



Affordable Housing Strategy Working Group

Summary of Working Group Meeting #4

Wednesday, September 6, 2017

The Working Group met in early September to finalize its recommendation for the creation of a Housing Trust Fund (HTF). Building on previous discussions in May, June, and July of 2017, the group, supported by czb's facilitation, discussed at a newly refined level of detail the following topics related to an eventual HTF:

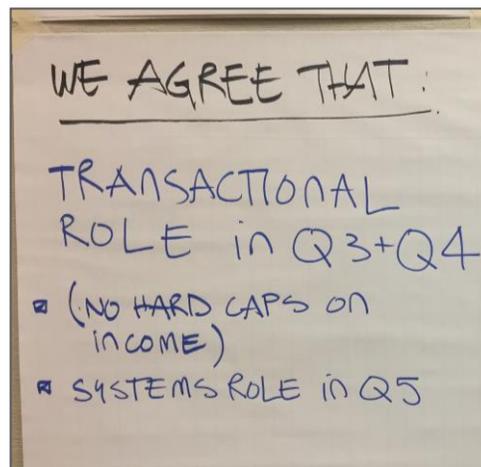
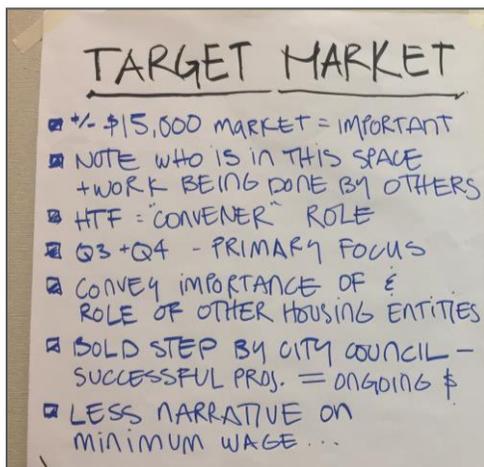
- Target Market (or who the HTF should serve)
- Geography (or where the HTF should work)
- Activities (or what the HTF should do)
- Ingredients for Success (or what is absolutely necessary for the HTF to be effective)
- Organizational Design (or where the HTF should be housed and how structured)
- Broader Systems Role (or how else the HTF should be involved in housing issues)

Target Market

czb proposed that the HTF limit its transactional and financial involvement to projects serving household incomes between approximately \$15,000 and \$55,000 (4th and 3rd income quintiles). Households at higher incomes (1st and 2nd income quintiles) are served by the market, while households at lower incomes (5th income quintile) are more expensive to serve than the HTF can afford, given its finite resources.

The group agreed with the proposal, with the following comments:

- Income limits at either end should be guidelines, and the HTF should have the flexibility to make adjustments on a case by case basis or as market conditions might warrant.
- The role of other housing providers and entities should be noted and reinforced.
- The HTF should play a strong role in policy and advocacy work related to the housing challenges of the lowest income households.

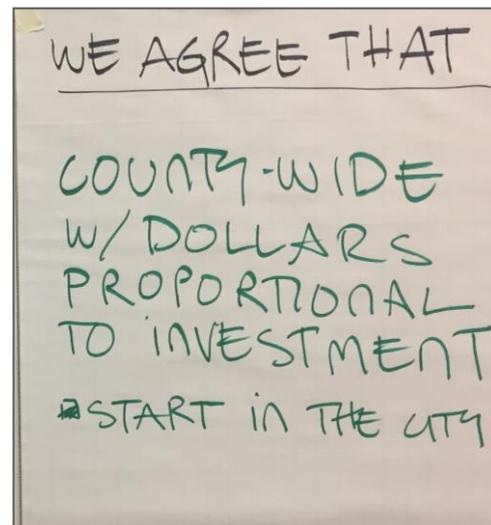
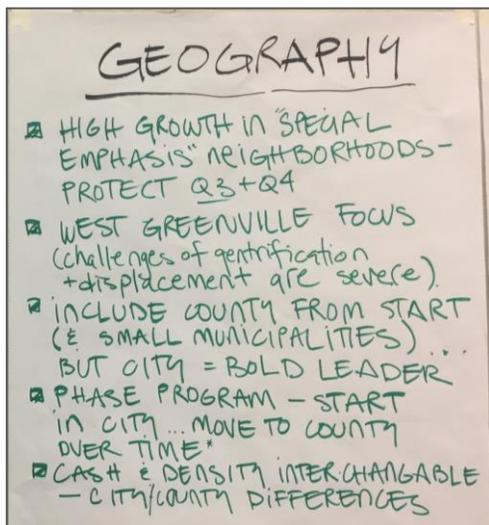


Geography

czb proposed that the HTF work across the entirety of Greenville County with a focus on areas rich in jobs as well as those areas with likely high future value. Initially, however, projects should be supported inside the Greenville city limits in recognition of the city's \$2 million investment.

