



METROPOLITAN HOUSING TRUST FUND COMMISSION MINUTES

Tuesday, September 27, 2022
2 – 4 pm

Members Present: G. Emmanuel, K. Friskics-Warren, J. Schmitz, M. Jackson, P. Westerholm

Members Absent: CM Suara, J. Simmons

Staff Present: A. Brown (Planning Dept – Housing Division), M. Amos (Metro Legal), A. Rivera (Metro Legal), A. Hubbard (Planning Dept – Housing Division), K. Ensign (Planning Dept – Housing Division), K. Guenther (Planning Dept)

Guests Present: Ginger Hausser (Mayor’s Office), Cecilia Prado (Workers’ Dignity), Benny Overton (Workers’ Dignity)

I. Welcome

- a. Introduction of two new Housing Trust Fund Commissioners
- b. Welcome to Maria Carmen Jackson:
 - i. Brown introduced Jackson as a current realtor with Village Real Estate and a Trevecca University graduate. She stated that Jackson was recommended for the Commission by Conexion Americas and is long-time Nashville resident.
- c. Welcome Peter Westerholm:
 - i. Brown introduced Westerholm as the current Director of Policy and Government Affairs for Greater Nashville Regional Council, a current adjunct professor at Lipscomb University, and a former Councilmember for District 6.

Brown stated that Westerholm participated in several working groups for the 2022 affordable housing ARPA request.

II. Review and Approval of Minutes

- a. Schmitz motioned approval; Westerholm seconded. Unanimous approval.

III. Director of Housing Update

- a. Hubbard shared that Barnes staff assisted with the 4 public housing meetings related to work on the East Bank vision.
- b. Hubbard stated that Housing Division staff presented to the Covid Oversight Committee on September 12, 2022, regarding the affordable housing requests. She shared that some of this money may utilize the Barnes Fund as the vehicle to distribute the funds.
- c. Hubbard shared the success of the first iteration of the mixed-income payment in lieu of taxes (PILOT) program. She stated that they plan to finalize the awards with the Health and Education Board in the coming month. After which, she stated, there would be a press release and she could share more about the awardees.

IV. MHID Representatives to present short overview of \$50M ARPA request

- a. Ginger Hausser from the Mayor's Office joined to request a letter of support from the Housing Trust Fund Commission as they prepared to revisit council on October 4, 2022 for the ARPA request to address chronic homelessness.
- b. Friskics-Warren asked if the fourth bucket of funding in RS2022-1697 for the \$25 million going to MDHA for gap loan financing had an affordability term.
 - i. Hausser answered that the affordability term was 20 years.
- c. Schmitz stated that the funding was a great start for one-time funding. However, he inquired about the long-term modeling or future years of funding for the program's sustainability.

1. Brown stated that Habitat made two first draws on their Rounds 8 and 9 developments in Village by the Creek for 32 homes in Round 8 and 26 homes in Round 9. She noted that they have \$1,078,152.29 left of their \$1,999,580 Round 8 grant and \$2,136,667.44 left of their 2,990,007 Round 9 grant.
- ii. Rebuilding Together Nashville
 1. Brown reported that RTN completed their first draw on their Round 9 grant for \$27,778.19. She added that they have \$1,803,939.33 left on their \$1,849,173 grant for rehabbing homes in the Bordeaux area.
- iii. Westminster Home Connection
 1. Brown stated Westminster returned \$5,198.20 in funding for two homes that overqualified for income restrictions. Brown added they will apply these returned funds to different homes that qualify for their open Round 5 and 9 contract.
- iv. Mary Parrish Center
 1. Brown told Commissioners that Mary Parrish made their first draw on their Round 9 grant. She noted they have \$451,786 left of their \$507,000 grant for the monthly rehab draws left to make.
- v. Affordable Housing Resources
 1. Brown stated that AHR made 8 draws on their Round 4, 6, 7, and 8 grants including 4 final draws for completed units.
 - a. She stated that they had \$34,156.15 of their \$410,000 grant for Round 4, \$122,573.67 of their \$286,000 grant for Round 6,

\$24,171 of their \$108,000 grant for Round 7, and \$483,431.50 of their \$784,300 grant for Round 8.

vi. Be a Helping Hand Foundation

1. Brown added that Be a Helping Hand made a first draw on their Round 7 and Round 8 developments on Lowes Lane. She noted they have \$131,400 left on their \$143,345 grant for Round 7 and \$217,875 left of their \$249,000 grant for Round 8.

c. Financial Administrator, Kati Guenther, presentation on fund balance and FY23 Funding Round 11 budget availability.

