



METROPOLITAN HOUSING TRUST FUND COMMISSION MINUTES

Monday, December 5, 2022
8:30 am – 12:00 pm

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

Members Absent: CM Zulfat Suara, James Simmons

Staff Present: A. Brown (Planning Dept – Housing Division), A. Rivera (Metro Legal), A. Hubbard (Planning Dept – Housing Division), K. Ensign (Planning Dept – Housing Division), H. Davis (Planning Dept -Housing Division), R. Pardue (Planning Dept – Housing Division)

I. Welcome

a. Emmanuel welcomed everyone and read aloud Metro Code of Laws Statement.

II. Review and Approval of Minutes

a. Friskics-Warren motioned to approve; Schmitz seconded. Unanimous Approval.

III. Project Progress and Financial Update

a. Legislative Updates

- Brown stated RS2022-1856 (Affordable Housing Resources Round 4, Extension 4), RS2022-1857 (Round 10 parcel donations & \$15M in awards) and RS2022-1858 (Remaining \$5M in funding for Appalachian Home & Health, Pathway Lending dba Birchstone Village and Mary Queen of Angels, Inc.) was approved unanimously at Metro Council on 11/15/2022. She noted LIHTC developments took longer during the contracting process to file but was also approved by council at the same Council meeting.

- Brown mentioned the Convention Center Authority PILOT legislation passed and explained most of the funding would benefit Barnes. She furthered that this legislation can be overwritten to be reallocated in the future by the commission and that it was a good step in right direction for council to designate for the new housing director. It was noted that Emmanuel was there when task force made the recommendation and she confirmed dollar amount. Brown confirmed approximately \$14M payment by this PILOT and stated that up to \$500,000 could be allocated to the Housing Incentive Pilot Program (HIPP) apart from Barnes and noted Barnes would not be limited to this amount. She added that the Barnes Fund could request additional funds if needed and that the housing division would work with Barnes staff to make sure the budget amount requested is sufficient to carry the Barnes work during the fiscal year.

b. Draw Updates

i. Habitat for Humanity

1. Brown stated that Habitat for Humanity made draws for Round 8 in the amount of \$1,600,593.03 and Round 9 in the amount of \$2,492,195.39 leaving a balance of \$5,053,704.78.

ii. Mary Parish Center

1. Brown shared that Mary Parrish Center made a second draw in the amount of \$206,205.66 leaving a balance of \$245,579.54. She noted that Mary Parrish held several open houses extending invitations to the commission and Barnes staff. She furthered that Mary Parrish, and its staff used the open houses as an opportunity to express gratitude for the funding it received.

iii. Affordable Housing Resources

1. Brown shared that AHR made four draws totaling \$50,937.66 for Round's 6 and 8 including the final use and occupancy draws leaving a balance of \$888,394.74.

IV. New Business

a. RS2022-1809 Allocation

- i. Brown confirmed the \$100K donation received from Councilmember Taylor's district had been deposited into the Housing Trust account and explained that it could be used for the current round of funding or added to Round 11 if desired by the commission. She explained how this would change the current funding for the subsections.
- ii. Friskics-Warren motioned to approve the addition of the donation to the current funding round, Westerholm seconded. Approved unanimously.

b. Review Land Donation Policy for Round 11

- i. Brown mentioned that she included the land donation policy and shared recent changes in the policy. She added that the former policy did not contain a commitment to this donation policy in perpetuity as it may change going forward after the unified housing strategy work concludes. She reminded the commission that the previous policy was approved for round 10 only. She noted that multiple organizations applied for the same parcels and added we should continue to utilize a land donation policy for this reason. Brown advised the commission to approve the updated policy for round 11. It was noted that the original policy included homeownership based on square footage and it might make sense that the delinquent tax properties were prioritized for single family detached homes. Subsequently if multiple organizations apply for same lots, the homeownership project would take priority. Brown noted 34

lots were available for this round with a handful being new. She further added that these lots range from 2.2 acres to 35,000 sq feet and that fund retained the lots for single family detached units with the current zoning is R10 or R6. She furthered the buildable portion on the larger lots may be deceiving due to topography or other factors that make the buildable size smaller. She also noted the UHS will include policy regarding how to navigate lot donations.

