA 2 - \$500 million anticipated for Michigan
- \$35 million anticipated for Kent County residents

Other Housing and Homelessness Resources (cont'd)

❑ American Rescue Plan Act (continued)

- Homelessness Assistance and Supportive Services Program
- \$5 billion to states and local government using HOME formula
 - \$4.6 million to City of Grand Rapids (HOME-ARP)
 - To provide housing, shelter and supportive services for persons experiencing or at risk of homelessness – includes development of affordable housing
 - HUD implementing notice anticipated by fall 2021

Housing and Homelessness – Nearly \$100 million Combined City and Other Resources

ERA Round 1 – MSHDA	\$40 million
ERA Round 2 – MSHDA	\$35 million
FY2022 City Investments	\$19.5 million
City HOME-ARPA	<u>\$4.6 million</u>
	\$99.1 million

Other Housing and Homelessness Resources (cont'd)

□ American Rescue Plan Act (continued)

- Emergency Housing Vouchers
 - \$5 billion to public housing agencies to provide approximately 70,000 emergency housing vouchers
- Homeowner Assistance Fund
 - \$9.96 billion, minimum of \$50 million to states
- Fair Housing Services
 - \$20 million to Fair Housing organizations through HUD
- Housing Counseling Services
 - \$100 million to HUD approved counseling intermediaries, state housing finance agencies, and NeighborWorks organizations
- Low-Income Home Energy Assistance
 - \$4.5 billion to states



QUESTIONS



COVID Relief/Economic Recovery including Health Impacts



Economic Resiliency and Recovery Work Group

- Supporting the resiliency of community members and businesses during the pandemic
- Building back better once the pandemic passes



COVID-19

Economic Resiliency and Recovery Investment Strategy (ERRIS)

Guiding Principles

Collaboration with community and economic development partners

Identifying and filling gaps to avoid duplication

Equitable investments that maximize and leverage other City investments

Direct local connectivity and rapid response



Four Impact Areas

Resident Resiliency – to mitigate impacts on residents and neighborhoods

Business Resiliency and Recovery – to address impacts of the shutdown, help sustain businesses and promote recovery

Community Reactivation – to accelerate reopening of businesses, neighborhoods and public spaces, while celebrating community and building lasting connections

Transportation and Infrastructure – to invest in outcomes that connect people to jobs, businesses, neighborhoods, events and one another

Third Ward Equity

An amount of \$750,000 was prioritized for Third Ward equity investments within the first three impact areas



ERRIS Round 1 - \$6.8 million of Accumulated City Resources

COVID-19

Economic Resiliency and Recovery Investment Strategy (ERRIS)

\$5.38 million in CARES Act funding

- Community Development Block Grant-CV
- Emergency Solutions Grants-CV 1 and 2

\$200,000 of reprogrammed Community Development Block Grant funds

\$764,000 in parking and mobility programs and Neighborhood Match fund allocations

\$482,500 of General Operating Fund (GOF) support from new and re-appropriated investments

COVID-19

Economic
Resiliency and
Recovery
Investment
Strategy (ERRIS)

ERRIS Round 1 – Investments by Impact Area



Resident Resiliency – \$4.2 Million

- Homelessness and housing stability assistance
- Neighborhood support and technical assistance
- Basic needs and community support
- Youth employment

Business Resiliency and Recovery – \$2.4 Million

- Small business grants
- Business retention
- Monthly parking rate reductions
- MOTU validation

Community Reactivation – \$230,000

- Neighborhood awareness and marketing
- Neighborhood initiatives and events
- Park activation



COVID-19

Community Reactivation – The Bridge Events

61 events & activations
organized over 37 days:
August 28 - October 3

79 actual event
occurrences. Many events
had multiple dates.

37 event organizers
participated in organizing
official The Bridge GR
events & activations. 18
of those organizers were
POC or minorities.

All events & activities fit within
the 4 pillars of being bridged
together: Art, Culture, Music,
& Community



25 of the 61 events were
cultural festivals or activities
featuring people of color or
minorities.

