



Date: September 17th 12:00 PM

Location: City Hall Commission Chambers

Members:	Virginia Beard	Lindsey Reames
	Eric Brown	Christopher Romero
	Daniel Drent	Monica Steimle-App
	Cassandra Oracz	Mark Washington
	Jeffrey King	Tabitha Williams

- I. Call to Order
- II. Roll Call
- III. Approval of Minutes
 - a. Approval of minutes from June 4, 2025 meeting (Attached)
- IV. Action Items
- V. Discussion Items
 - a. Review of memorandum and recommendation from Growing the Fund Subcommittee (Attached)
 - b. FY2027 Neighborhood Investment Plan funding round participation (Attached)
 - c. 2026 Election of Officers and Meeting Calendar (Attached)
 - d. Funded Projects update (Attached, written update only, no discussion)
- VI. Public Comment

City of Grand Rapids
Affordable Housing Fund Board Meeting Agenda
Tuesday, June 4, 2025, 3:00 pm
City Hall, 300 Monroe Ave NW, 49503, Commission Chambers

I. Call to Order by Chair Brown at 3:02 pm

II. Roll Call

a. New Member Introduction

Jeffrey King was introduced as the newest member of the Affordable Housing Fund Board. He provided a brief overview of his professional background and expressed his commitment to equitable housing development and community reinvestment.

b. Board Member Introduction

Each board member gave a brief introduction including their name, relevant experience, and their interest in affordable housing. Members reflected a wide range of expertise in community development, planning, nonprofit housing, urban policy, and public service.

III. Approval of Minutes

A motion was made to approve the minutes by Vice Chair Monica Steimle - App. The motion was seconded by Chair Brown. The motion passed unanimously.

III. Action Items

- a. None

IV. Discussion Items

a. Community Master Plan Discussion

Staff presented a memo outlining how the Affordable Housing Fund aligns with the goals and values of the City's Community Master Plan. Key points included:

- The role of the AHF in increasing housing choice and supply, particularly for households earning below 30% AMI.
- Emphasis on ensuring geographic equity, neighborhood investment, and support for existing residents.
- A discussion on how board recommendations and funding can advance broader citywide housing objectives.

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Board members voiced support for integrating AHF strategies into the Community Master Plan’s implementation framework. City Manager Mark Washington emphasized aligning capital investments with identified areas of opportunity.

b. Subcommittee Status Updates

Verbal updates were provided on subcommittee activities. Highlights included continued vetting of project proposals and preliminary feedback on coordination with CMP-related priorities.

c. FY2026 Neighborhood Investment Plan Update

City staff provided a verbal update on the FY2026 Neighborhood Investment Plan (NIP). No new action was taken during this meeting, but members acknowledged the integration of NIP priorities with CMP directives.

d. RFP #1 Funding Round Update

Deputy City Manager Berens noted that a written status report was included in the packet and reviewed key highlights:

Ongoing Projects:

- Amplify GR (Boston Square Together II): 57 affordable units; 16% construction completion
- Genesis NHC (Leonard Apartments): 55 senior units; 44% completion
- Dwelling Place of GR NHC (2080 Union Site Condos): 95% completion; 2 units sold
- New Development Corporation: 1 home completed and sold; 1 at 80% completion
- Commonwealth Development (Lexington Apartments): Construction complete; prepping for occupancy

Recently Awarded Projects (as of 5/20/25):

- Habitat for Humanity – Pleasant Hills Phase III: 27 affordable condos
- Mel Trotter Ministries: 2 affordable homes

Completed Projects:

- LINC Up NHC: 10 new senior units added
- 61st District Court: 46 households received homelessness prevention assistance
- AYA Youth Collective: 38 youth-led households transitioned to permanent housing

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V. Public Comment

- a. Judith, T questioned whether the City is notified of cuts in the budget from the Federal Government.

VI. Adjournment by Chair Brown at 3:51 pm

DRAFT

MEMORANDUM

CITY OF GRAND RAPIDS

Date: September 15, 2025

To: Chair Brown, Members of the Affordable Housing Fund Board

From: Mary Kate Berens, Deputy City Manager

Subject: **Cover Memorandum: Grow the Fund Subcommittee funding tool review and recommendation**

The September 2025 Affordable Housing Fund Board meeting will feature a report and recommendation from the Grow the Fund subcommittee on the various tools available to fund affordable housing, as well as their preliminary recommendations on which tools seem to hold the most promise for our community. The materials attached to this memorandum were prepared by Housing Next. One document, titled “Growing the Fund: Sustainable Funding Strategies for Affordable Housing in Grand Rapids, MI” is a broader review of the funding tools that are available to local governments or are under consideration in other areas with affordable funding challenges. This may be considered the “menu of options” that the Growing the Fund subcommittee initially reviewed and discussed. The second document is in memo format from the subcommittee to the Board, and represents the synthesis of the subcommittee of those tools from the full menu that seem the most promising to consider in the short and long term. The September meeting is intended to focus on review of the materials, discussion, and surfacing questions, with the December meeting slated as the meeting to finalize a recommendation from the full Board. The remainder of this memorandum is intended to help the Board with background and considerations to keep in mind as you review the written materials attached, and to prepare for the discussion.

