



## METROPOLITAN HOUSING TRUST FUND COMMISSION MINUTES

Tuesday, March 26, 2024  
2pm - 4pm

Members Present: P. Westerholm, G. Emmanuel, K. Friskics-Warren, A. Christianson-Galina, M. Carmen-Jackson, D. Moore  
Members Absent: CM Brandon Taylor

Staff Present: K. Weaver (Planning Dept – Housing Division), R. Pardue (Planning Dept- Housing Division), J. Dean (Planning Dept – Housing Division), T. Ortiz-Marsh (Metro Legal)

- I. Welcome
  - Westerholm called meeting to order and invited the public to share comments. None shared.
  - Weaver announced the meeting would be recorded.
- II. Approval of the Minutes
  - a. Rescission of January 2024 Meeting Minutes
    - Ortiz-Martin advised rescission of January minutes was not required.
  - b. Approval January 2024 Meeting Minutes
    - Friskics- Warren moved to approve as corrected and motioned to reflect an amendment, to say in P8 S6, R13 Policy, nothing precludes BF to be 1<sup>st</sup> money in for important projects going forward.
    - Christianson-Galina seconded. Passed unanimously.
  - c. Approval of February 2024 Meeting Minutes
    - Westerholm called for the approval of the February meeting minutes.
    - Moore moved; Carmen-Jackson seconded. Passed unanimously.
- III. Financial Update and Legislation
  - Weaver presented March financials
    - Budget to Actuals 2/29/24
    - Current FY and Past 5 Years through 2/29/24
  - Weaver provided annotated versions of February financials for better understanding of February questions.
  - Weaver gave Budget update from Metro Housing Director, Angela Hubbard
    - In keeping with previous budget requests and consistent with the recommendation of the Affordable Housing Task Force Report, the FY2025 budget request for the Barnes Fund is \$30K.
    - The Mayor will release his budget late April/early May.
    - The Council will hold budget hearings in May and June.
    - The Council will adopt the Operating Budget by June 30.
    - After the budget is adopted by Council. the HTFC will establish a line-item budget for FY25 at its July meeting.

- Draw Updates
  - Pardue shared draw update overview
  - Commission requested staff to continue detail in written reports but to verbally round up to nearest thousand going forward. Legal agreed this would be sufficient.

#### IV. New Business

*[Staff note to Commissioners: It is not typical for HTFC minutes to include so much conversation detail; however, as the conversations were significant and pertained to future amendment requests, staff chose to err on side of transparent discussion of policy change vs brevity. Discussions are captured by topic and do not include specific wording of every comment. This comment will be removed in final approved public document.]*

##### A. Extension Discussion

- For vote: Grant Contract Extension Requests
  - Woodbine Community Organization, round 9 RS2022-1443, Amendment #1, 1<sup>st</sup> grant was approved in earlier meeting. WCO Round 8 extension request was deferred to April so can be properly noticed.
  - Weaver explained about the new process of not requiring 1<sup>st</sup> time request to attend Council meetings and that HTFC would be informed about reason for those requests. Subsequent request would need to attend Council meetings.
  - Friskics-Warren emphasized that in general 1<sup>st</sup> extensions are approved and not scrutinized.

##### B. For discussion and vote: Grant Contract Amendment Requests

1. Westerholm suggested broader discussion for how extensions are requested and processed
  - Westerholm suggested HTFC have amendment policy to guide decisions based on what has been done in past and apply consistency even while being open to changes.
  - Westerholm asked staff: for situations the Commission has considered in the past, is there a specific policy for staff to use, or is it at the discretion of commission to decide on case-by-case basis?
  - Weaver stated that we have had requests in past where staff made a determination that the amendment request did not meet guidelines for policy that had already been set out, we did not bring those to the Commission.
    - The third item today (Thistle Farms/Affordable Housing Resources change of address) does fit what we've done in the past and is a simple decision.
    - The first and second (Clark UMC CDC and Urban Housing Solutions) are different, so we have brought those to the commission.
    - Staff would be happy to put policy in place for Commission approval on how staff makes those decisions in the future. Then we would decline requests that do not meet the policy and bring to Commission the requests that we think are worthy of being approved.
2. Clark UMC Community Development Corporation request to amend amount for Round 9 grant
  - Westerholm summarized Clark UMC CDC's request
  - Weaver pointed out reasons staff thought this was good possibility:
    - Applicant originally asked for 100K, 6months later found out about Metro Water Department requirements costing \$300K.
    - Application received favorable reviewer comments making it possible they would have received full funding \$400K if they had applied for that amount
    - Applicant was a new, small organization applying for project within the UZO. So there would have been sufficient funds in the small organization pool to approve them if they had applied for the full amount.
    - Importance of affordable home building in North Nashville.
    - Ashley Brown as former Barnes manager had encouraged applicant to come back and ask

for additional funds as an unusual situation.