ii. Emmanuel asked why the carried over lots weren't chosen by applicants. Brown shared orgs applied for the most desirable lots but that it did not mean the unchosen lots were not buildable.

iii. Brown mentioned she is listening to applicant opinions on lots to further understand applicant land preferences. Emmanuel reiterated that UHS should prioritize more than single family detached housing as missing middle housing is much needed. Brown said the Barnes fund staff will discuss all unit types and the UHS will further examine best use cases for public land.

iv. Friskics-Warren stated that she is supportive of strategically activating land portfolio to emphasize more strategy.

v. Schmitz stated there are larger parcels owned by Metro which can be added to the list.

vi. Brown mentioned that some background work is underway like a land analysis study which she hopes will have a more robust selection for specific uses in the future.

vii. Emmanuel asked when the study would be available.

viii. Hubbard mentioned Ernst and Young, the third-party conducting the study, would be analyzing how land how could be best used including parcels not currently in the back-

tax portfolio. Hubbard furthered that a larger feasibility study will be out in July and added it would encompass all potential land uses.

- ix. Emmanuel noted that she understands other parcels would be included in the study.
- x. Westerholm mentioned the missing middle and inquired to what extent might there be property available for small businesses. He noted that separation of housing from other businesses could negatively impact residents' quality of life.
- xi. Schmitz motioned to renew the land donation policy.

Friskics-Warren seconded. Unanimously approved.

V. Strategic Planning pt. II

a. Sunset Provision for Small Organization Subsection

- i. Brown presented information about the small organization subsection utilization. She mentioned councilmember Suara asked for the commission to review the twenty percent of fund for small organization set aside be reviewed. Brown conveyed that CM Suara thought it should be monitored and adjusted as needed. Brown pointed members to the set aside data provided to the commissioners and reminded everyone the small organization set aside has been around since round 5. Brown shared history and utilization of the small organization subsection. Brown furthered that there was no reason to raise the develop cap at present and noted the previous limit was based on market factors, etc. She emphasized there was not enough evidence at present to recommend raising the cap. Brown shared that the percentage of funding used, although not used fully used, is higher than before. She assured the commission that Barnes is ramping up its outreach measures and is optimistic about a continued increase in the use of the subsection.
- ii. Friskics-Warren asked if the sunset provision was in year two or three of the

availability of these funds.

- iii. Brown mentioned would need to be a vote on sunset rule before the sunset provision was enacted to keep the provision within the Metro Code. Brown reiterated Councilmember's Suara's position on set aside.
- iv. Friskics-Warren committed to the provision, however, she added that she does not think there needs to be a vote at present.
- v.
- vi. Emmanuel stated the commission still has time to analyze utilization.
- vii. Friskics-Warren mentioned she would vote in the future to continue a small set aside.
- viii. Brown noted even if sunset provision happens, the commission can still allocate the small organization set aside and she emphasized that more data will be available in the future to make more informed decisions on the code. The commission concluded to postpone for further discussion and vote.

b. Financial Market Pressures, AMI & Developer Caps

- i. Emmanuel opened the floor for Ensign to share a presentation outlining financial pressures, AMI & Developer Caps.
- ii. Ensign recapped income measures and affordable housing definitions base on Area Media Income. She shared information from a CoStar presentation showcasing current market conditions- see attached presentations.
- iii. Brown stated that a priority for 2023 would be to improve data sources and how the housing division utilizes the census.

c. Special Funding Rounds and ARPA Allocation

i. Special Funding Rounds

Hubbard shared that the American Rescue Plan Act (ARPA) allocation included a

pathway to homeownership, rehab, and rental options for historically underserved populations. She furthered that legislation passed to approve the funding and that she is grateful to the council and commission for approving funds which would serve older adults and those whose incomes are below fifty percent of the area median income. Barnes serves up to sixty percent for rental options and this special funding allocation would be more meaningful for those folks most heavily cost burdened. This special funding will be funneled through Barnes as it has established policies and procedures for allocating funds in a transparent and responsible manner.