Policy framework:

The Affordable Housing Fund Board was established by City Commission Policy 900-62. The most applicable provisions of that policy that apply to the discussion of growing the Affordable Housing Fund are restated here (*italicized text is staff commentary on how the given policy may guide discussion of the Grow the Fund subcommittee’s report*):

- Address significant income disparities and long-term systemic racism through promotion of homeownership to foster personal wealth creation. *Often the source of funds used to create/subsidize the construction of affordable units comes with compliance requirements or restrictions that make transfer of the unit, once built, to a private homeowner difficult. This policy focus encourages the Board to ensure funding sources are well-rounded to cover not only rental but homeownership*
- Establish the City of Grand Rapids Affordable Housing Fund to provide incentives and tools to ensure long-term housing affordability for Grand Rapids residents including increasing the overall housing supply. *The Fund was intended to have broad application and use a variety of resources to encourage the production of housing; no one approach to supporting that goal was identified as more important than any other, leaving the Board with a wide field to consider in terms of ways other cities and counties have had success and whether such tools could be applied in Grand Rapids*
- Engage the philanthropic, for-profit and nonprofit community to support the City of Grand Rapids Affordable Housing Fund. *A wide range of partners was envisioned to support the work of the Fund, models that include cross-sector approaches to ensure housing affordability are encouraged*
- Create multiple sustainable revenue sources and use other City resources, such as Community Development Block Grant (CDBG) and HOME Investments Partnership Program, to leverage the

City of Grand Rapids Affordable Housing Fund. *This policy speaks directly to the tools reviewed by the Grow the Fund subcommittee, in terms of evaluating a variety of tools. This policy supports consideration of multiple sources of funds both because that may more rapidly increase the resources available to meet community need, and varied funding sources is a way to ensure sustainability. The wider the variety of tools available, the more resilient the community may be able to be to changes in the amount of funding available over time from any one of those sources.*

Policy 900-62 also makes clear that the Board is able to make policy recommendations to the City Commission through the City Manager or designee, and also establishes that:

“The city of Grand Rapids Affordable Housing Fund may be augmented on an annual or more frequent basis through:

- Contributions from private individuals, philanthropic organizations, State of Michigan, County of Kent, Grand Rapids Housing Commission, federal grants, or other organizations that seek to further the creation and sustainability of affordable housing
- Partnerships with private sector institutions including bank, community development financial institutions and other entities . . .”

This language again confirms the intent to make the Affordable Housing Fund a vehicle for broad-based community partnerships supporting housing production.

Questions for Board Consideration:

As you review the materials for the September 17 Board discussion, questions to consider are:

- Are there additional funding tools or models of which you are aware that you don't see described in the materials?
- Do the tools that are recommended for further review and action meet the policy objectives of:
 - A mix of funds that might support both additional rental units and homeownership?
 - A mix of funds that would support more equitable housing stability outcomes?
 - A move towards sustainability for the Fund?
- Do you have enough information in the materials (knowing there will be a chance to ask questions and seek clarity in the Board meeting) to feel comfortable moving towards a recommendation at the December meeting? If not, please provide input on what other information would be needed.

Additional Considerations:

In addition to the above, be aware that implementation of the ideas in the full menu of options, and those options that are recommended for further work, will take decisions and support by other entities. The work to date has been preliminary – the Grow the Fund committee has been focused on which of the potential tools seems to have the most promise, based on what we know of the community, the size of the need, gaps, efforts by other entities, etc. We have not yet launched any engagement with other potentially impacted entities. That would be a next step after the Board concurs with or modifies the subcommittee's recommendation. Because moving any of these tools forward would require staff time, additional AHFB support and work, work by and engagement with community partners and the broader community, this first step is an endorsement that these are the right tools to consider taking to that next step. More work will be required, but this recommendation is a way to focus the efforts moving forward.

Memo

To: Grand Rapids Affordable Housing Fund Board

From: Grow the Fund Committee, AHF Board Appointed

Date: September 10, 2025

Subject: Sustainable Funding Sources

Executive Overview

Grand Rapids faces a critical affordable housing shortage of over 14,000 units, including 4,000+ affordable rental units for households earning at or below 80% AMI. Only 1,600 new units have been created since 2022 (12% of needed production). Roughly 25% of new housing created is priced affordably for households earning at or below 80% AMI.