- Emmanuel requested more background, and pointed out that we have not had not a huge amount of supplements that have this dollar amount. Asked to hear from Clark UMC:
  - If agreement is not reached, how would it affect the project?
  - If award, would want to make sure project can be completed.
  - Bigger conversation around how do we approach this if we don't have money available
  - Highest priority is making sure that project can be completed
- Friskics-Warren summarized two goals:
  - 1) Don't open floodgate for future expectations to come back and get a contract amendment for cost overruns; we simply don't have staff for that.
  - 2) Some unique circumstances warrant consideration. Unique circumstances here:
    - Required by Metro Water, didn't know before they applied
    - Donated land, congregation or faith-based land could be role model for congregation model
    - Housing for large family- pressing need
    - Originally asked for \$17,000/unit; this award would mean \$67,000/unit. Others were funded in same round for considerably higher per unit. This was first time applicant that should have applied for more.
    - Small organization that qualified for small org set-aside.
    - Thinks HTFC should approve amendment but unsure at what level.
- Carmen-Jackson, what's the timeline for completion
  - Clark representative responded 9 or 10 months (Sept/Oct 2024 completion)
- Westerholm asked: is there funding in round?
  - Weaver stated there are no uncommitted funds in round 9; some grantees have not used their funding yet but may still within their contract periods. Might be a possibility to allow Clark to waitlist for this or apply for more in R15.
- Friskics-Warren- asked has money been identified.
  - Weaver responded all R13 may be obligated based on R13 requests.
- Westerholm suggested to approve for a waitlist if funding comes available.
  - Weaver said that funding is expected from surplus but amount was not yet confirmed.
  - Emmanuel- pointed out that timing make not work out for the project.
  - Friskics-Warren- if the commission passed a motion for a waitlist, could they get a loan to cover immediate cost.

Comments from Gloster Current, Clark UMC CDC:

- Project in construction, plan to finish, Citizens bank is currently lending needed finances, idea is to lower borrowing cost to allow them to provide other services to tenants. Large families.
  - Friskics-Warren- debt to service ratio, important to use to do a long-term project.
- Total surprise when they were asked to replace waterline for the entire street. In other cases, the city paid for it but in this case, they were being tasked with utility infrastructure work. They were asked to retap other houses on the street, acting as water department.
  - Weaver- Metro Water provided \$100k toward project.

Discussion items pertaining to Clark UMC request:

- Cost Supplement grants have been made in past, but those were to the body of grantees, not responding to individual amendment requests.
- Legal was asked if there was anything that prevents HTFC from approving the requested action. Ortiz-Marsh responded that nothing prevents the action, but advised the Commission to clear and concise in their motion pending a financial resource becoming available, because the money is not immediately available.
- If applicant applied for Round 15 funds, they would likely be competing against other small organizations rather than the full pool of applicants; small organization set-aside is typically not fully awarded.