Pedestrian Traffic: ANA
Park-32,308, BB-46,447,
RPC-42,754. Additional
estimated event
attendance - 3875



31 of the 61 events took
place Downtown in DDA
boundaries.

A total of \$151,461
sponsorships were awarded
for events & activations
through The Bridge GR.

14 events took place in
surrounding neighborhood
parks MLK, Cherry,
Lincoln, Garfield, &
Roosevelt.

Event occurrences by Ward
WARD 1 - 21 WARD 2 - 49
WARD 3 - 7

COVID-19

Additional
Resiliency and
Recovery Topics

Outdoor Activation



- 9 social zones containing approx. 16 distinct dining areas
- 6 of 9 social zones overlap with a social district (shared alcohol “refreshment area”)
- Pedestrian traffic up 30-50% in key downtown areas compared to 2019
- Adapted to cold weather – heating, shelter, etc. Downtown adaptation supported by \$10k Winter Ready Grants through Downtown Grand Rapids, Inc.
- Extended social zones through November 1, 2021 with adjustments based on lessons learned
- Retail, Retention & Attraction Specialist partnering with neighborhood businesses on additional zones and districts

COVID-19
Economic
Resiliency and
Recovery
Investment
Strategy (ERRIS)

ERRIS Round 2 – Additional \$1.2 million of CDBG-CV3 Program Funds



Funds Available for Programming

\$ 70,000	Reprogrammed from MDHHS Eviction Prevention
\$ 100,000	Business TA reserve
\$ 605,000	Expected unspent business grant assistance
<u>\$ 1,074,850</u>	CDBG CV3 (minus 10% admin reserve)
\$ 1,849,850	Total

Planned Investment

\$ 270,000	Mental health services for uninsured and underinsured residents
\$ 239,850	Neighborhood Learning Hubs (staffing, technology, transportation, PPE)
\$ 100,000	Homeless health and safety measures (porta potty/hand washing stations)
\$ 90,000	Seasonal Pop-up Markets
\$ 185,000	MLBE Business Support
\$ 270,000	Park Ambassadors/Summer Camp (Garfield, Joe Taylor, MLK, Roosevelt)
\$ 200,000	Homeless shelter health and safety
\$ 265,000	COVID Business Adaptation Program and PPE
\$ 230,000	Neighborhood Clean Ups
<u>\$ 1,849,850</u>	Total

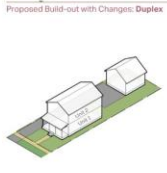
Investment to Operationalize Equitable Economic Development

Recent planning efforts provide solid framework for moving forward

Planning:

- Southtown Business Area Specific Plan
- Equitable Economic Development and Mobility Strategic Plan
- Division United
- City of Grand Rapids Strategic Recovery Plan / ERRIS Investments



Connectivity & Mobility Toolkit	Economic Development Toolkit	Incremental Development Toolkit	Equity Toolkit	Placemaking Toolkit
				
Transit, Bike Lanes, Sidewalks, Crosswalks, and other connectivity elements.	Alternative financing, value capture, small scale investing, opportunity zones, and other elements.	Zoning strategies, residential density and diversification options, zoning stress tests.	Historical narrative of the corridor, equity scorecard, tracking public engagement, and others.	Beautification, celebrating ethnic cultures, creating safe environments, and other elements.

Investment to Operationalize Equitable Economic Development

Investments create a potential platform

Concierge and business advisor examples through FY2020:

- GRABB 5
- West Michigan Hispanic Chamber of Commerce
- Ferris State University
- Local First

Investment pivot in FY2021 in response to fiscal uncertainty and COVID:

- Discontinued concierge/advisor contracts after FY2020
- Invested in four ESO organizations to support ERRIS Business Grant
- Direct services for a specific purpose, at a lower level of investment



Investment to Operationalize Equitable Economic Development

Ongoing Infrastructure Investments to support economic development and Policy changes are building a platform for progress

Policy:

- Inclusion Plan for Economic Development Incentives
- River Equity Plan
- MLBE Construction Program
- Local business purchasing incentive
- Initial Voluntary Equitable Development & Community Partnership Agreement – Boston Square Together
- Corridor Improvement Authority Investments

Infrastructure:

- Evergreen St. Extension with Boston Square
- Fuller Avenue with Boston Square
- Godfrey Avenue
- Hall Street
- Lake Eastbrook Blvd
- Franklin Street
- Butterworth Street



GRAND RAPIDS
EQUITABLE ECONOMIC DEVELOPMENT
AND MOBILITY STRATEGIC PLAN
January 2020

DIVISION UNITED Division United focuses on transportation and development improvements to benefit the people of South Division Avenue.

Connectivity & Mobility Toolkit	Economic Development Toolkit	Incremental Development Toolkit	Equity Toolkit	Placemaking Toolkit
Transit, Bike Lanes, Sidewalks, Crosswalks, and other connectivity elements.	Alternative financing, value capture, small scale investing, opportunity zones, and other elements.	Zoning strategies, residential density and diversification options, zoning stress tests.	Historical narrative of the corridor, equity scorecard, tracking public engagement, and others.	Beautification, celebrating ethnic cultures, creating safe environments, and other elements.

Investment to Operationalize Equitable Economic Development

ERRIS investments deploy CARES monies for first step of Recovery

- Small Business Grants/Targeted Outreach
- Seasonal Pop-up Markets
- MLBE Business Support
- COVID Business Adaptation

Recommend ARPA Investment of \$500,000 as the next level of investment - Consider as part of Post-Budget Process

- Renew investment in delivery of proven Economic Development Service Organization concierge services
- Continue to pilot other tools to accelerate equitable economic development outcomes

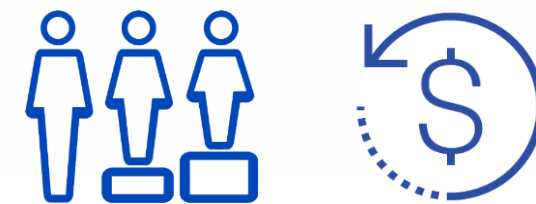


Division United focuses on transportation and development improvements to benefit the people of South Division Avenue.

Connectivity & Mobility Toolkit	Economic Development Toolkit	Incremental Development Toolkit	Equity Toolkit	Placemaking Toolkit
Transit, Bike Lanes, Sidewalks, Crosswalks, and other connectivity elements.	Alternative financing, value capture, small scale investing, opportunity zones, and other elements.	Zoning strategies, residential density and diversification options, zoning stress tests.	Historical narrative of the corridor, equity scorecard, tracking public engagement, and others.	Beautification, celebrating ethnic cultures, creating safe environments, and other elements.