1. Shared Home Improvements– Hubbard shared that \$1.2M would be allocated for this project. No new construction would be included. She explained that this program will serve older adults and support them to be able to age in place by renovating their properties to allow a relative or caretaker to live with the aging adult. She furthered the recipient would also be allowed to rent the space out if desired. The additional income would contribute to the aging adult’s ability to age in place.
 - a. Schmitz asked if the funding could be used by younger homeowners caring for older adults. Hubbard explained the property owner would need to be the person aging in place. Emmanuel asked how the \$1.2M amount was decided. Hubbard shared that after reviewing and considering recommendations of the task force participants as well as shifting from detached units to accessory dwelling units, \$1.2M ended up being what was available after prioritizing all projects.
 - b. Hubbard advised that Westerholm participated in the Housing Task Force and would be a good resource for commission members

regarding the subject.

2. Community Infrastructure Program- Hubbard shared this program would assist in creating safer crosswalks and will be working with partners like NDOT to launch program.
3. Innovative Housing Solutions for Families- Hubbard furthered that this program would serve those making at or below fifty percent of the AMI. She explained that families below 50% AMI often are most impacted with housing insecurity. Older adults and families here feel increases more. This program is designed to create more affordable housing stock and generate more housing security. Hubbard stated the goal would be to create up to 100 new units.

ii. **Additional ARPA & Special Funding Information**

Ensign stated that staff reviewed funding and determined the ARPA funds would be used to serve those up to fifty percent AMI since Barnes already serves other homeowner households with above this income limit.

- o She also stated that the funding would not be capped and that nonprofits could simultaneously apply for special funding and Barnes funding; however, the funding would have to be used for separate projects. Brown confirmed that the commission is required to vote on the ARPA allocations to add them to Round 11.
- o Schmitz confirmed funding is for non-profits only.
- o Brown explained that in order to be more efficient and considering the amount of RFP's; staff voted to put some of the ARPA allocations through the Barnes Fund has controls and compliance are in place.
- o Friskics-Warren asked if Barnes had staff capacity, and whether there would

there be two review committees. Brown stated that Davis and Ensign helped with analyzing the process. She added that staff decided they would have separate review committees which would create additional capacity with the assistance of other Housing Division staff.

- Brown explained how the additional ARPA funding work flowed easily through the Barnes Fund. She explained the structures would be different and provided examples of how the older American program would be like a Barnes project. However, the other two subsections are different and therefore requiring a different review committee for the application process. She furthered she would be leaning on Ensign and Davis to gather committee participants best suited for the ARPA subsections.
- Ensign mentioned it would be possible to carry it over into Round 12 if all funding is not utilized in Round 11.

Brown reiterated that considering the strict timeline to expend funding by 2026, there would be a strong attempt to use funds now; however, leftover funds would be rolled over. Emmanuel asked if there were specific groups staff would reach out to. Brown reiterated outreach efforts are underway which will be summarized and shared at the upcoming January meeting.

VI. Overview of Scoring Changes & Priorities for 2023

- a. Brown mentioned the scoring matrix will be updated to include the subsections for special funding. She stated that this funding may be the first money in. Brown stated that Barnes is restricted to funds up to fifty percent of a project proposal with the majority coming in at or below 30% of the project proposal. She furthered that for these funds a higher ratio of leveraging may occur, but it will still be restricted to 50% of a budget or

below.