The group agreed with the proposal, with the following comments:

- To the extent possible, the HTF should focus on projects in the city's "special emphasis" neighborhoods and in west Greenville where some residents have expressed strong fears of gentrification.
- Greenville County and other municipalities should be invited over time to participate in and benefit from the HTF.
- If the county and other municipalities choose to participate, they will be expected to make contributions to the HTF and benefit proportionally. Contributions may take the form of money, but may also take the form of land, regulatory changes, or any other resource or contribution that improves the HTF's ability to meet its mission.



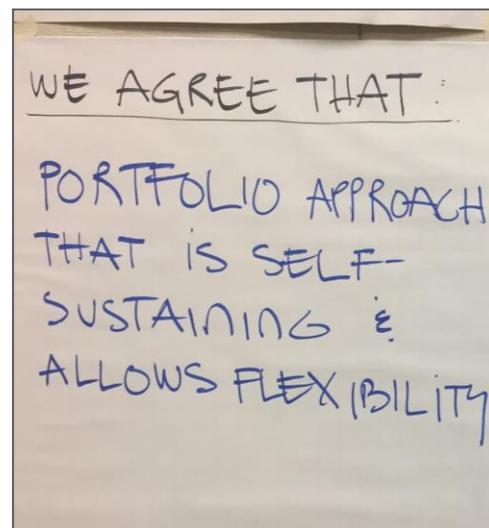
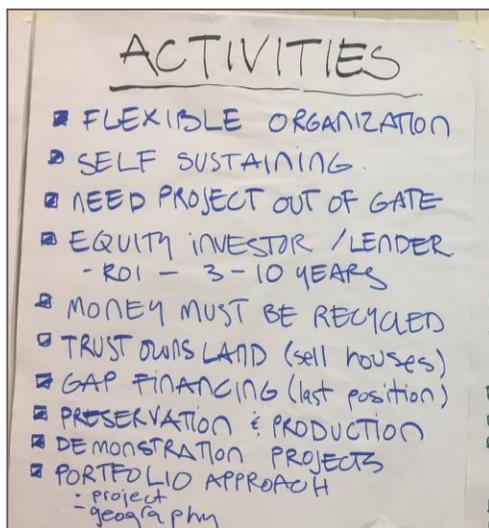
Activities

czb proposed that the HTF not formally foreclose any possibilities that could help meet its mission. But it did propose that the HTF pursue at least the following:

- Lending and underwriting capabilities.
- Rehab activities for senior home owners.
- Reverse mortgage program, coupled with a tax abatement, for senior homeowners facing tax and displacement pressures from appreciation that would provide owners with financial resources while maintaining the property as affordable.
- Requisite skills to participate in projects as an equity investor or part owner.
- Land banking capabilities to manage land and property for the purposes of future affordable housing development.

The group agreed with the proposal, with the following comments:

- The HTF should take a portfolio approach, with a variety of activities.
- Financial self-sufficiency is important and funds should be recycled, not granted.
- While patience is a virtue for the HTF, it should act quickly in facilitating its first project(s).

