



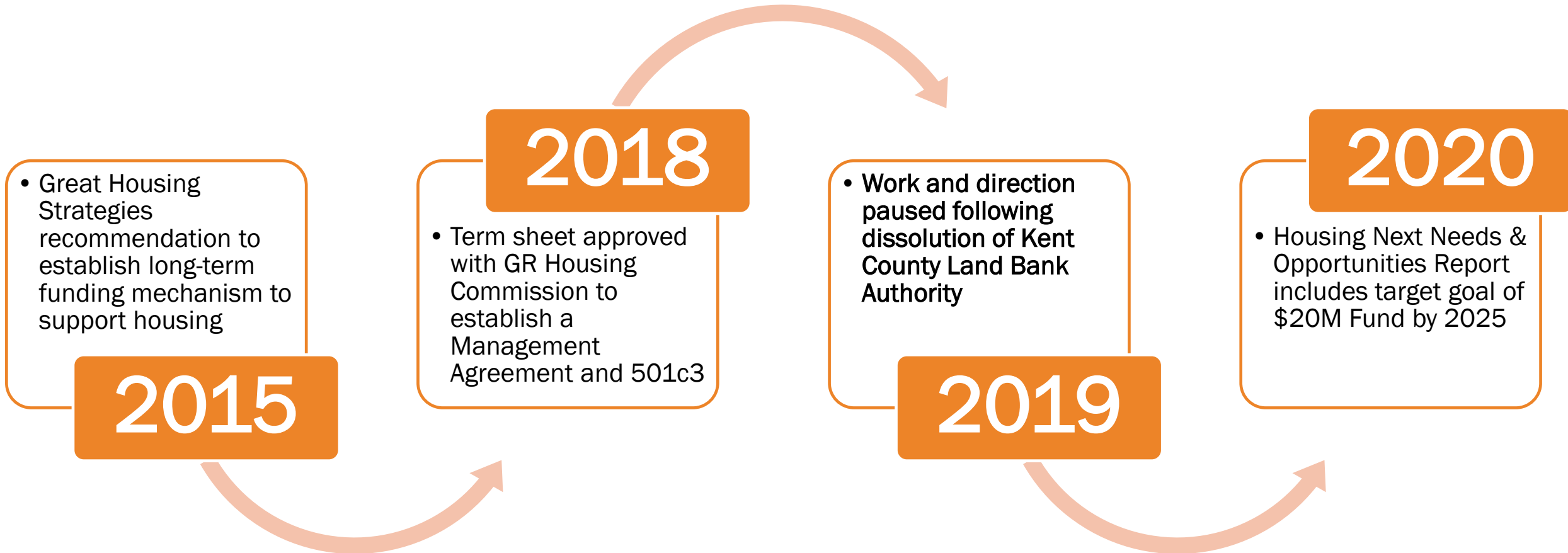
# **GRAND RAPIDS AFFORDABLE HOUSING FUND**