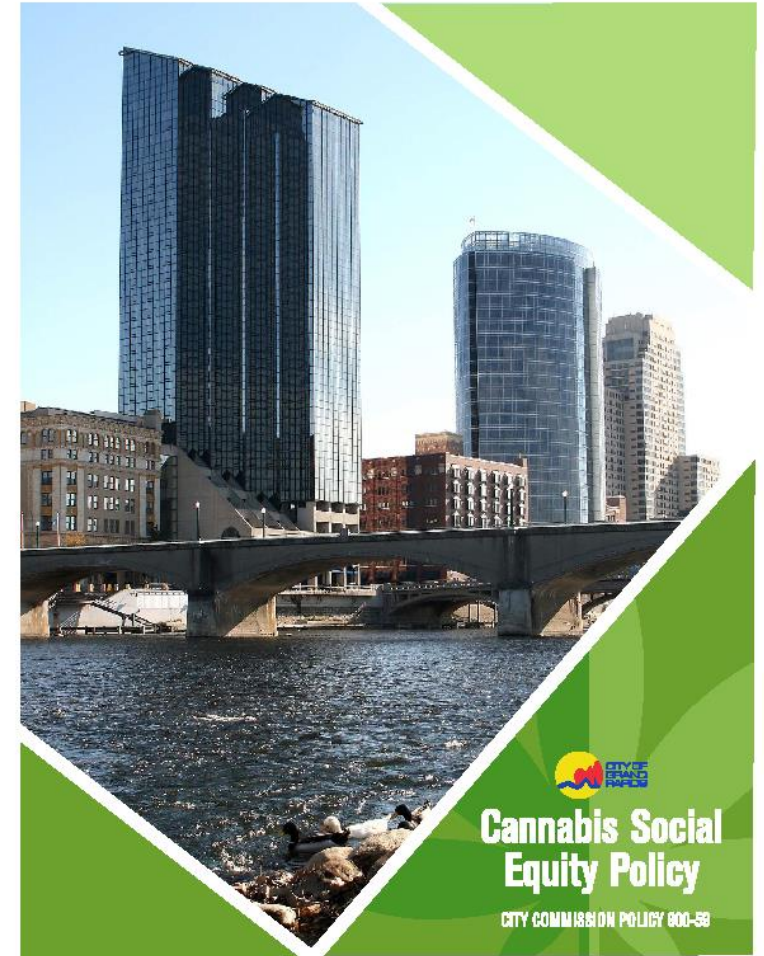
QUESTIONS



Cannabis Update

Social Equity Plan – Foundation for moving forward

- The City Commission approved the Cannabis Social Equity Policy on July 7, 2020.
- The policy's focus is to:
 - Embed equity in the zoning and licensing cannabis processes.
 - Create equitable participation in the cannabis industry via local ownership, workforce and supplier diversity, new business development, and support of a cannabis reinvestment fund.
- 23 of 31 cannabis parcels made social equity commitments via the CISEVA form.



Cannabis Program – First Full Fiscal Year Revenues

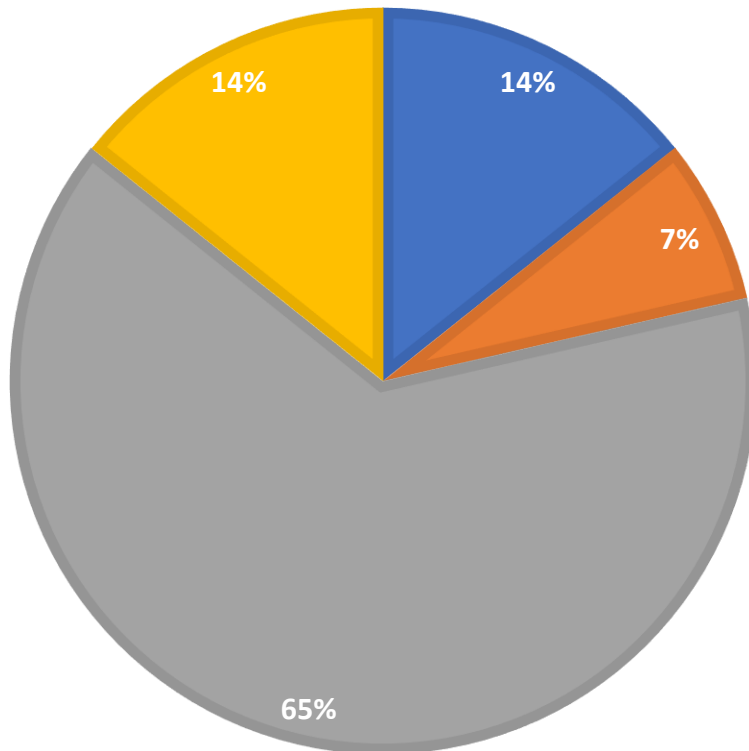
<i>Revenues</i>		<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>	<u>FY2026</u>
Special Land Use Fees	Planning	189,635	130,000	45,000	20,000	20,000	20,000
Cannabis Business License Fees	Clerk	140,000	315,000	486,500	560,000	560,000	560,000
State Excise Tax Share	General	0	332,818	523,345	648,754	441,153	449,976
TOTAL REVENUES		329,635	777,818	1,054,845	1,228,754	1,021,153	1,029,976
<i>Expenditures</i>							
Planning (SLU processing)	Planning	189,635	130,000	45,000	20,000	20,000	20,000
Planning (policy, coord., insp., etc.)	Planning	120,122	126,714	134,512	143,061	151,453	159,774
City Clerk (license processing)	Clerk	0	28,000	46,000	55,000	55,000	55,000
Cannabis Social Equity Program	Equity & Engagement	0	50,000	0	0	0	0
TOTAL EXPENDITURES		309,757	334,714	225,512	218,061	226,453	234,774
NET INVESTABLE REVENUE:		19,878	443,104	829,333	1,010,693	794,700	795,202
<i>Assigned Fund Balance: General Fund</i>		<i>19,878</i>	<i>462,982</i>	<i>1,292,315</i>	<i>2,303,008</i>	<i>3,097,708</i>	<i>3,892,910</i>