In an effort to spur additional housing development at price points that are most needed in the City, additional capital will be needed above and beyond the usual sources of state and federal funding. The Grow the Fund Committee of the Affordable Housing Fund Board evaluated several potential options with the following conclusions.

Primary Funding Mechanisms

Municipal Bonds

- **General Obligation:** Voter-approved, lower rates, city-backed, best for < 60% AMI housing
- **Revenue Bonds:** No voter approval, self-sustaining, best for 60% - 100% AMI, mixed-income housing

Property Tax Millages

- 0.25 to 1.0 mill dedicated levies
- 0.75 mill would generate ~\$5 million annually. This could be used to pay for GO Bonds, spurring short-term development with a long-term dedicated pay down option.

- Requires voter approval

Other Options

- **TIF Districts:** Capture increased property values in growing areas and apply a portion of revenues to housing needs
- **Public-Private Partnerships:** Leverage corporate/philanthropic matching funds. Requires a dedicated fundraising strategy
- **Transfer Tax:** Requires state legislation, potential \$3-4 million annually and derived as one-time payments from the sale of property

Key Constraints

Michigan law (Bolt v City of Lansing) limits fee-based approaches. Real estate transfer taxes require legislative changes and voter approval. A millage (and GO Bond) will require voter approval.

Successful Examples

- **Ann Arbor:** 1.0 mill tax + \$30M bond program
- **Denver:** \$150M bond created 6,000+ units
- **Boise:** \$40M revenue bonds without voter approval to produce mixed-income housing

Recommended Strategy

1. **Short-term:** Evaluate existing mechanisms to utilize local government revenue bonds for moderate and middle income housing while preparing for potential voter-approved measures which might serve lower income households. Examine potential sources (EDC, Housing Authority, Brownfield Authority, etc.) and barriers to utilization.
2. **Short-term:** Aggregate data and policies from AHFB policy, Community Master Plan policies, GR Land bank, and updated needs assessment into a one or two page document that could be used to build the specific housing targets and associated funding levels needed to meet community goals.
3. **Long-term:** Engage key stakeholders to consider a dedicated millage with community engagement. Continue to explore the option of a one-time transfer tax via state legislation.



Growing the Fund: Sustainable Funding Strategies for Affordable Housing in Grand Rapids MI

Executive Summary

In 2022, the City of Grand Rapids had an identified housing shortage of more than 14,000 units across all housing types, sizes, and price points. This included a need for more than 4,000 rental units priced affordably to households earning at or below 80% of the county-wide median income. It also included a need for nearly 2,000 additional owner-occupied units for households earning at or below 80% of the county-wide median income.

In the three years since the 2022 Housing Needs Assessment was completed, just over 1,600 new housing units have been created within the City of Grand Rapids. This represents roughly 12% of the overall housing shortage. Less than ¼ of those new units are priced affordably for households earning below 80% AMI.

If the community at-large intends to solve for both the lack of housing supply and the increasing shortage of affordably priced housing units, much more must be done. And, the economic reality is that new housing construction costs much more than many families can afford without a subsidy or tax incentive (or both).

This white paper examines sustainable funding mechanisms available to local governments for increasing and maintaining affordable housing investments. The affordable housing crisis affects communities of all sizes across the country, requiring innovative and sustainable funding approaches. This document outlines several proven strategies that local governments can implement to establish dedicated, ongoing revenue streams for affordable housing initiatives.

Key funding mechanisms examined include:

- Municipal bonding authority
- Property tax measures (millages)
- Fee-based approaches
- Tax increment financing
- Public-private partnerships
- Special assessment districts

Each approach is evaluated based on implementation requirements, revenue potential, sustainability, and community impact.



Introduction

The Affordable Housing Challenge

The City of Grand Rapids faces growing pressure to address affordable housing shortages as housing costs continue to outpace income growth for many residents. The gap between housing costs and what residents can afford has widened substantially, with 46% of all renter households now spending more than 30% of their income on housing and 27% of all renters spending more than half of their income on housing.

Effective solutions require substantial and consistent funding beyond what federal and state resources currently provide. This white paper focuses on mechanisms that the City of Grand Rapids can implement to generate dedicated, sustainable revenue for affordable housing initiatives.

Municipal Bonding Authority

Overview

Municipal bonds represent a powerful tool for local governments to raise significant capital for affordable housing development. These debt instruments allow municipalities to borrow against future revenue to fund current housing initiatives.

