



# Affordable Housing Strategy Working Group

Summary of Working Group Meeting #2

Thursday, June 15, 2017

The meeting was designed for the Working Group to discuss what types of development projects might be the most appropriate for the eventual Housing Trust Fund (HTF) to support. Through such a discussion, the mission and structure of the HTF could be brought into clearer focus. In preparation for the meeting, the Group was split into small teams and asked to craft their ideal prototypical development scenarios that the HTF might support in the future.

The meeting was roughly structured as follows:

- Part 1: Presentation of Team Homework Assignments
  - Identification of Target Market
  - Explanation of Concept
  - Detailed Description of Prototype Project
- Part 2: Housing 101 Primer (Al Tetrault of czb and Don Oglesby of the Working Group)
- Part 3: Distillation of Team Assignments and Housing Expertise into a Group Prototype

The Working Group as a whole came to a stronger understanding of housing development, the role of costs and project revenues in development feasibility, and was able to come to some level of consensus on the following:

- The HTF should support mixed-income projects and not 100% subsidized affordable projects. The Group understands that by mixing affordable units and market rate units, it will be able to stretch HTF resources to better accomplish its goals. Ideally, two-thirds of the units in any project should be market rate and the remaining one-third subsidized affordable.
- The Group discussed the possibility of participating in mixed-use projects, but determined that it was a much different type of development than pure housing, and more complex, and should not be a priority initially.
- The Group expressed a preference for the HTF to support new construction, as opposed to rehabilitation projects, due to more certainty and control over:
  - Project cost
  - Predictability of product
  - Location
- Supported projects should be not be only mixed-income, but also mixed-tenure with a split between rental and ownership units. Ideally, two-thirds of the units in any project should be rental and the remaining one-third ownership.
- Supported projects should be of moderate density to take advantage of economies of scale, yet reflect the neighborhood context of Greenville neighborhoods. In practice, this means HTF supported projects will not reflect the extremes of low density single-family home development on one end of the spectrum or high-rise multifamily development on the other end. Housing types such as low to mid-rise multifamily, townhouses, high density single family, and others should be explored.

- The Group understands that a balance between the depth of affordability preserved and the breadth of the HTF's reach may best be served by focusing on projects targeted toward households earning between \$25,000 and \$50,000 per year. Although the need below that income range is great, each unit developed for such a household is also an expensive capital investment and often requires expensive operational subsidies and additional support services. The income range of \$25,000 to \$50,000 is a guideline for most of the HTF's work and is flexible enough to move up or down on a case by case basis.
- The Group believes the HTF should be replenished over time, and not simply granted. As such, it may provide revolving loan funds or take equity positions, but should not be given away in the form of a grant.
- Above all, the Group understands the HTF will have finite resources and cannot address all housing challenges of all types, and that sensible choices will have to be made. Related to this are two ideas:
  - It is understood that by wisely investing in its early life, the HTF should be able to do more good in the long-term.
  - It is understood that the HTF is but one of a number of tools that will be needed in Greenville to create a full housing ladder over time.
  - It is understood that the initial goals of the HTF may be adjusted over time to respond to market changes, unique opportunities or funding availability.

For the next meeting, czb will prepare profiles of three different models of other housing trust funds. The profiles will provide a menu of options from which the Group can choose various attributes that best suit the emerging mission of the Greenville HTF. To help develop criteria for selecting attributes of a new HTF organization, Group members will again break into teams for a homework assignment in which they identify the following:

- A value statement for the HTF
- Top three activities for the HTF to focus on
- The geographic area(s) the HTF should serve (city, county, specific municipalities)
- Necessary expertise for the eventual HTF board