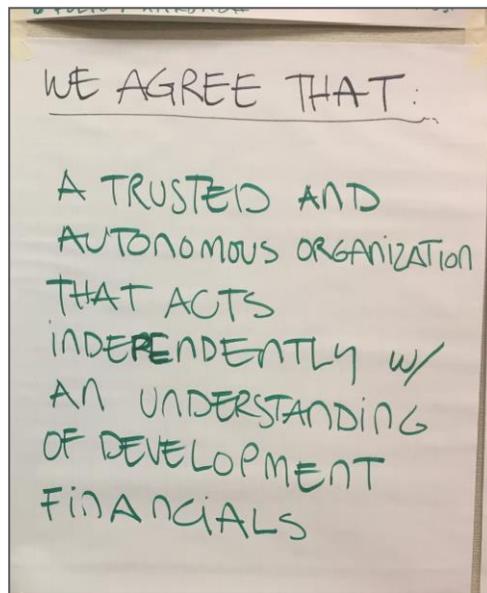
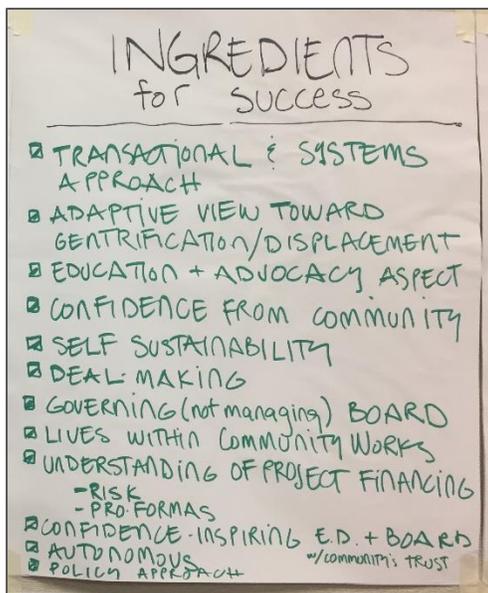


Ingredients for Success

czb proposed that the HTF have two critical attributes. The first is a lender approach with good underwriting capacity to ensure that the HTF properly gauges and makes decisions on project performance. The second is complete autonomy to stick to the first.

The group agreed with the proposal, with the following comments:

- The HTF should pursue not just transactional work, but also a role in addressing the housing system across the region including education and advocacy.
- It should have an adaptive view towards gentrification and displacement in order to appropriately respond as conditions warrant.
- It must be a trusted institution, seen as an honest broker, and gain the confidence of the community. This is true both of its board and staff.
- The board should play a governance role, but not a managerial role, in the organization.
- The HTF should be self-sustaining.
- It must understand real estate development and finance, including pro forma analysis, the assessment of risk, and the ability to negotiate deals.
- The HTF should take on responsibility for policy advocacy and education in housing issues.

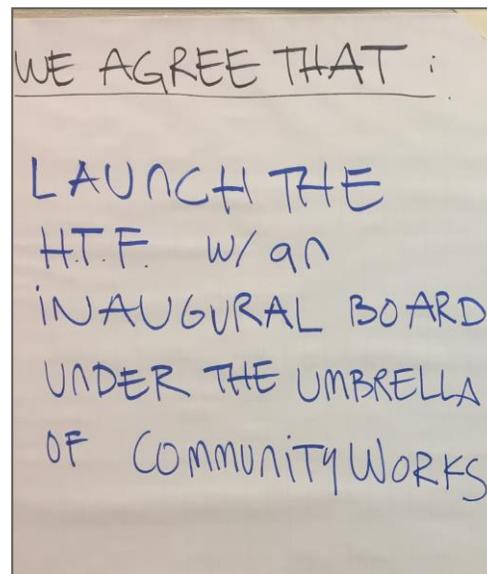
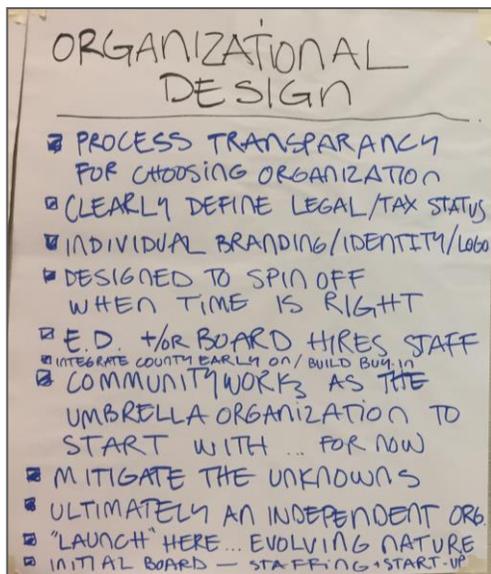


Organizational Design

czb proposed that the HTF be housed in a dormant subsidiary of local Greenville organization Community Works. The subsidiary, Greenville Housing Fund Land Bank LLC, offers the fastest route to activation of the HTF. czb reviewed a number of other organizational options, including the creation of an entirely new entity, but GHF Land Bank is already in existence, has the proper tax status, and is positioned to access via contract a number of required capabilities from Community Works, including those in lending and underwriting due to its status as a community development financial institution. A chart showing a comparison of organizational options is attached to these notes.