Types of Bonds for Affordable Housing

1. General Obligation (GO) Bonds
 - Backed by the full faith and credit of the issuing government. This may reduce the local government's borrowing capacity for other essential services and infrastructure.
 - Typically require voter approval
 - Lower interest rates due to lower risk profile
 - 30 - 40 year financing terms
 - Repaid through general revenue or dedicated tax sources
 - Requires adequate and available general revenue to cover the debt service and principal payments.
 - Creates opportunity to invest in much lower income housing
 - Can be paired with LIHTC and other federal funding sources



2. Revenue Bonds

- Is not backed by the full faith and credit of the issuing government. Should not affect borrowing capacity for other necessary services.
- Does not require voter approval
- Typically has a higher interest rate than GO Bonds. Closer to market rate interest but dependent on local government bond rating.
- Capable of financing 100% of project costs.
- 30 - 40 year financing terms
- Repaid through income generated by the funded projects
- Debt service obligation must be fully paid by revenue from the project. This means Revenue Bonds are best used to fund housing for households with an average income of 70 - 80% AMI. This can include a mix of incomes ranging from 30% - 120% AMI, but all revenue must balance to adequately cover operating costs and debt service.

3. Housing Trust Fund Bonds

- Dedicated to affordable housing initiatives
- Repaid through a dedicated revenue stream that requires a voter approved millage or other dedicated and consistent revenue
- This would require new state enabling legislation or close partnership with the Grand Rapids Housing Commission
- The value of this approach is primarily in the branding and communications related to the funding. It is a method of ensuring that all funds are strictly dedicated to and managed by a qualified board of directors whose sole responsibility is the creation and preservation of affordable housing.

Implementation Considerations

- **Voter Approval:** Bond and millage measures require majority voter approval. In order to achieve major support, a communications and education campaign must be launched. This can take anywhere from 6 months to 18 months to be done effectively. This will also require working closely with influential community partners to ensure that any proposed debt or millage is intended to target a very specific objective with a clear plan and transparent metrics to gauge the effectiveness of the program over time.
- **Debt Service:** Annual debt service must be factored into long-term budgeting. The more affordable the housing being provided, the less capable that housing is of paying down debt service.



- **Bond Rating Impact:** Maintaining favorable bond ratings requires responsible fiscal management
- **Leveraging Potential:** Bond proceeds can often be used to leverage additional funding

Case Example #1

Denver, Colorado approved a \$150 million GO bond for affordable housing in 2018. The city combined these funds with other sources to create over 6,000 affordable housing units. The bonds are being repaid through a dedicated portion of property tax revenue, ensuring sustainability.

Case Example #2

In 2020, Ann Arbor voters approved a 1.0 mill property tax dedicated to affordable housing, generating approximately \$6.5 million annually for 20 years. This millage is funding the city's ambitious plan to develop over 1,500 new affordable housing units through a program called "Affordable Housing for All." In November 2022, Ann Arbor voters further strengthened their commitment to affordable housing by passing a \$30 million bond proposal, which works in conjunction with the millage. While the millage provides sustainable annual funding for ongoing operations and smaller projects, the bond allows the city to raise significant upfront capital for larger development initiatives. Together, these voter-approved measures represent one of the most comprehensive local government approaches to affordable housing financing in Michigan.

Case Example #3

In 2023, the City of Boise, Idaho leveraged tax-exempt revenue bonds to address its growing affordable housing crisis through an innovative financing approach. The city issued \$40 million in tax-exempt housing revenue bonds to fund its "Workforce Housing Initiative," focusing on middle-income residents being priced out of the local market. Unlike general obligation bonds, these revenue bonds didn't require voter approval and are being repaid through income generated from the housing developments themselves. The program created approximately 300 units of workforce housing targeting households earning 60-120% of area median income. By structuring the financing as revenue bonds, Boise was able to move quickly to address housing needs while keeping the developments financially self-sustaining. This approach has become a model for other mid-sized cities looking to expand housing options without increasing the general tax burden on residents.



City-Wide (or County-Wide) Property Tax Measures (Millages)

Overview

Dedicated property tax levies or millages provide a stable, ongoing revenue source for affordable housing initiatives. A millage rate represents the amount per \$1,000 of assessed property value that is levied in taxes.

Implementation Approaches

1. Dedicated Housing Millage

- Special property tax levy exclusively for affordable housing
- Requires voter approval
- Creates a sustainable, predictable revenue stream
- Typically ranges from 0.25 to 1.0 mills
- In communities with several other special purpose millages, these can become more difficult to pass and will require very clear communications, metrics, and short-term renewal periods (every 5 years) based on market conditions.

2. Housing Trust Fund Levy

- Similar to a dedicated millage but specifically funds a housing trust (see above description of Housing Trust Fund Bonds)
- Trust structure provides additional specificity in fund management and governance with clear investment priorities directed by a board of community experts
- Provides more clarity to voters and community partners about the purpose and governance of the funds

3. Renewal Strategies

- Multi-year authorizations (5-10 years) with renewal options
- Sunset provisions based on performance benchmarks and market conditions

Revenue Potential and Sustainability

A 0.75 mill levy (50 cents per \$1,000 of assessed value) in a community with a tax base similar to Grand Rapids would generate approximately \$5 million annually. This recurring revenue stream enables long-term planning and program sustainability.



