



Date: August 7th 12:00 PM

Location: City Hall Commission Chambers

Members:

Virginia Beard
Eric Brown
Daniel Drent
Cassandra Oracz
Lindsey Reames

Christopher Romero
Monica Steimle-App
Jim Talen
Mark Washington

Tabitha Williams

- I. Call to Order
- II. Roll Call
- III. Approval of May 1, 2024 Meeting Minutes
- IV. Action Items
 - a. Board Priorities and Fund Development (memo attached)
- V. Discussion Items
 - a. RFP #1 Funding Round Status Report (Attached; no discussion anticipated)
- VI. Public Comment

City of Grand Rapids
Affordable Housing Fund Board Meeting Agenda
Wednesday, May 1, 2024, Noon-2:00 pm
City Hall, 300 Monroe Ave NW, 49503, Commission Chambers

- I. Call to Order by Chair Talen at 12:00 pm
- II. Roll Call – Absent Members: Beard, Reames and Romero
- III. Approval of Minutes
 - a. After roll call, the minutes from January 11th were discussed, a motion is made for the approval of the minutes by Mr. Washington. The motion is seconded by Mr. Drent, and the minutes are approved.
- IV. Discussion Items
 - a. Ryan Kilpatrick of Housing Next and Deputy City Manager Kate Berens presented a memo regarding the Affordable Housing fund, clarifying the Community Development grant funding process from December 2023. All recommended projects secured funding agreements or extensions by the end of 2023, eliminating concerns of unallocated funds. Updates on project status assured effective fund utilization. The board concluded previous discussions on fund redistribution, opening the floor for questions.

Ms. Berens invited Mr. Kilpatrick to outline strategies for fund growth, emphasizing the board's role in shaping future endeavors. The proposed plan, spanning six months, detailed priorities from past sessions and specific focus areas with associated considerations. Clear objectives to enhance the fund's appeal to donors were stressed, with ongoing collaboration anticipated. Potential avenues for fund growth were categorized, with stakeholder feedback informing strategic direction. Discussion expanded on current fund status, highlighting available resources and funding capacity for unit creation and income support initiatives. Considerations included maximizing unit production for low- and moderate-income households and engaging potential funding sources.

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Mr. Kilpatrick outlined the current financial status, noting available funds and subsidy range for unit creation. Discussion shifted to prioritizing fund utilization versus acquiring additional funds. Emphasis was placed on attracting more investment into the fund and clarifying its value proposition to donors.

Chair Talen opened the floor for questions. Cassandra Oracz inquired about processing fees. Discussion ensued on introducing a real estate transfer fee to fund Affordable Housing Trusts. Mr. Kilpatrick discussed ongoing discussions with legislators for county-level trust funds and potential partnership opportunities. Mr. Eric Brown raised the impact of zoning changes and Tax Increment Financing (TIF) funds on housing prioritization. Ms. Berens affirmed the city's policy allowing TIF funds for affordable housing and clarified its impact on unit creation. City Manager Mark Washington sought clarification on TIF fund usage, with Mr. Kilpatrick explaining its role in supporting affordable housing developers.

Discussion extended to incentivizing accessory dwelling units (ADUs) and engaging financial institutions for community redevelopment efforts, highlighting the need for strategic policy discussions and collaboration.

Chair Talen led discussions on various topics, including the Community Reinvestment Act (CRA) and funding sources. Board members expressed support for exploring CRA opportunities to strategically allocate funds. Regarding county-wide conversations on affordable housing funding, Ms. Berens clarified the limitations on public resources' use for ballot propositions but encouraged board members' involvement as community members. Mr. Washington emphasized the importance of maintaining the board's advisory role and suggested further dialogue with the City Commission on potential county-wide initiatives.

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Chair Talen invited input on investment opportunities, particularly focusing on prioritization. Discussion included support for both nonprofit and for-profit developers in affordable housing initiatives. Ms. Berens clarified terms and roles, highlighting the importance of collaboration.

Ms. Tabitha Williams stressed the need to clarify language and ensure that the board discussion and information was accessible to the public and laypersons less familiar with housing development.