- i. Guenther joined to share the data process behind the financial documentation provided to the commissioners. She stated that this is about a question from former commissioner, Chris Ferrell, at the last meeting.
- ii. Guenther went through how she documented the actuals from year to year and how the fund balance increased based on any accruals or unused overhead. She stated that the Commission has \$13,213,262 to allocate for the next funding round after all fund balances were added and obligations subtracted based on the year-to-date actuals.

d. Housing Policy Research Analyst, Kaycee Ensign, to present regarding affordability and Barnes data.

- i. The full presentation given to the Commission is included in this document after the minutes.
- ii. Friskics-Warren asked how many housing units are lost in Nashville each year?
 1. Ensign stated that this information is difficult to quantify due to the tracking measures. However, with the use of CoStar data, other data

projects for Barnes historical units, and the Unified Housing Strategy, they will be able to create better long-term measurements and forecasting in the future.

- iii. Friskics-Warren asked if we should be using MHI or different AMI percentages to meet the need as AMI continues to rise.
 1. Brown stated that this is a question that requires deeper thought work and asked to table the question until a work session can be scheduled for November or December 2022.
- iv. Schmitz asked how renter data was captured and whether the information addresses the full burden of a rent payment or does it incorporate cost-share options.
 1. Ensign stated that she believed the survey data only evaluates based on a single renter's rent meaning that if they were cost-sharing a co-living situation then only the portion of rent paid by individual tenants is factored into the data.
- v. Schmitz asked if we would have a sense of the actual cost burden as interest rates increase and housing costs do not include things like utilities, wifi, and transportation?
 1. Ensign stated that we would not have that depth of information at this time due to how the census is conducted in reference to the housing cost burden.

VI. Cecilia Prado, Co-Director & Lead Organizer of Workers' Dignity (Dignidad Obrera)

- a. Cecilia Prado and Benny Overton from Workers' Dignity joined to discuss co-housing solutions and barriers for families to access homeownership. The full presentation is included at the conclusion of the minutes.
- b. Jackson asked if the equity is capped for the owners in the co-op. She stated that the land is perpetually affordable, so the increased value is not factored into the equity growth.
 - i. Overton responded that this is a typical model for lower barrier ownership options, and while the equity is capped to a degree, it gives tenants more agency and lower down payment in return.
- c. Schmitz inquired how the maintenance of the building was handles and whether dues were paid by the owners in the building.
 - i. Overton answered that there is a co-op board comprised of tenants that hire the maintenance staff, and that yes, tenants pay dues to the co-op board for such purposes.
 - ii. Friskics-Warren noted that she was impressed with the model and presentation. She stated that innovative solutions like this will help shift power to the residents rather than the developers.
 - iii. Schmitz asked that staff meet with Prado to inquire more about wage theft violations that were mentioned in regard to Barnes developers during the beginning of the presentation. He stated that he would like to know what Barnes can do, if anything, to rectify situations like that when they occur.
 - 1. Brown stated that she would schedule a meeting in October with Prado prior to the next Commission meeting.

VII. New Business

a. **Barnes Housing Trust Fund Commission & Planning Commission MOU**

- i. Schmitz motioned approval; Jackson seconded. No vote, moved to October agenda. Discussion below:
- ii. Brown stated that staff received feedback and comments from the Planning Department's legal counsel and those are incorporated within the MOU presented.
- iii. Friskics-Warren asked if the Commission could have more time to consider the full document.
 1. Brown stated that an extension on the MOU vote would not impact the work being done as it has for the last 9 months in the Planning Department.
- iv. Friskics-Warren stated that she would like more time to review the supervision clauses of the MOU and better understand the long-term strategy of the Barnes Fund and other housing work. She stated that she was unsure if the structure in the Planning Department was the best fit for this work long-term.

b. **Contract for New Level CDC – Extension Contract for Round 7+**

- i. Brown stated that this is a new contract that serves as an extension of their Round 7 grant as approved at the August meeting. She went on to state that the organization did not complete an extension request but this new contract will allow them to make their final draw at Use and Occupancy for the Williams Station townhome development for \$20,800. Brown noted that the contract follows the same format of the cost supplement grant. She said that the timeline pushes the grant termination date by 9 months which should allow them to make the draw based on their presented construction schedule.