*\$50k in FY22 for program set up with assistance from Equity and Engagement.

Cannabis Program – License status

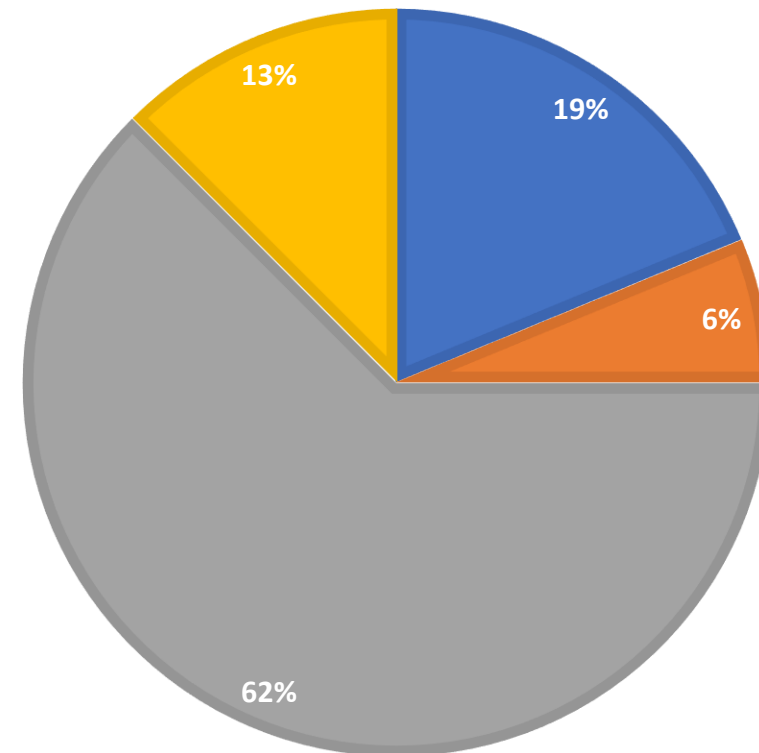
NUMBER OF LICENSES (MEDICAL)

■ Grower (2) ■ Processor (1) ■ Provisioning Center (9) ■ Secure Transporter (2)