Mr. Kilpatrick stressed maximizing limited housing funds, suggesting support for emerging developers and Accessory Units (AUs). Concerns were raised about AU affordability, with suggestions for deed restrictions. Ms. Berens discussed staff resource needs and ongoing initiatives. Ranking priorities was initiated, with members providing input sequentially. Chair Talen emphasized the importance of comprehensive representation and proposed a subgroup for outreach. A proposed work plan will be developed as a result of the prioritization and discussion.

Chair Talen tentatively scheduled the next meeting for consensus-building on priorities and discussing long-term goals. Mr. Washington proposed small-scale projects and engaging nonprofit developers. The meeting concluded with an update on filling a vacant board position.

v. Public Comment

- a. Ms. Dane Gates City of Grand Rapids Resident raised a point regarding transparency, expressing a preference for visual aids such as slides to aid in comprehension, especially when dealing with public matters. She inquired about the availability of documents for public access to ensure clarity and transparency.

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Her remarks emphasized the importance of clear communication and accessibility of information for both board members and the community.

- b. Ms. Michelle Truskowski City of Grand Rapids Resident expressed gratitude to Tabitha for raising important questions that benefit the public's understanding of the proceedings. She then addressed the issue of investment opportunities and emphasized the critical need for affordable housing initiatives, particularly in light of the challenges faced by vulnerable populations, such as those experiencing homelessness. She highlighted the broader societal implications of housing insecurity and urged for innovative solutions, suggesting collaboration between Grand Rapids and Kent County to address land availability issues. Ms. Truskowski's remarks underscored a sense of frustration with the current situation while advocating for a community-centered approach to tackling housing issues.

VII. Adjournment by Chair Jim Talen at 1:25 pm

MEMORANDUM

CITY OF GRAND RAPIDS

Date: August 1, 2024

To: Affordable Housing Fund Board

From: Ryan Kilpatrick, Housing Practice Lead;
Mary Kate Berens, Deputy City Manager

Subject: Grand Rapids Affordable Housing Fund - Summary of prioritization exercise and next steps

On May 1, 2024, the Affordable Housing Fund Board met to review a series of options related to the future of the Affordable Housing Fund. A memo dated April 25, 2024, was the primary topic of discussion along with the summary results of the board retreat in September of 2023.

The Board was asked to consider a list of four potential investment priorities going forward. Those potential priorities were as follows:

- A. Investments in developments intended to produce as many new affordable housing units as possible.
- B. Investments to support low- and moderate-income homeowners in the City who are willing to construct or install an Accessory Dwelling Unit (ADU) on their property.
- C. Investments to support emerging developers who desire to build small-scale infill housing.
- D. Investments in non-profit organizations providing services to those at-risk of losing housing or who have lost their housing.

After initial discussion, the Board elected to rank their priorities with 1 indicating their top priority and 4 indicating their lowest priority. A few board members indicated that some of the options were tied and gave them the same ranking. A summary of the Board's rankings is below.

Proposed Priorities	Drent	Oracz	Brown	Washington	Williams	Steimle-App	Talen	Beard*	Romero*
Affordable Housing At-Scale	3	1	1	1	3	1	1	1	1
ADUs for Low/Mod Homeowners	1	2	3	2	1	2	3	2	2
Emerging Developers	2	3	2	3	2	3	2	3	2
Housing Services	4	3	3	4		3	4	4	3

**Two members provided feedback via email. None of the board priorities were considered formal votes, but rather a tool to provide direction for future policy discussion among the Board.*

As a way to determine the collective rank of priority out of this exercise, we totaled up the numeric value of the 1 through 4 individual rankings for each priority, and compared the totals. Considering the combined scores, and comparing, the priority with the lowest combined total indicates broad support for that objective as the highest priority. This ranking approach indicates that Affordable Housing At-Scale was the lead choice among the group with a total of 13. The second choice was ADUs for low- and moderate-income homeowners with a total of 19. The third choice was Emerging Developers with a total of 22. And the lowest ranked choice was Housing Services with a total of 27.

This prioritization exercise reinforced previous dialogue of the board. This body has clearly articulated that supporting more affordable housing units is the board's primary objective. Supporting emerging developers and innovative solutions for homeowners are secondary objectives. Services for the most vulnerable have consistently been considered very important as part of the overall network of services and the safety net to help people gain housing stability, however, the Board has frequently expressed that other funding sources are better positioned to focus on those services. The Board has recognized that services of this type require predictable, stable funding sources; the Fund is not particularly suited to those needs.