ii. Friskics-Warren moved approval; Schmitz seconded. Unanimous approval.

c. Spring Funding Award

i. Brown stated that the two contracts included in this voting packet took longer for counsel on both sides to agree to contract language. She stated that they will be filed separately from the other contracts that have already been approved, but that they would likely go to Council at the same time due to mandatory referral on the other award packet.

ii. Villa Maria Manor (Mary Queen of Angels) Contract

1. Friskics-Warren moved approval; Schmitz seconded. 4 in favor of approval. Emmanuel abstained due to a conflict of interest.

iii. Birchstone Village dba Pathway Lending Contract

1. Friskics-Warren moved approval; Schmitz seconded. Unanimous approval.

iv. Appalachian Home & Health Amendment

1. Brown stated that this item was not required. She added that staff have received the signed contract for this award, and it will be included in the packet with the other two contracts.

d. Updated Round 11 Timeline

i. Commissioners requested that this item be taken up at the October meeting due to time limitations.

VIII. Public Comment (Limit 2 Minutes per Community Member)

a. No public comments were received.

IX. Announcements

a. Housing Trust Fund Grants Analyst hiring update

- i. Brown stated that she has received initial questions and is currently in the process of scheduling interviews for this position.
- b. October Location – Lindsley Hall
 - i. Brown reminded the public and Commission that the Election Commission is using the Sonny West Room in October.

X. Adjourn

The Barnes Housing Trust Fund

<http://barnes.nashville.gov>

Metro Housing Trust Fund Commission <http://www.nashville.gov/Government/Boards-and-Committees/Committee-Information/ID/123/Housing-Trust-Fund-Commission.aspx>



A Snapshot: Housing Affordability in Nashville

HOUSING OPPORTUNITIES ON THE EAST BANK – COMMUNITY EVENT

9.12.2022

Housing Affordability in Nashville

- ▶ Affordable housing is not universally defined. However, the US Department of Housing and Urban Development defines “affordable” from 0% to 80% of the Area Median Income (AMI).
- ▶ Many of the affordable housing projects that receive federal or other government funding target families earning 80% of the AMI or below.
- ▶ It is recommended that a household spend no more than 30% of their income on housing costs. Housing costs includes rent and other housing expenses like utilities.

What is the Area Median Income?

- ▶ The Area Median Income (AMI) is calculated annually by HUD.
- ▶ HUD uses Census data and an inflation factor to determine the AMI.
- ▶ The AMI for Metro Nashville includes data from a 10-county metropolitan statistical area (MSA) which includes Rutherford, Williamson, and Wilson counties.
- ▶ The Area Median Income is NOT the same as the Median Household Income.

2022 Area Median Income for the Metro Nashville Area

	1-person household	2-person household	3-person household	4-person household
30% of AMI	\$19,850	\$22,650	\$25,500	\$28,300
50% of AMI	\$33,050	\$37,750	\$42,450	\$47,150
60% of AMI	\$39,660	\$45,300	\$50,940	\$56,580
80% of AMI	\$52,850	\$60,400	\$67,950	\$75,450
100% of AMI	\$66,100	\$75,500	\$84,900	\$96,700

Housing Affordability in Nashville

- ▶ Who is earning 80% of the Area Median Income in Nashville?
 - ▶ A starting Metro Nashville teacher earns on average \$50,000 per/year or ~\$26.00 per hour. Affordable housing costs would be ~\$1,250 per month.
- ▶ Who is earning 60% of the Area Median Income in Nashville?
 - ▶ Hairstylists earn on average \$36,000/year or ~\$18.75 per hour. Affordable housing costs would be ~\$900/month.
- ▶ Who is earning 30% of the Area Median Income in Nashville?
 - ▶ An individual earning minimum wage (\$7.25/hour) who works 40 hours would earn approximately \$1,160 per month or \$13,920 per year. Affordable housing costs would be ~\$350/month

What is Affordable to Nashvillians?