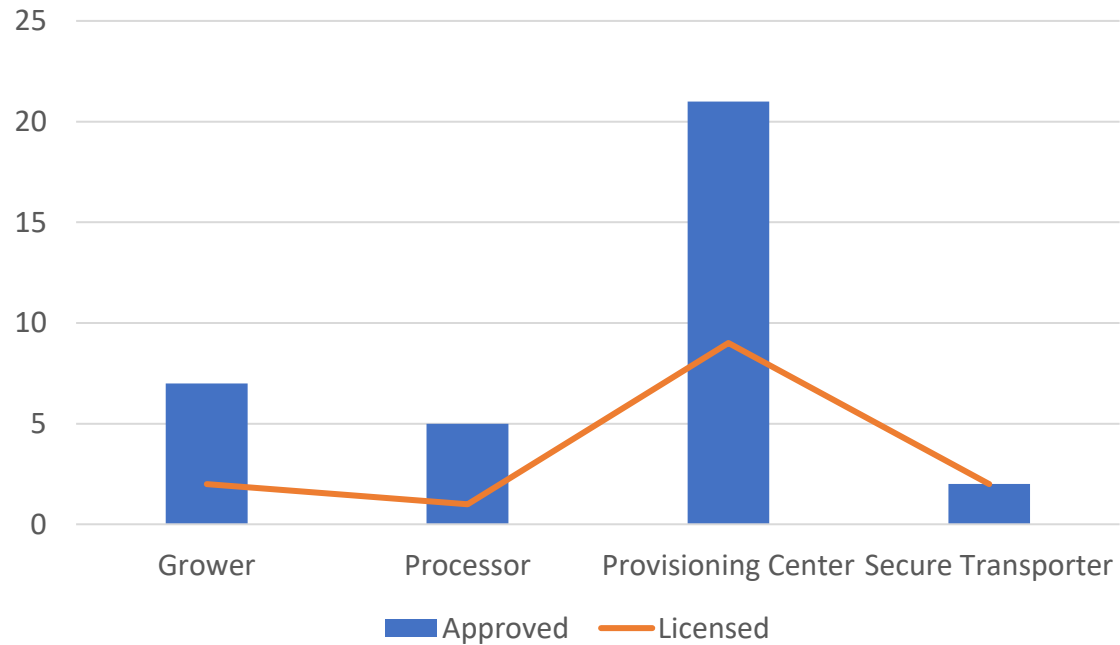
NUMBER OF LICENSES (RECREATIONAL)

■ Grower (3) ■ Processor (1) ■ Retailer (10) ■ Secure Transporter (2)