The second portion of the discussion focused on the current availability of funds. The Affordable Housing Fund currently has just over \$1M in its designated fund with the Grand Rapids Community Foundation and a minimum of \$250,000 must remain in the fund at all times. When the fund was created, a primary recommendation of the fund was that it should be seeded with a consistent and reliable source of ongoing funding.

The City has dedicated ongoing funding to the AHF via the Payment in Lieu of Tax program. The current tally of annual contributions is just over \$100,000 per year. The City will also be contributing additional funds following the sale of publicly owned property later in 2024 or early 2025.

The group also discussed the potential for raising additional funds from philanthropic and institutional sources. A handful of board members expressed interest in pursuing this further.

Recommendations for board discussion:

1. When prioritizing traditional affordable housing development, utilize the expertise of the Community Development Department.

The City of Grand Rapids Community Development Department already manages an annual process in which it recommends allocations of federal CDBG and HOME funds to support a significant number of affordable housing units. The department also facilitates consideration for the City's tax exemption and payment in lieu of taxes (PILOT) program. Staff review developer applications and recommends approval by the City Commission for affordable housing projects and those seeking Low-Income Housing Tax Credits. The department has expert staff who are highly capable of considering all possible available resources and coordinating funding sources to maximize their benefit across as many traditional affordable housing developments as possible. Additionally, the department currently is administering nearly \$5 million of project investment recommended by the AHF Board.

When the size of the Affordable Housing Fund is relatively small, the board will be limited in its capacity to invest in the top priority of generating more units at-scale in an efficient way for grant applicants. As a result, the Board may choose to seek opportunities to leverage its funding against other sources of funds to maximize the impact of the Affordable Housing Fund in the short term. The CD Department could be an efficient and effective way to continue supporting the development of more affordable housing units, with the added benefit of minimizing paperwork and competing funding cycles for potential applicants.

When the Affordable Housing Fund Board chooses to recommend investments in traditional

affordable housing development, we would suggest that it make a specific amount of the fund available to the Community Development Department to assist with closing financial gaps in projects that utilize other funds and address AHF Board priorities. The Department could then use its normal process to leverage state and federal resources along with the designated amount of funding from the Affordable Housing Fund. The proposed use of AHF funds by the Department would come back to the AHF Board for concurrence on a final recommendation to the City Commission.

2. When considering non-traditional investments in housing or emerging developers, seek out non-profit and/or third-party partners capable of administering a goal-oriented initiative with clear direction and specific objectives to be achieved.

The Board has expressed interest in supporting non-traditional housing opportunities like Accessory Dwelling Units for low- and moderate-income homeowners and households, and support for emerging developers interested in building housing that is affordable to households earning at or below 80% of the area median income. Given the lack of administrative support infrastructure associated with these types of investments, the Board should consider exploring partnerships with organizations that are capable of dedicating the necessary staff capacity to these types of efforts. These may be a community development nonprofit, another agency supported by the City (like the Brownfield Authority), or a department with dedicated staff time for the effort. Additional opportunities to partner on innovative programs are continuing to emerge, and as opportunities materialize the Board has the flexibility to use funds to support those kinds of programs.

The Board may wish to set aside a specific share of its annual spending recommendations for these types of innovative opportunities or consider one-time investments each year based on the capacity of local partners to execute on the goals of the board. A subcommittee of the board could be given the task of exploring these opportunities and recommending a path forward.

3. Make a plan to grow the fund.

While the majority of the board agreed that supporting new affordable housing at-scale was the top priority by a wide margin, a significant amount of funding is needed to build affordable housing at-scale. The City of Grand Rapids needs more than 4,000 additional housing units for *renters* earning at or below 80% AMI and nearly 2,000 additional homes for *homebuyers* earning less than 80% AMI. At best, to solve for just 10% of the additional affordable homes needed, the City would need to leverage at least \$2,400,000 per year, every year, for ten years if paired with additional subsidies.

The AHF Board should consider appointing a subcommittee that is charged with exploring alternative options for generating revenue to support the fund over the long-term.