- b. Emmanuel asked again about staff capacity.
- c. Brown mentioned that with Pardue being able to assist with compliance and other tasks, capacity should be available to funnel projects through the Barnes fund.
- d. Hubbard reminded the commission that the goal was to have \$30M per year to support Barnes and that we need to add additional staff as Barnes continues to grow.
- e. Friskics-Warren motioned to approve the eligibility changes as outlined by staff.

Schmitz seconded. Unanimous approval.

VII. Review of Strategic Milestones & Updated Priorities

- a. Davis led a discussion and activity which detailed Metro vs. Non-Metro funding sources; Changes since 2019; and Questions for 2023.
- i. Metro vs. Non-Metro Changes and Activity since 2019
 - 1. Metro
 - a. Mixed Income PILOT
 - b. Housing Division
 - c. Catalyst Fund
 - d. Low Barrier Housing Collective
 - e. CHIP
 - f. Planning Studies
 - g. Market Value Analysis
 - 2. Non-Metro
 - a. Philanthropic Activity
 - b. Inflation Reduction Act
 - c. Gap Financing 0 -30% (MDHA)
 - d. State Preemptions
 - e. Creativity
 - f. State push for PSH\$
 - g. Faith Conversation on land
 - h. Amazon Equity Fund

- i. CDBG, HOME, etc.
- j. Enterprise Renter Wealth Fund
- k. LIHTC, CITC
- l. RED Academy
- m. CLT-4 of 5 properties

ii. Changes since 2019

1. Increase interest rates
2. More partnerships
3. Staffed in department
4. Balancing external elements w/ units
5. Established Funding need
6. Higher focus on racial equity
7. More flexibility
8. More Outside funding
9. More data
10. Local market conditions
11. More staff
12. Small organization set aside legislation
13. Housing division
14. Director
15. Clean audit
16. More accurate financials
17. Policies
18. Pandemic flexed well
19. Comms about impact changing perception
20. RED Academy
21. Increased AMI

iii. Questions for 2023

1. Land use -models (CLT etc), zoning, national and local
2. Emily Taden-national landscape
3. Study results
4. How do we measure impact of funding?
5. Track all funding and inform commission
6. What cycle cadence offers most impact
7. Are we making a difference?

VIII. Overview of Internal/External Scoring Changes & Priorities for 2023

a. Brown shared that the scoring matrix would be released one week before the application opens and confirmed there will be meetings scheduled for applicants to clarify application process as well as be updated on changing within the scoring matrix.

b. Brown shared the bonus point breakdown for the scoring matrix with the commissioners as they voted on these items.

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

- a. Terri Rappuhn from Westminster Home Connection commented. She talked about the lack of rehab agencies available to assist the aging population living on fixed incomes which restrict the frequency of which they can make routine repairs resulting in dilapidated structures often made unlivable. This creates a barrier to preserving affordable housing units for heirs, etc. She emphasized the need for rehabilitation of homes isn't the issue. The capacity of the few non-profits available to assist in preservation efforts is a problem. She advised that more funding should be available for preservation. Terri explained that the non-profit only used outside contractors for items like HVAC's or roofs; for all other general work the organization has several employees on staff who perform the work. She also commented on the cost of labor and supplies. While supplies have stabilized somewhat, HVAC prices are still inflated. She mentioned an HVAC used to cost \$4,800 and most recently it cost closer to \$8,600.
- b. Nicole Rowan from Rebuilding Together Nashville commented that while funds are appreciated for supplies, staff expenses need to be considered as well. Often funds aren't considered for operations, but it takes staff to build capacity.
- c. Jasmine Diamond representing Neighbor to Neighbor inquired if any data was being compiled to compare HH incomes of migrants to long term natives. She noted that higher incomes were coming into the region while locals' incomes had not caught up. She furthered this might skew the AMI.
- d. Ensign stated this information was being factored into the calculations and ongoing research.

X. Announcements

- a. A member of the Planning Department's Land Development Team will be present at the next meeting.

XI. 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>