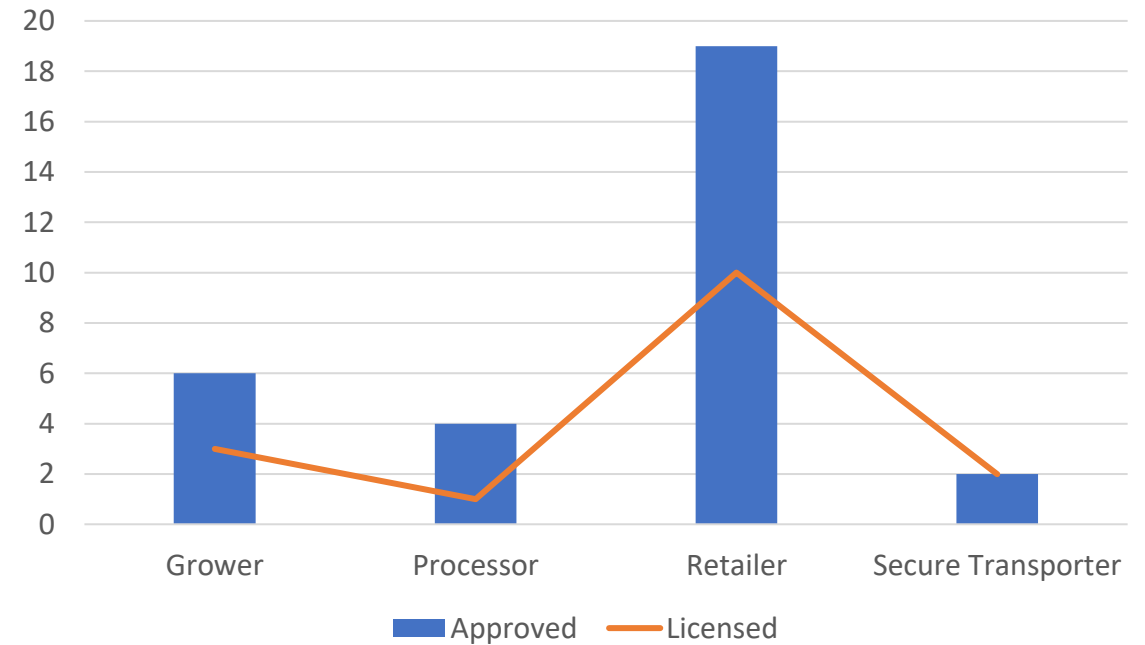


Cannabis Program – License status

Medical Cannabis Facilities



Recreational Cannabis Facilities



Cannabis Program – License Reviews are beginning

- Grand Rapids FY ends every June 30 vs. September 30 Michigan FY.
- The excise tax is based on the State’s timeline and the shared municipal revenue is distributed in the first quarter of the following year (est. March).
- Excise tax revenue corresponding to the State FY2021 will be added to the City’s budget for FY2022.
- Learnings
 - The State FY2020’s per-establishment payment was \$28,001.32. One Kent County City (Lowell) received a payment for one active recreational license retailer in the first year.



State Licensed Cannabis Facilities

Cannabis Program – Horizon Issues

- Social Equity Compliance
 - Compliance challenges emerging in the Local Ownership and Supplier Diversity categories (MIVEDA and CISEVA).
 - Need to develop an Administrative Policy to support in MIVEDA and CISEVA compliance efforts.
- Equity Applicant Participation
 - One (1) entity out of 31 land applications qualified as an Equity Applicant.
 - A majority of potential equity applicants have expressed financial challenges – Social Equity Fund is a potential counter measure.
- Medical Land Uses
 - The cannabis industry is seeing a trend of medical facilities transitioning to fully-recreational.
 - City impacts: less licensing revenue, but increased state excise revenue.

Cannabis Program – Horizon Issues

- Future Cannabis Uses
 - Consider allowing Special License Types, including marijuana events and consumption establishments.
 - Staff is working on an analysis of future uses with a strong focus on business participation of Equity Applicants and local resident-owners.
- Cannabis-Eligible Land
 - A majority of cannabis-suitable zoned land left is located in industrial areas, only allowing collocation with a grower or a processor operation.
 - Prices of cannabis-eligible land in Grand Rapids have increased significantly.
 - Microbusinesses currently have the most land available.

Cannabis Program – Social Equity Fund

- Cannabis Justice Work Group is developing framework for establishment of a new non-profit.
- Non-profit could be capitalized with State shared cannabis excise revenue and participation by the local cannabis industry.
- First revenues will be received FY2022 (est. *March 2022*).
- FY2022 budget includes professional services required to establish the non-profit.



QUESTIONS

NEVERTHELESS,
YOU PERSISTED.

FY 2022 Budget Review Schedule

Tuesday, April 27 Introduction of the FY 2022 Preliminary Fiscal Plan (10am)

Tuesday, May 4* Budget Review Workshop (9am – Noon)

Thursday, May 6* Budget Town Hall (TBD)

Tuesday, May 11 * Committee of the Whole (10am) and Budget Review Workshop (1 – 5pm)

Tuesday, May 18 Committee of the Whole **Discussion and Deliberation** (10am)

Public Hearing at City Commission (7pm)

*Special meeting scheduled
Thursday, May 20* **City Commission Adoption** (9 – 11am)

Overview of Budget Topics Schedule

- **April 27 Introduction of the FY 2022 Preliminary Fiscal Plan**
 - Financial Overview (Fiscal Sustainability and Discipline)
 - Equity Investments
 - Summary of proposed work by Strategic Plan priority
- **May 4 Budget Review Workshop**
 - Public Safety Reform and Crime Prevention / Violence Reduction
 - Third Ward / Neighborhood of Focus Equity Funding
- **May 11 COW: Briefing on Sustainability, Capital Investments, Stormwater and Vital Streets**
- **May 11 Budget Review Workshop**
 - Legislative Update on Federal Investment
 - Housing and Homelessness
 - COVID Relief / Economic Recovery including Health Impacts
 - Cannabis Update
- **May 18 Discussion and Deliberation at COW and Public Hearing at the evening meeting**
- **May 20 Budget Adoption**



THANK YOU

NEVERTHELESS,
YOU PERSISTED.