Actions for consideration at the August 7 Board meeting:

- 1) Allocate 75% of the available fund balance as of 9/1/24 to the annual funding cycle led by the Community Development Department. The CD Department, using their application, processes and procedures, would solicit and review projects for funding in alignment with the AHF policies and Board guidance. The department would work with the AHF Board to develop final recommendations for City Commission approval at a time consistent with their overall schedule. If the Board concurs with this recommendation, a resolution allocating the appropriate dollar amount and with other needed details will be brought forward for action at your September meeting.
- 2) Appoint an ad-hoc subcommittee to vet opportunities to partner with existing organizations or to support City initiatives relating to other Affordable Housing Fund Board priorities, including programs supporting emerging developers or facilitating construction of Accessory Dwelling Units for resident homeowners whose income is below 80% of AMI. This subcommittee would meet as and when needed to vet ideas and prepare materials for full Board consideration of these opportunities at the Board's regularly scheduled meetings. This action can be done by motion.

- 3) Appoint an ad-hoc subcommittee to explore and recommend options for generating additional revenue for the fund, particularly over the long term. This subcommittee would meet as and when needed to determine viable options for growing the fund, and could report to the full Board on a general schedule (bi-annually, for example) as preferred by the Board. This action may be done by motion.

If the Board concurs in the above recommendations, we anticipate that a quarterly meeting schedule would be adequate to support the work, and will prepare a meeting schedule reflecting that rhythm for adoption by the Board at your September meeting.

Community Development Department
Affordable Housing Fund (ARPA) Project Status Report – Projects in Pre-Development

Organization/Project/Award	Guidehouse ARPA Eligibility Review	Pre-Agreement Certification	Pre-Development Agreement & Acquisition Prerequisites	Environmental Review & Release of Funds (as required for non-ARPA funding)	Contract Status
Amplify GR <i>Boston Square Together II (F2)</i> \$540,000	PIF complete	Complete	Documents requested	In process	<ul style="list-style-type: none"> ▪ Development Agreement signing deadline extended to August 31, 2024. ▪ HUD Environmental Review in process for project-based vouchers. HUD release of funds anticipated on or about August 15, 2024.
New Development Corporation <i>SF Homeownership Construction/Rehab</i> \$240,000	PIF complete	Complete	Documents requested; complete for 1 of 2 projects	N/A	<ul style="list-style-type: none"> ▪ Development Agreement for one of two properties signed March 13, 2024. The second property has been identified, with quiet title action in process. Deadline for agreement signing for second property extended to August 31, 2024.

**Community Development Department
Affordable Housing Fund (ARPA) Project Status Report – Projects in Implementation Stage**

Organization/Project	Award Amount	Period of Performance	Planned Outcomes	Status to Date	Funds Drawn to Date
Commonwealth Development Corporation of America <i>Lexington Apartments</i>	\$1,500,000	7/26/23 – 3/31/25	39 affordable rental units created for seniors	68% of construction completed	\$1,430,000
Dwelling Place of GR NHC <i>2080 Union Site Condos</i>	\$600,000	9/1/23 – 6/30/25	At least 6 households will receive purchase price subsidy to buy one of the 42 project units	52% of construction completed. Two properties to be sold within the next 45 days with ARPA purchase price subsidies.	\$0
Genesis NHC <i>Leonard Apartments</i>	\$1,200,000	8/1/24 – 1/31/26	55 affordable rental units created for seniors	Construction anticipated to start in September	\$0
LINC Up NHC <i>Avenue II Apartments</i>	\$394,418	8/21/23 – 12/31/24	10 affordable rental units created for seniors (addition to existing 10-unit building)	Construction complete. Retainage will be released upon occupancy and project closeout.	\$364,418
61st District Court <i>Eviction Diversion Initiative</i>	\$220,663	10/1/23 – 9/30/24	60 households receive prevention financial assistance to avert homelessness	39 households have received financial assistance to prevent homelessness	\$157,815
AYA Youth Collective <i>Supportive Housing Services for Youth</i>	\$270,000	10/1/23 – 9/30/24	45 youth-led households exit to permanent housing	36 youth-led households exited to permanent housing	\$211,007