Profession	Average Hourly Wage	Area Median Income	Recommended Monthly Housing Costs*
Paramedic	\$22.32	Less than 80% of the AMI	~ \$1,070
School Bus Driver	\$17.48	Less than 60% of the AMI	~\$840
Receptionist	\$14.87	Less than 50% of the AMI	~ \$710
Childcare Worker	\$12.05	Less than 50% of the AMI	~ \$580
Host/Hostess	\$11.48	Less than 50% of the AMI	~ \$550

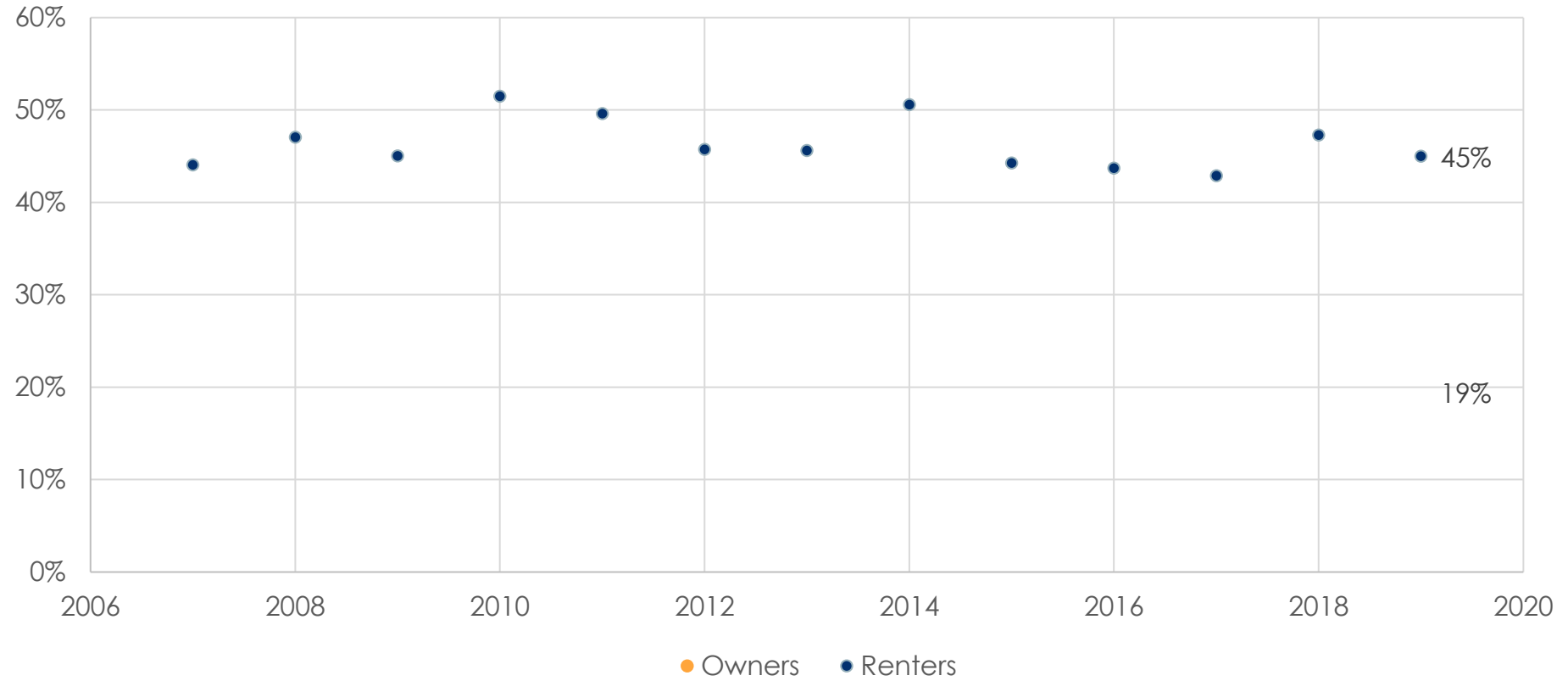
*This calculation is based on the assumption the individual worked 40 hours per week earning the average hourly wage

Housing Cost Burden

- ▶ Cost burden is generally defined as someone who pays more than 30% of their household income on housing expenses.
- ▶ Severely cost burden is defined as someone who pays more than 50% of their household income on housing costs.