Case Example #1

In 2020, Kalamazoo County voters approved a significant affordable housing initiative with the passage of an eight-year, 0.75 mill property tax levy dedicated to addressing local housing needs. This millage generates approximately \$6.7 million annually and funds the Kalamazoo County Housing for All millage program, which focuses on creating and preserving affordable housing options throughout the county. Unlike Ann Arbor's dual approach, Kalamazoo County did not pair its millage with a bond program, instead focusing on the consistent annual revenue stream provided by the millage. The funds support a range of initiatives including housing development, rehabilitation projects, homelessness prevention, and direct assistance programs for low-income residents. This county-wide approach demonstrates the growing recognition of affordable housing as a regional priority requiring dedicated, sustainable funding mechanisms.

Case Example #2

Fairfax County, Virginia "Penny for Affordable Housing Fund"

Fairfax County's "Penny for Affordable Housing Fund" was established in 2006 as a dedicated funding source for affordable housing.

- The fund dedicates the equivalent of one penny of the real estate tax rate (about \$12 million annually when first established) specifically to affordable housing initiatives.
- The fund primarily supports preservation of existing affordable housing through acquisition and rehabilitation of properties at risk of being redeveloped as market-rate housing.
- It also provides gap financing for new affordable housing development projects in partnership with both nonprofit and for-profit developers.
- The fund has helped preserve over 3,000 affordable housing units in Fairfax County since its inception.
- In FY 2023, Fairfax County allocated approximately \$30 million to the fund.



Fee-Based Approaches

Overview

Fee-based mechanisms can generate substantial revenue while distributing costs across development activities. These approaches often connect market-rate development to affordable housing needs. However, a fee-based approach works best when the fees can be easily absorbed by the affected parties and will not negatively impact overall housing production. Furthermore, in Michigan there is Supreme Court case law (*Bolt v City of Lansing*) that has established that any fee in excess of the cost to administer a program is actually a tax. The case further clarifies that the State Constitution requires any new tax to be approved by a vote of the people. For this reason, this white paper does not delve any further into fee-based approaches.



Tax Increment Financing (TIF)

Overview

TIF allows municipalities to capture increases in property tax revenue within a designated district to fund affordable housing and related infrastructure. There are now several TIF tools that can be used to finance housing activities in whole or in part. The recently revised brownfield redevelopment act allows for the capture of most local and state property tax for the reimbursement of housing activities. And, the corridor improvement authority act allows for the financing and construction of multiple family dwellings provided that it aligns with the CIA's development plan.

Implementation Strategies

1. Housing-Specific TIF Districts established via a Brownfield Authority

- Districts or scattered site brownfield plans that are specifically created for affordable housing development
- Captures new tax increment generated from rising property values which can be used to pay down debt obligations over time
- Can be targeted to areas needing revitalization or paired with a mixed-use / mixed-income development approach to leverage new tax revenue from market-rate development.
- TIF revenue can be used to pay debt service or reimburse costs associated with eligible activities.
- Some banks are willing to finance the improvements on the front end of a project and will accept an assignment of the TIF stream + interest on the back end

2. Set-Aside Requirements

- Requirement that a minimum percentage of housing units (typically 15-30%) be dedicated for affordable housing at specific price points. Price points may vary depending on local market conditions and whether the housing is intended to be for-sale or for-rent.



Revenue Potential and Sustainability

TIF can generate substantial revenue in growing areas but depends on increasing property values. This tool works best in markets with strong development activity and should be part of a diversified funding approach.

Case Example #1

Portland, Oregon requires 45% of TIF funds in urban renewal districts to be used for affordable housing, generating approximately \$30 million annually. This long-term dedication has funded over 2,000 affordable units over the past decade.

In Grand Rapids, the majority of new development already requires TIF reimbursement because it has been structured as a basic entitlement program for most new development without prioritizing specific objectives. Changing which types of development receive TIF reimbursement will require a slow shift in prioritization and a lot of communication with the development community to ensure that market rate development continues to occur despite the fact that not every project will always be eligible to capture 100% of the TIF revenue it generates.

Case Example #2 - Scattered Site Redevelopment

The City of Muskegon has effectively leveraged Brownfield Tax Increment Financing (TIF) to catalyze workforce housing development across multiple, non-contiguous sites that were previously contaminated or blighted. Muskegon's approach involved using the Michigan Brownfield Redevelopment Financing Act to capture the increased property tax revenue generated by these redeveloped properties.