The group agreed with the proposal, with the following comments:

- The process for selecting an organizational home for the HTF must be transparent and clearly explained.
- The legal and tax status should be clearly defined.
- The HTF should be clearly independent from Community Works, with its own identity and autonomy in board governance, hiring decisions, and mission related activities.
- The HTF should consider GHF Land Bank as a place to launch, but be prepared to potentially spin off into a new entity when the timing is right.
- It is understood that the first board and executive director may play a start-up or transitional role, with changes to board and staffing made at an appropriate time in the future.

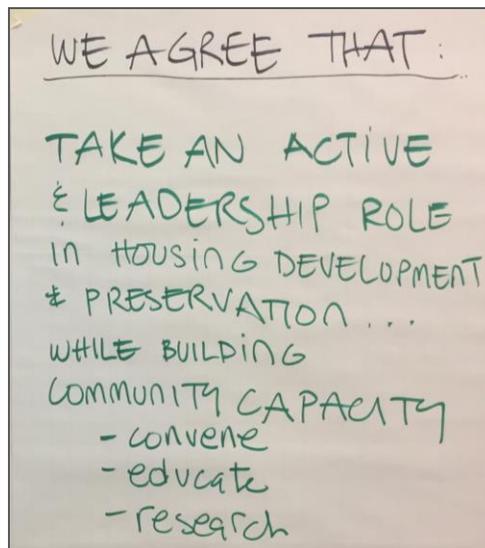
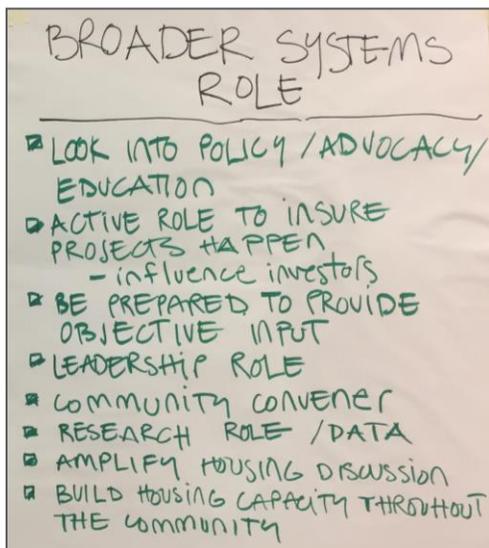


Broader Systems Role

czb proposed that while the HTF may have a transactional role in a certain part of the Greenville region's housing ladder, it should also be a convener, a coordinator, and a strong voice for the full range of issues that intersect with housing affordability. Further, czb proposed that the HTF play this leadership role by becoming the local go to organization on housing and related policy matters.

The group agreed with the proposal, with the following comments:

- The HTF should focus on policy advocacy and education in housing issues.
- The HTF should not shy away from certain topics simply because they are difficult, but should be judicious and thoughtful about its advocacy.
- The HTF should take on a research and data coordination role, and be ready to offer objective input on housing matters if asked.
- The HTF should seek to positively influence investors in affordable housing.
- The HTF should do whatever it can to build regional capacity to support housing affordability.



Next Steps

The Working Group agreed that a number of follow up items are necessary before the group's recommendation is formally presented to the City Council.

- czb will craft an executive summary type document (4-6 pages), inclusive of a recommendation on the HTF's initial board composition.
- In order to properly vet the recommendation with interested groups, members of the Working Group will begin or continue outreach to stakeholders and partners, including county officials, the development community, and affordable housing providers and advocates.
- A work session with the City Council is tentatively scheduled for October 30. The work session will be an opportunity for the Council to hear the Working Group recommendation and the feedback and input received from stakeholders. Council will also provide its own feedback. No action will be taken at that time.
- Formal action by the City Council to accept and implement a final recommendation is tentatively planned for December.