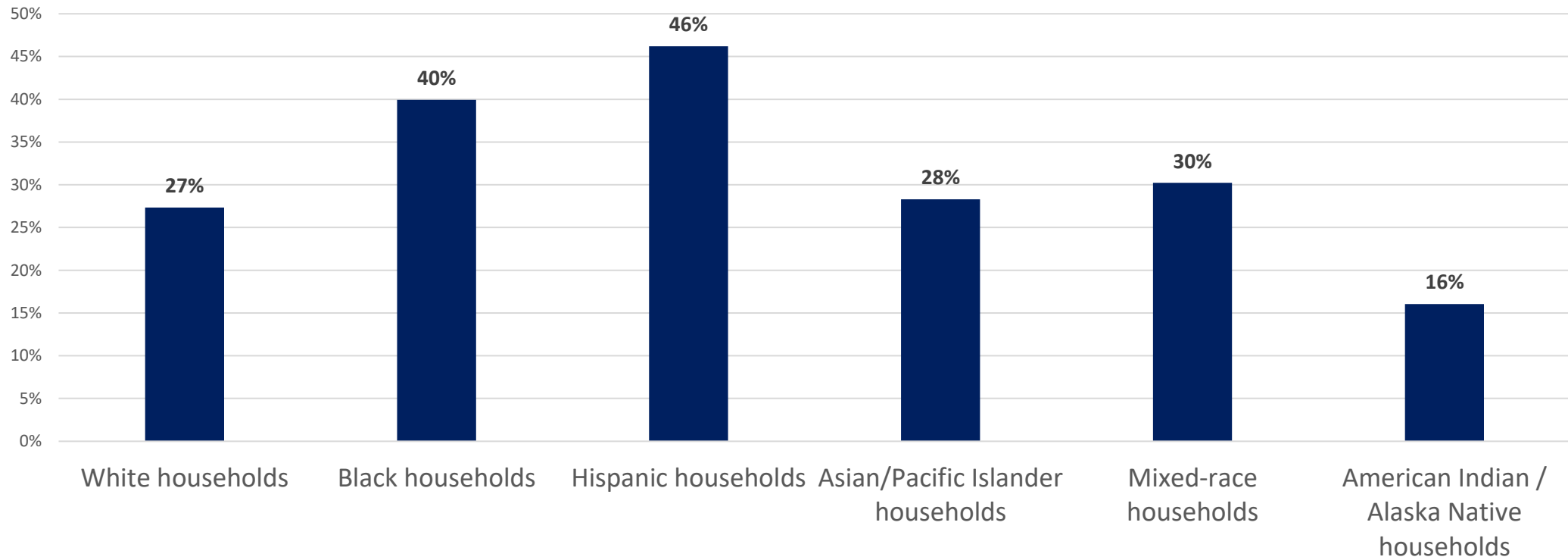
Nashville Housing Cost-Burden

Source: Census Data



Cost Burden by Race/Ethnicity

Source: American Community Survey 1-Year Data (2019)



The Appeal of Housing Cooperatives

September 27, 2022

One of the ways in which economic inequality impacts our lives is in the arena of housing affordability. Housing cooperatives (more specifically, limited equity cooperatives) offer some very attractive means of providing permanently affordable housing, but necessarily at a trade-off in the amount of wealth accumulation that typifies homeownership.

To develop affordable housing, Workers Dignity and the Southeast Center of Cooperative Development advocate the hybrid housing model: community land trust with limited equity cooperative. The community land trust is a nonprofit entity which owns the land (and can hopefully acquire the land via a grant, gift, or below-market purchase) and agrees to a long-term lease (usually 99-year lease) to a LEC housing cooperative. The relatively low-cost land acquisition allows for a lower-cost development. The cooperative owns the buildings and residents can purchase an ownership share of the cooperative; this share gives the resident-owner the right of occupancy for a specific unit. The value appreciation of the unit is set at an agreed-upon rate (such as the average increase in the AMI for the community), therefore it is pegged to an appreciation rate reasonably commensurate with income so that it remains perpetually affordable and insulated from the speculative market.

Given the undesirability of the displacement and exclusion of gentrification, a more limited wealth-building potential of homeownership appears to be an acceptable trade-off for broader affordability of urban housing. The CLT-LEC model helps temper and restrain the disruptive forces of gentrification by permanently removing properties from speculative market influences.



COMMUNITY OWNED HOUSING STRUCTURES



Prof. Lauren Rogal



TURNER FAMILY
Community Enterprise Clinic
at Vanderbilt Law School

Agenda

- **Goals**
- **Community land trusts**
- **Housing cooperatives**
- **Comparison**
- **Combination**

Resident Goals

- **Residential Rights.** Residents don't want to be kicked out or priced out. They want stable and secure housing.
- **Equity Rights.** Residents want to be more than just renters. They want to build equity over time.
- **Management Rights.** Residents want to choose the management and hold them accountable for safety, repairs, etc.

Broader Goals

- Stabilize housing prices
- Preserve affordability for future generations
- Prevent displacement
- Generate community investment in affordable housing

Community Land Trust

A CLT is a tax-exempt nonprofit corporation that owns property and provides affordable housing.