- Could HTFC take the requested money from R15 and decrease the small organization set-aside by that amount?
  - Concerns expressed about setting precedent could cause issues with other projects with similar issues.
  - Opinion expressed that in past seven years, no memory of this type of request. Did not want to open door for this to become a common occurrence.
- Weaver asked for next steps since Round 9 funding is not guaranteed.
  - Westerholm -summarized: R9 funds spoken for, wouldn't know when any rescinded funds might happen. If funds are rescinded, commission would be notified, and at that time Commission would be able to make motion to allocate any available funds at that point. Any motion made without funding attached is just intention.
  - Friskics-Warren- Understood commission to be saying that motion could be made to approve it pending funding available from sources to be identified, and if it doesn't become available, then we come back to it at a future time.
- Were there any other non-Barnes funds to apply for infrastructure projects, such as Catalyst, rather than using Barnes and complicating our funding rounds. Staff was requested to check on this question.
- Could the fund allocate bucket so that if any earlier funds aren't used, they could go in reserve.
  - Strategic Planning 3 years ago discussed having nimble money to be used out-of-cycle but idea needed structure.
  - Catalyst Fund may have been the response to that flexible funding source, but it was pointed out that Catalyst procedures are not in place yet and so applicant could not be referred there.
- Question was asked whether Catalyst and Barnes can be applied for together, or is one Metro fund to be used vs the other.
  - Weaver – Current guidelines for R12 and R13 say that Catalyst funds should not be used as part of your funding stack for Barnes application. Weaver's understanding is that if you apply for Catalyst to pay for land, then Barnes could be used to replenish Catalyst for the land cost
- When could applicant apply for Round 15?
  - Weaver stated that R15 date was uncertain but would likely be end of calendar year.
- Would applicant have to apply in R15, or could we just take funds out of R15 since a) \$300K is not that material to Barnes considering size of other grants, and b) we never use full small organization set-aside. Related question arose asking if it is appropriate for HTFC to make a motion to address R15 at this time; concern about precedent being set.
  - Ortiz-Marsh responded that this is basically pre-setting a policy that the Commission has not discussed and that has not been noticed.
    - R15 policy is not on the March 23 agenda.
    - Even when R15 does come up, preempting a set of money that is open to an application process would not be congruent with general Barnes grant applications.
    - They would need to re-apply and go through the full application process to be scored and selected like any other applicant in that round.
  - Weaver recommended against precedence of setting aside funding. Asked if Commission could specify that in this specific situation (where too little money was originally requested), could the applicant be allowed to apply for funds for units that had already received Barnes funding?
    - Ortiz-Marsh – If Commission made that exception, it would need to be applicable to all grantees.
- Weaver asked for clarification: when Round 15 policies are drafted, what is Commission requesting be included?
  - Friskics-Warren expressed concern that this is slippery; while we want to help, we're not sure that's the wisest thing to do.
  - Friskics-Warren suggests that for today, we could decide to pass something that says if there are rescinded funds from Round 9 that we can reallocate them to this project. And that as we consider our R15 policy, we'll look at having them reapply.

- Ortiz-Marsh recommends not including R15 in that language. Legal is comfortable with saying that if R9 were to become available with a conditional grant, with springing clause to trigger the amendment.
- Legal also recommends that because the amount or timing of available funding is unknown, it would best practice to have a secondary amendment that goes back to the Commission for approval if the funds do become available.
- Clark UMC commended Barnes Fund and expressed interest in sitting down with Metro about other funds to remedy situations like this.
  - Clark was asked whether it would be helpful if the Commission provided a motion with qualifiers.
  - Response was that it would help. Goal is to do more projects. This is the first one. There are several churches wanting to do work.
  - Commission expressed hope that Clark can be example for other congregations with land.

Staff was asked to:

- Ask Finance if a pool could be set up for rescinded money to be available for situations
- Look for other creative options to see if viable, particularly considering that Clark UMC's project is 80% complete with completion date of September.

Commission deferred decision for one meeting for further discussion in April. No motion was required to defer.

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- Ask Finance if a pool could be set up for rescinded money to be available for situations
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## 2. Urban Housing Solutions request to amend property location for Round 8 grant contract

- Westerholm provided an overview of the project, welcomed UHS to share.
- Brent Elrod, Urban Housing Solutions presented.
  - In Round 8, \$2M award for 130 units in early 2021, total project cost \$28M.
    - When bid project in 2022, construction costs alone had risen to \$38M.
    - Applicant determined that Urban Flats is not feasible
  - In Round 11, applicant had request funding for Rehab for project called The Three Pak, but was funded for one-third of their request. .
  - Now requesting to substitute the \$2M award from R8 which cannot be used as intended, and instead use for the unfunded remainder of R11 application.
    - Same number of units, 61 and 69, as Round 8.
    - Cost per unit of \$15,500 is the same.
    - One is in UZO like Urban Flats was.
    - Main difference is the project type and location. Transportation.
- Friskics-Warren-asked:
  - Did these rehab units already have Barnes money in them? Elrod said no.
  - Will you come back in R15 for Urban Flats? Elrod said yes, they will reapply if possible; can't do it right now with gap and constraints.
- Westerholm recapped proposal, appears to be qualified. If HTFC were to support, what concerns did Commissioners have regarding, trying to be careful about precedence?  
Discussion items pertaining to Urban Housing Solutions request:
  - Concerns about substituting rehab for new construction. If this were an application for a new grant round, would support project 100%. But the project as a substitution is too different from the original award even though same number of units. Agreement that project is worthy of Barnes funding; just

question of whether substitution is warranted. Seems more fair to have them reapply; this is a different project from the original project apart from the number of units.