In their model, Muskegon identified dozens of sites throughout the city and designated them as part of a single brownfield redevelopment plan. The city then worked with developers to create mixed-income residential projects that included significant workforce housing components. By capturing the tax increment from these properties, Muskegon created a sustainable funding mechanism to offset the environmental remediation, site preparation, infrastructure, and housing cost gaps that would have otherwise made these housing projects financially unfeasible.

A key aspect of Muskegon's success was their strategic decision to coordinate multiple brownfield sites under a comprehensive housing strategy, rather than treating each development in isolation. This allowed them to pool TIF resources across projects and provide consistent financing support for workforce housing. The approach has transformed several formerly



underutilized properties while creating hundreds of housing units affordable to moderate-income workers in the city's growing manufacturing, healthcare, and tourism sectors.

Public-Private Partnerships

Overview

Public-private partnerships leverage private investment alongside public resources to expand affordable housing funding capabilities.

Effective Partnership Models

1. Housing Trust Funds with Private Contributions

- Matching fund programs for corporate or philanthropic contributions
- Leveraging public dollars with private investment

Private and philanthropic contributors tend to prefer targeted investments with specific outcomes that align with their priorities. A family foundation may want to focus on homeownership, or those with the greatest needs. Corporate investors may want to ensure their employees are eligible for targeted housing investments. In many cases, private and philanthropic contributors will want to know that their investments are being used solely for the intended purpose and are segregated from funds used for other purposes that may not fully align with the contributors priorities. Creating a mechanism to segregate dollars within the fund will be important when attempting to attract private capital.

2. Land Banking Partnerships

- Public acquisition and assembly of land to support private or publicly financed development
- Potential to reduce development costs through public land contribution and reimburse via TIF
- Potential to support more dynamic and holistic development by consolidating land and directing opportunities to the most suitable development partners
- Potential to ensure development opportunities for both catalytic anchor investments as well as emerging developers.
- Requires up-front source of capital to pay for property acquisition



3. Social Impact Investing

- Private investment with both financial and social returns. Targeted rates of return tend to be slightly below a standard market rate and can offer more flexible terms.
- Municipal backing reduces risk for private investors and further leverages their dollars
- The Kent County Revolving Loan Fund has already been established to serve this purpose and currently provides \$53M of low-interest capital for affordable and workforce housing throughout the County. These funds tend to be recycled every 3 - 5 years and the loan fund committee is working to increase the size of the fund with investments from corporate partners.

Implementation Considerations

- Governance Structure. Clear agreements on roles and expectations
- Leverage Ratio. Typically aims for 2:1 or greater private to public investment
- Reporting Requirements. Transparent tracking of outcomes and regular communication to investors
- Long-Term Commitments. Ensuring sustainability beyond initial investment period

Case Example

The Charlotte Housing Opportunity Investment Fund (CHOIF) is a public-private partnership established to address Charlotte's affordable housing crisis by providing flexible, low-cost financing for developers building or preserving affordable housing units. Launched in 2018 with an initial goal of raising \$50 million from private sources to complement the city's \$50 million Housing Trust Fund, CHOIF focuses on creating housing for households earning between 30% and 120% of the area median income. The fund is managed through a collaboration between the Foundation For The Carolinas and Local Initiatives Support Corporation (LISC), and works by offering loans with below-market interest rates, longer terms, and higher loan-to-value ratios than conventional financing to make affordable housing development financially viable.



Special Assessment Districts

Overview

Special assessment districts allow municipalities to generate revenue from properties within a specific geographic area to fund activities which may include housing and affordable housing.

Implementation Approaches

1. Corridor Improvement Districts

- Similar to business improvement districts but can be focused on housing and mixed use development
- Property owners pay assessments for specific benefits within the district
- Can be implemented in high-growth or gentrifying areas
- Can be paired with tax increment financing and revenue bonds
- Can be used to finance private or public development projects via a public-private partnership

Revenue Potential and Sustainability

Assessment districts provide stable, dedicated funding but typically generate moderate amounts compared to other mechanisms. They work best when targeted to areas experiencing significant development or value increases and where funds are needed to stem the effects of displacement and gentrification.

Case Example

Washington, DC implemented several "Housing Production Trust Fund Districts" where a portion of increased tax revenue from new development is dedicated to affordable housing production, generating \$10-15 million annually in sustainable funding.



Local Real Estate Transfer Tax

Overview

A local real estate transfer tax can fund affordable housing by imposing a percentage fee on property sales, typically ranging from 0.1% to 2% of the transaction value, paid at closing. This creates a dedicated revenue stream that fluctuates with market activity but generates substantial funds in active markets.

For example, a 0.5% tax on a \$500,000 property sale would contribute \$2,500 to affordable housing initiatives. This approach is particularly effective because it directly connects housing market activity to affordable housing solutions, though implementation requires careful consideration of potential impacts on overall transaction volume and housing costs. Meaning, if the tax is too large, it will slow down overall housing production and real estate transactions, diminishing the value of the funding stream.