PROPOSED POLICY  
OVERVIEW

SEPTEMBER 14,  
2021

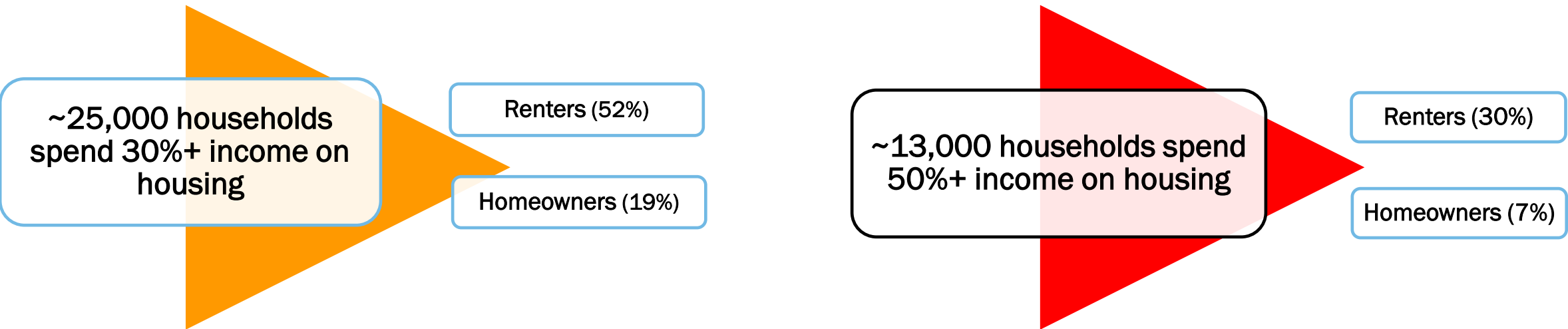


# A BRIEF HISTORY OF THE GR AFFORDABLE HOUSING FUND

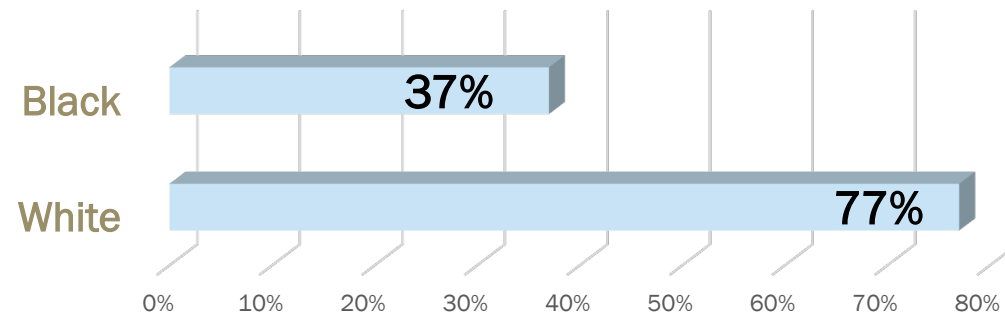


# 2020 HOUSING NEEDS ASSESSMENT

## ~9,000 NEW HOUSING UNITS NEEDED BY 2025



Homeownership Rate by Race



# TWO-PRONGED POLICY RECOMMENDATION

## 1. Establish City Commission Policy for operation of the Grand Rapids Housing Fund, including:

- purpose,
- board make-up and appointment process,
- duties,
- decision making process,
- uses of funds for investment in housing, and
- initial deposits and future deposits to the fund

## 2. Establish a fiduciary for stewardship of initial and future monies dedicated to this purpose.

- create non-endowed designated fund at the Grand Rapids Community Foundation (GRCF) that:
- establishes a reliable and proven framework for financial management and stewardship of assets for the purpose of supporting the greatest number of residents through development of the greatest amount of housing
- creates opportunity to accept financial contributions from outside philanthropic, corporate, faith-based organizations from across the community

# AFFORDABLE HOUSING FUND BOARD

- 11-member body
  - Three members nominated by ward Commissioners – one from each ward
  - One member nominated by the Mayor
  - The City Manager shall nominate one appointment or serve in this capacity
  - One seat for the Executive Director of the Grand Rapids Housing Commission
  - Five members nominated from community through the Committee on Appointments
- **Emphasis on experience related to housing, finance, residential development, health & well-being, lived experience, social work, philanthropy & impact investing. Representative of the racial/ethnic makeup of the community.**
- **Board alignment with Housing Commission, City Departments, & Local/Regional housing partners.**

# AFFORDABLE HOUSING FUND BOARD- RESPONSIBILITIES

- Spending and distribution recommendations – *households earning at or below 80% AMI with special consideration by City Commission for homeownership opportunities for households earning up to 100% AMI*
- Accept funds from the City and other sources;
- Recommend development and grant agreements with public and private parties for consideration by the City Commission
- Review the investment of funds by Grand Rapids Community Foundation
- Support applications to State, Federal and philanthropic agencies;
- Provide an annual investment plan, written report and any recommendations for policy changes to support the City's affordable housing programs; and,
- Recommendations pertaining to potential direct investment of a projected \$5 million in ARPA funds as envisioned in the FY2022 Fiscal Plan as may be allowed under Federal rules to stimulate development or preservation of affordable housing now (e.g., Muskegon, MI; Alameda County, CA; Austin, TX; Norman, OK; Bloomington, IN; Cincinnati, OH; Louisville, KY; Atlanta, GA; Milwaukee, WI; Minneapolis MN; San Diego, CA; Seattle, WA).

# AFFORDABLE HOUSING FUND – PROPOSED USES

- Investments to support mixed-income and affordable housing could include:
  - Property acquisition, preservation, and pre-development loan funds for qualified and experienced non-profit housing partners.
  - Income-qualified homeowner assistance grants/loans to support necessary repairs, reduced energy costs, and additions for accessory dwelling units;
  - Gap-financing for development projects receiving funding from HOME, LIHTC, or other State or Federal funding or equity investment;
  - Pay City fees required for the development of affordable housing i.e., water/sewer connection fees, development fees, LUDS Fees and permits;
  - Equity support for emerging developers of color working to provide affordable housing
  - Small-scale and non-condo zero lot-line affordable housing development.

# AFFORDABLE HOUSING FUND – PROPOSED SOURCES

- Initial seed investment of approximately \$875,000 – Goal of \$25M by 2025 - *\$250k of the original \$1.1M fund was invested in the La Lucha Fund to support undocumented families*
- 2% service charge in lieu of PILOT payments made in 2019 and 2020 of \$27,580, plus \$38,677 in annual service charge billings for 2021
- Unallocated sales proceeds from the sale of unrestricted public land
- Philanthropic contributions from public, private & institutional partners



## TOTAL CAPITAL NEEDS

- New rental housing development in GR will exceed \$1B in total investment & require gap-funding of ~\$100M+ to achieve the desired balance of market-rate & income-restricted units.
- New homeowner housing development will exceed \$780M in total investment & require gap-funding of ~\$110M+ to achieve desired ratio of market / restricted units.
- Additional capital of nearly \$100M in rental assistance (per year) would be required to reduce every household's expense to below 30% of gross income.



## **PRIORITIZE LIMITED FUNDS**

- The Housing Fund Board must be prepared to work to serve the greatest number of households with housing needs while acknowledging that current funding resources cannot solve for every community need.
- Partnerships with other philanthropic, institutional and impact investment partners will be critical to coordinate resources and maximize impact whenever possible.

## NEXT STEPS

- September '21 – Approve City Commission Policy and Fiduciary Agreement
- October, '21 - Appointment of Housing Fund Board.
- October/December '21 - Budget Amendments, payment of appropriated funds to the Affordable Housing Fund & update presentation to City Commission.
- November '21 – January '22 - Board Engagement & Orientation process: review work completed to date, draft bylaws, process for setting strategy and making recommendations to the City Commission.
- January – March '22 - Coordinate Affordable Housing investment priorities with other funding sources across the community.
- April '22 – RFP One for housing investments in 2022 construction season