

City of Miami Affordable Housing Workshop

March 1, 2018



Affordable Housing

- Enterprise Community Partners
- Affordable Housing Resources
 - Inclusionary Zoning
 - Housing Bonds
 - Land Banks
 - Housing Trust Fund
 - Linkage Fees

Enterprise Community Partners

Enterprise's mission is to create opportunity for low- and moderate-income people through affordable housing in diverse, thriving communities. Uniquely motivated to build strong communities so families can succeed, we're in this work for the long haul. We're in it for good.

Capital.

Enterprise is a recognized leader in socially driven capital investment, having delivered more than \$23.4 billion to low-income communities across the U.S.

Solutions.

We work with local partners to test and scale new solutions to some of the most pressing housing and economic problems facing low-income communities.

Policy.

Enterprise is a crucial voice for America's low-income communities with a strong presence in Washington, D.C., and city halls across the country.



Opportunity 360

Tools and resources to assess opportunity in a comprehensive way

A **comprehensive approach** to understanding and addressing community challenges by identifying pathways to greater opportunities using cross-sector data, community engagement and measurement tools.

MEASURE: The Opportunity360 Measurement Report offers a wide range of data about the opportunity pathways and outcomes of a neighborhood, helping quickly identify its assets and challenges.

- Benchmark neighborhood conditions at project start
- Monitor and contextualize neighborhood conditions over time
- Make the case for a comprehensive investment strategy
- Align investments with strategy through portfolio **assessment**



LISTEN: Use community engagement tools to complement and enrich the data provided in the measurement report with lived experience.

- Understand neighborhood needs and priorities based on perspectives from the residents
- Ground truth published data
- Promote resident feedback on potential investment plans
- Gauge resident reactions to neighborhood change



Opportunity 360

Tools and resources to assess opportunity in a comprehensive way

- **PARTNER:** Identify providers of low-cost and no-cost services throughout the U.S.
 - Assess community assets and services
 - Connect residents to needed services
 - Identify potential partners for delivering on programmatic priorities
 - Gain on-the-ground insight into community dynamics
- **EVALUATE:** Evaluate the impact of your work.
 - Learn how to combine qualitative and quantitative data to tell a compelling story
 - Conduct outcome mapping to guide evaluation design
 - Determine indicators most relevant to an impact story
 - Create and strengthen your value proposition



Inclusionary Zoning

- **Inclusionary zoning (IZ)** is an affordable housing tool, through municipal ordinances, that links the production of affordable housing to the production of market-rate housing. IZ policies either require or encourage new residential developments to make a certain percentage of the housing units affordable to low- or moderate- income residents.

INCLUSIONARY ZONING in Fairfax County, VA

How is this strategy implemented or used?

Developers are required to set aside a share of units for low-income **households in exchange for a density bonus.**

- Applies to all residential properties requiring County approvals.
- **Payment (or land donation) in lieu** may be granted.
- **Affordability period** of 30-years, with possibility of permanent extension.

What local conditions is it addressing?

- Limited affordable rental and for-sale options
- Varying character & markets throughout the county

What are the results?

2,448 units from 1992 to 2011

Why is this an effective tool?

- **Adapts to market conditions** (unit requirement is calculated on a sliding scale based on density)
- Mandatory element **ensures affordable unit construction**, while additional density **eases burden on developers**
- Helps spread affordable units throughout the county

NATIONAL BEST PRACTICES

- › Transparent requirements & processes
- › Targeting specific market conditions
- › Regular revision of policy with stakeholder feedback

Housing Bonds

- **'Housing Bonds'** Debt securities issued by state or local governments to raise money for affordable **housing** development. **Housing bonds** sometimes require voter approval and are repaid out of the government's general tax fund or from an increase in the sales tax rate, income tax rate or property tax rate
- A **general obligation bond (GO)** is a municipal **bond** backed by the credit and taxing power of the issuing jurisdiction rather than the revenue from a given project. **General obligation bonds** are issued with the belief that a municipality will be able to repay its debt **obligation** through taxation or revenue from projects.