Implementation Approaches

Currently, the real estate transfer tax is limited in scope by public act 330 of 1993. This legislation limits collection of the transfer tax to county levels of government at a rate of \$1.10 per \$1,000 of real estate value. A legislative amendment would have to be adopted which would allow a local unit of government to increase the real estate transfer tax for the purpose of funding affordable housing. Because this would be a tax increase, it would be subject to a vote of the general public, similar to a millage.

Revenue Potential and Sustainability

In the City of Grand Rapids, the following table illustrates the number of properties sold in a given year and the average sale price in each category. Over the five year period illustrated in this table,

# of properties sold in a given year			
Year	Residential	Commercial	Industrial
2020	4,163	152	15
2021	4,476	219	15
2022	3,799	195	16
2023	3,077	189	10
2024	2,859	154	5
avg sale price of properties sold			
Year	Residential	Commercial	Industrial
2020	\$ 191,940	\$ 1,428,091	\$ 3,939,467
2021	\$ 217,340	\$ 1,724,666	\$ 2,591,157
2022	\$ 240,909	\$ 1,880,253	\$ 2,454,367
2023	\$ 256,571	\$ 826,321	\$ 2,919,000
2024	\$ 274,966	\$ 1,378,001	\$ 1,038,700

the City had a total of 19,365 residential transactions, averaging \$234,321 per transaction. If the City were able to collect a 0.25% transfer tax on these transactions (average of \$585 per residential sale), it would have generated roughly \$11.3M over five years.

If commercial and industrial property were also subject to the 0.25% transfer tax, it would have generated an additional \$3.8M over five years.

Conclusion and Recommendations

Developing a Comprehensive Funding Strategy

Most successful local government approaches combine multiple funding mechanisms to create a diversified, sustainable revenue stream for affordable housing. Based on the strategies explored in this white paper, the City of Grand Rapids should consider the following recommendations:

1. Start with a Needs Assessment

- The Kent County Housing Needs Assessment will be updated in Spring of 2025 ✓
- Set clear production or preservation targets based on the gap estimates within the Housing Needs Assessment. These goals should be aggressive yet realistic and paired with very specific action steps and assignment of accountability to specific people within the organization.

2. Create a Dedicated Housing Fund

- Establish a housing trust fund as a repository for multiple revenue sources ✓
- Develop transparent governance and allocation policies which allow private or philanthropic contributions to be readily accepted and targeted toward specific objectives or outcomes.

3. Implement a Mix of Funding Strategies

- Combine stable sources (millages, bonds, transfer tax) with philanthropic or corporate matching contributions, payment in-lieu fees, TIF, etc.
- Prepare a comprehensive communications plan to secure public support for any dedicated millage or bond proposal
- Balance voter-approved measures with administrative options like revenue bonds to catalyze new housing construction as quickly as possible while also ensuring that each development is part of a broader neighborhood improvement strategy.

4. Leverage Local Funds Against State & Federal Funds

- Use local funds to attract and augment state, federal, and private resources (LIHTC, Federal Home Loan Bank, New Market Tax Credits, Historic Tax Credits, Project Based Vouchers, Philanthropy, traditional debt + equity)
- Aim for a minimum 3:1 leverage ratio (non-local to local)



5. Ensure Long-Term Sustainability

- Build renewal mechanisms into temporary funding sources based on clear and precise metrics.
- Create political and community support through demonstrated outcomes and effective communication channels

Key Success Factors

The most effective affordable housing funding programs demonstrate:

- Clear connection between revenue sources and community housing goals
- Transparent administration and outcome reporting
- Protection from reallocation to other municipal needs
- Regular evaluation and adaptation based on changing market conditions

By implementing a strategic combination of these funding mechanisms, local governments can establish sustainable revenue streams that address affordable housing needs for years to come.

Appendix: Implementation Checklist

- Conduct affordable housing needs assessment
- Review state legal framework for funding options
- Establish housing trust fund structure
- Define housing targets, areas of focus, and implementation strategies
- Create implementation timeline with short and long-term revenue goals
- Develop performance metrics and reporting framework
- Establish a policy for the use of tax-exempt revenue bonds
- Identify potential TIF or assessment districts
- Engage community stakeholders in funding strategy development
- Develop bond measure proposal if appropriate
- Draft millage or tax proposal language if appropriate

MEMORANDUM

CITY OF GRAND RAPIDS

Date: September 15, 2025

To: Chair Brown and Affordable Housing Fund Board Members

From: Mary Kate Berens, Deputy City Manager

Subject: **Grand Rapids Affordable Housing Fund – Direction Regarding Participation in FY2027 Neighborhood Investment Plan funding round**

Staff is seeking direction on whether the Board is interested in consolidating available funds for distribution to applicants seeking support of production of affordable housing or housing stability services with other city funds for distribution through the FY 2027 Neighborhood Investment Plan funding process managed by the Community Development department. As a reminder, although firm dates are not yet established, that process typically begins in the early winter (so late in 2025) through outreach to potential applicants, and concludes with final awards approved by the City Commission in the spring of 2026.