“Affordable housing”

- At least 75% of the units house low-income residents; and either
 - At least 20% of the units house “very low-income” residents or
 - 40% of the units house residents at or below 120% of the “very low-income” level.
- Housing must be affordable (no more than 30% of family income)

Community Land Trust

Property rights

- The CLT **owns the land** permanently.
 - Leases parcels to homeowners through a 99-year "ground lease".
 - Lease gives the CLT continual oversight of how the land is used.
- Residents **own the buildings** on the land.
 - When they sell, the CLT has right to repurchase at a resale price set in the lease.
 - Price is based on formula designed to:
 - Give the homeowner a fair return + compensate for improvements
 - Ensure the CLT can resell at an affordable price to a new owner.

Community Land Trust

Management Structure

- Nonprofit corporation (no owners)
- 501(c)(3) (must promote public interest; cannot be managed solely by residents)
- Membership available to inhabitants of the targeted geographical community
- Board of Directors
 - 1/3 are residents.
 - 1/3 are community members.
 - 1/3 are public officials, funders, social service reps, etc.

Community Land Trust

Financial Structure

- CLT:
 - Exempt from income and property taxes
 - Eligible for grants and tax-deductible donations (including real estate)
 - Cannot receive equity investment
- Residents:
 - Pay property tax on structures, but not land
 - Generally cannot receive any dividends

Community Land Trust

Pros:

- Tax breaks
- Eligible for grants and donations

Cons:

- Cannot have complete resident control
- Affordable housing restrictions limit wealth accumulation

Housing Cooperative

A housing cooperative is a for-profit business owned and managed by the residents.

Housing cooperative

Property rights

- The cooperative **owns the property** (land and buildings) permanently.
- Residents **own membership shares** in the cooperative.
 - Members have the right to live long-term in a specific unit
 - When they sell, co-op may have the right to repurchase or approve the buyer
 - In a "limited equity co-op," shares can only be sold for a predetermined price:
 - Provide a modest return and compensate for improvements
 - Preserve affordability for buyer

Housing Cooperative

Management Structure

- For-profit corporation or LLC
- Membership can consist solely of residents or can include investors, staff, and/or community members
- Directors may be chosen in several ways:
 - Elected by members
 - Appointed by the existing board members, and/or
 - Appointed by outside nonprofit organizations

Housing cooperative

Financial Structure

- Cooperative:
 - Responsible for income and property taxes
 - May receive tax breaks if provide affordable housing
 - Can receive equity investment (dividends are typically capped at a modest level)
- Residents:
 - May receive dividends if cooperative has surplus
 - No property taxes, but can deduct certain co-op expenses from income tax

Housing Cooperative

Pros:

- Flexibility – many options for membership, affordability, wealth accumulation, etc.
- Eligible for equity investment
- Can subsidize affordable housing with market-rate units
- No deed transfers

Cons:

- Fewer tax breaks
- More difficult to get grants and donations
- Residents do not own their specific units

Comparison

	Community land trust	Housing co-op
Organization	<ul style="list-style-type: none"> • 501(c)(3) nonprofit 	<ul style="list-style-type: none"> • For-profit corporation or LLC
Property rights	<ul style="list-style-type: none"> • CLT owns land, residents own buildings. • Resale price is capped to preserve affordability. 	<ul style="list-style-type: none"> • Co-op owns land and buildings, residents own shares of co-op. • Resale price may be capped to preserve affordability
Management	<ul style="list-style-type: none"> • Residents share control with other stakeholders 	<ul style="list-style-type: none"> • Flexible; residents may have total control or share with other stakeholders
Financial rights	<ul style="list-style-type: none"> • Eligible for donations and grants • No equity investment • Significant tax savings 	<ul style="list-style-type: none"> • Limited access to grants • Eligible for equity investment • Modest tax savings

Combination

- **CLT owns the land.**
 - Conveys a ground lease to a housing cooperative.
 - Lease requires co-op to follow affordability + eligibility rules.
 - Exempt from income + property tax.
- **Housing co-op owns the structures.**
 - Repurchases resident shares at a formula-determined price to preserve affordability.
 - Can receive some outside equity investment with capped dividends.
 - Pays property tax on buildings, not land.
- **Residents own shares in the co-op.**
 - Can either lease or lease-to-own units.
 - When sell, receive modest return and compensation for improvements.