Housing Opportunity Bond

CATEGORY	PROGRAM DESCRIPTION	ESTIMATED AMOUNT OF SERIES A
Multifamily Loans	Loan to nonprofit and for profit multifamily developers offering affordable rental workforce housing units. Funds would be leveraged with conventional, bond or other private or public financing and will serve households at 60% AMI or less.	\$ 10,000,000
Single Family Loans	<p>Construction financing to nonprofit and for profit developers to construct or rehabilitate affordable units for households at or below 120% AMI.</p> <p>Down payment assistance loans up to \$20,000.00 to purchase homes. Loans will be deferred and accrue no interest with repayment due only upon sale, refinance (term only refinance permitted) or when the home is no longer occupied as the primary residence of the borrower. Priority for funding will be made for households at 80% AMI or below.</p> <p>Owner Occupied Rehabilitation Loans for existing homeowners to address critical repairs, major system, and accessibility. Loans will target households at 60% AMI or below, with priority given to seniors, disabled head of households, and military veteran head of households. Home must be primary residence of applicant.</p>	\$ 2,000,000 \$ 3,000,000 \$ 5,000,000
Nonprofit Development Loans	Funds set aside for non-profit organizations for multifamily and single family affordable housing development.	\$ 4,500,000
Land Assemblage	<p>Funds available for non-profit and for-profit developers and City Agencies to acquire land and vacant property for affordable housing development within targeted areas of the City, excluding specific TADS.</p> <p>Investment in a Loan Assemblage Financing Fund. Purchase loans participation interest in loans to non-profits and for-profit developers as they seek to assemble land and vacant property for development of affordable housing. Funds would cover acquisition and predevelopment cost.</p>	\$ 3,500,000 \$ 4,000,000
	SERIES 2017A PROGRAM FUND TOTAL	\$32,000,000
Administration	Cost of Issuance & Administrative Cost	\$8,000,000
	GRAND TOTAL	\$40,000,000

What is a Land Bank

Land Banks are public or nonprofit entities created by local governments to acquire, manage, maintain and facilitate the redevelopment of underutilized, vacant blighted, tax delinquent properties.



What is a Land Bank

- Tool for converting vacant, abandoned, or distressed property into productive use. This includes residential, commercial, industrial and greenspace purposes.
- Core competency is acquisition and disposition of troubled, surplus, or vacant property.
- Does NOT have eminent domain or taxing authority.
- Steps in where market does not or cannot work due to administrative/legal barriers.

Triggers for Creating a Land Bank:

- Large inventories of abandoned/vacant property with little market value
- Ineffective tax foreclosure procedures
- Chronic code violations
- Title problems
- Restrictive municipal property disposition requirements

Housing Trust Funds

Housing trust funds are established sources of funding for affordable **housing** construction and other related purposes created by governments in the United States

“Under One Roof” Seattle Housing Levy

- Since 1981, Seattle voters have approved one bond and five levies to create affordable housing. Seattle has now funded over 13,000 affordable apartments for seniors, low- and moderate-wage workers, and formerly homeless individuals and families, plus provided homeownership assistance to more than 900 first-time low-income home buyers and emergency rental assistance to more than 6,500 households
 - Median cost to Seattle homeowners:
\$122/year or \$10.17/month

Housing Trust Fund Washington DC

How is this strategy implemented or used?

Permanent, revolving fund for production and preservation of affordable housing and related services.

- Awarded through a **competitive selection process**
- Funded through **15% of revenue** from deed recordation and transfer taxes and the District's general fund.
- **Annual commitment** of \$100 million.

What local conditions is it addressing?

- Few affordable options for low-income households
- Increases in housing costs & market activity

What are the results?

Produced ~9,000 affordable housing units since 2001

Why is this an effective tool?

- **Leverages** \$2.50 in private and federal financing for every \$1
- Targeting to support **priority areas for development** (transit) and **priority populations** (80% of funds must be used for households earning <50% AMI)

NATIONAL BEST PRACTICES

- › Dedicated funding source
- › Leveraging private financing
- › Clear and consistent application process
- › Targeting to support local priorities for affordable housing

Linkage Fees

- Linkage fees, sometimes called impact fees, are an alternative to traditional inclusionary housing programs. They are called linkage fees because they attempt to link the production of market-rate real estate to the production of affordable housing..
- Linkage fees “link” other forms of development with a community's needs for affordable housing. Linkage fees are typically charged to developers and then spent on affordable housing preservation or production through existing housing programs. Linkage fee ordinances are one way to leverage private markets to produce affordable housing, fund homeownership programs, or preserve existing affordable rental housing.

Los Angeles Linkage Fee

- A new fee on the construction of single-family homes, offices, apartments and other developments, with the funds going to pay for affordable housing. Fees vary based upon use and geography within the city.
 - Projects that result in:
 - Additional units or guest rooms
 - Additional non residential floor area
 - Single family more than 1,500 sf
 - A change in use from non residential to residential
 - Fees
 - Non residential \$3- \$5 depending on market
 - Residential \$8 - \$15 depending on market
 - Projects exempted include affordable housing, grocery stores and other

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