The Affordable Housing Fund is held by the Grand Rapids Community Foundation (GRCF). The terms of the agreement with the GRCF require that a minimum balance of \$250,000 is maintained in the account at all times. The City adds to the fund periodically through voluntary contributions made through the City's payment in-lieu of taxes (PILOT) program. Last year the Board directed that 75% of the available balance of the fund be included in the funding process with Community Development. With that decision, the Fund retained the \$250,000 minimum balance, and in round numbers another \$250,000 for emerging opportunities. Since that time, no significant contributions have been made to the fund, although there is an anticipated PILOT amount of between \$100,000 and \$200,000 for the year.

Staff is seeking direction on whether to contribute any Affordable Housing funds to the Community Development Neighborhood Investment Plan funding process. If the Board so directs, staff will bring back a resolution confirming the contribution amount for the December board meeting.

MEMORANDUM

CITY OF GRAND RAPIDS

DATE: September 15, 2025

TO: Chair Brown
Affordable Housing Fund Board Members

FROM: Kate Berens, Deputy City Manager

SUBJECT: Board Leadership Positions and 2026 Meeting Schedule

At the Affordable Housing Fund Board meeting in December, the Board will elect a Chair and Vice Chair to act in those capacities for calendar year 2026. This memorandum is a reminder of that upcoming process and a request to consider serving in one of these capacities.

Any Board member is eligible to be Chair or Board Chair. There is no limit on the number of times a member may serve in such capacity. According to the by-laws, the role of the Chair is generally to preside at meetings and manage the meetings to ensure that discussions remain on track and within order, to call special meetings and appoint special committees. The role of the Vice Chair is to stand in for the Chair, and other duties as needed. In addition to these roles under the by-laws, by practice the Chair and Vice Chair meet once with staff to set and review the agenda prior to Board meetings. Given the anticipated 2026 meeting schedule, this will likely be 4 to 6 times in the year.

In addition, we will begin the process of soliciting availability for 2026 meetings. The Board is anticipated to meet quarterly.

**Community Development Department
Affordable Housing Fund Project Status Report**

Organization/Project	Award Amount/ Fund Source	Period of Performance	Planned Outcome	Status to Date	Funds Drawn to Date
Amplify GR <i>Boston Square Together II (F2)</i>	\$540,000 ARPA	9/1/24 – 9/30/26	57 affordable rental units	32% of construction completed	\$490,000
Dwelling Place of GR NHC <i>2080 Union Site Condos</i>	\$600,000 ARPA	9/1/23 – 6/30/25	At least 6 households will receive purchase price subsidy to buy one of the 42 project units	100% of construction completed. Seven properties sold with ARPA purchase price subsidies. Two additional homebuyers income-certified by City to purchase.	\$498,790
Genesis NHC <i>Leonard Apartments</i>	\$1,200,000 ARPA	8/1/24 – 1/31/26	55 affordable rental units for seniors	70% of construction completed	\$1,140,000
New Development Corporation <i>SF Homeownership Construction/Rehab</i>	\$240,000 ARPA	House 1: Completed House 2: 9/1/24 – 11/30/25	2 affordable homes (1 new construction and 1 rehab) for sale to homebuyers under 80% of AMI	House 1: Sold to eligible buyer 1/23/25 House 2: 98% of construction completed	House 1: \$120,000 House 2: \$112,000
Habitat for Humanity of Kent County <i>Pleasant Hills Phase III</i>	\$546,000 AHF	TBD	27 condominiums for sale to income-qualified households (All units under 120% AMI with 16 units under 80% AMI)	Funds awarded May 20, 2025	\$0
Mel Trotter Ministries <i>Single Family Homeownership</i>	\$200,000 AHF	TBD	2 affordable homes for sale to homebuyers under 80% AMI	Funds awarded May 20, 2025	\$0

COMPLETED PROJECTS		
Organization/Project	Amount Expended/ Fund Source	Outcome
Commonwealth Development Corporation of America <i>Lexington Apartments</i>	\$1,500,000 ARPA	39 affordable rental units for seniors
LINC Up NHC <i>Avenue II Apartments</i>	\$394,418 ARPA	10 affordable rental units for seniors (addition to existing 10-unit building)
61st District Court <i>Eviction Diversion Initiative</i>	\$220,663 ARPA	46 households received financial assistance to prevent homelessness
AYA Youth Collective <i>Supportive Housing Services for Youth</i>	\$270,000 ARPA	38 youth-led households exited to permanent housing