- New policy needs to have wide enough aperture for Commission to respond to these types of situations, because we can't necessarily predict what will happen on a project. Agree not the same: not new construction, different addresses, etc. Hope is that whatever policy we develop makes allowances for these types of differences; otherwise, we're going to have a lot of money coming back and being reallocated because it's just too volatile a market right now.
- Legal was asked if there were any legal concerns about this type of substitution. Ortiz-Marsh asked if Round 8 had different pots of funding for new construction and rehab, different applications, etc., and was there different scoring for the different types of construction.
- Weaver responded that she believed that no differentiation was made in Round 8 in the Rental pool between new construction and rehab, but that she could check and bring that information back to the Commission in April. Her understanding is that Barnes' position is "rental is rental" whether new construction or rehab of existing units. And because Barnes' mission is both creating and preserving housing, both types are equal in our mission. We can go back and look at application for R11 for Three Pack grant evaluation.
- This is different environment than 3 years ago.
- We want to get more housing out there.
- Understanding the precedent for past projects would be helpful; whether this type of substitution has been done before.
- Doesn't have to always be based on past; we can set precedent.
- Weaver asked for clarify and deferral to next month so Commission can approve the Round 12 grant awards. Asked Commissioners to email whatever questions they have that they wish to have researched.

Commission deferred UHS decision for one meeting for further discussion in April. No motion was required to defer.

3. Commission considered Thistle Farms/Affordable Housing Resources request to amend property location for Round 11 grant contract.
  - Weaver- provided overview. This is Thistle Farms grant project, Affordable Housing Resources is building the homes.
  - Westerholm - discussion? Unforeseen, but is there anything that could have been prevented.
  - Weaver- person's income increased. The ARPA grant did not have flexibility on income, so a qualifying applicant would use the new property for ARPA funding.
  - **Christianson-Galina moved approval of the amendment. Carmen-Jackson seconded.**

Further Discussion:

- Emmanuel stated that we are accepting a change of address. So only need guidance on approving new construction vs rehab.
- Westerholm - in evaluation of process, transit, etc. considerations, proximity to amenities and transportation etc. Location needs to be criteria.
- Friskics-Warren- location is important, our partners are trying to offer us creative solutions. We need to be able to move with them. We don't have the staff to go back to original application to do this complex analysis, compare whether reasons not to approve outweigh the benefit. Get project moving by having flexibility.

#### a) Round 12 Grant Award Vote

- i) Staff overview of all applications received.
  - Weaver shared overview of applications and asked for approval of award recommendations.
  - Friskics-Warren asked about earlier versions of cooperative housing that were more focused on building intergenerational wealth; what makes this cooperative? In favor of it but want to understand.

- Weaver responded that her understanding is that in this model, the equity ends up buying down the cost of the monthly payments so that they are more affordable. Offered to provide a copy of the application to the Commissioners, as it is very detailed and has a good explanation of how this model works. Confirmed that this is ARPA funding, existing rental project being converted over not new construction.
- Correction will be made on award that SEC4CD is Southeast Center for Cooperative Development. UHAB is national partner that brings additional expertise with this model.

ii) ARPA Cooperative Housing Grant vote

- Westerholm asked for a motion to approve.
- **Emmanuel motioned to approve. Moore seconded. Pass Unanimously.**
- Christianson- Galina stated the cost per unit was high. Weaver pointed out this round was expected to have a higher cost per unit due to the development type.
- Eddie Latimer, AHR, commented on 51% in R11 vs R12. Weaver responded that that question was answered in the R12 public Q&A and in the grant policy manual that was communicated to everyone; you can apply for more than 50% but your scoring would be affected.

iii) ARPA Shared Equity Homeownership Grant vote

- Weaver provided an overview.
- **Friskics-Warren moved to approve. Christianson- Galina seconded. Passed Unanimously.**
- Friskics-Warren asked what happened to ARPA funding not awarded in R12.
- Weaver shared the Housing Division will meet with finance department; any changes will have to be approved by the oversight committee.
- Christianson-Galina clarified the number of units.
- Christianson-Galina shared there should be strong incentives to send?
- Westerholm-asked if recruiting, experience would make a strong application / first time for funding expenses?
- Friskics-Warren mentioned the mission statement pulled from the Imagine Nashville Report emphasized the importance of access to transit in the design for housing.

b) For discussion: Housing Trust Fund Commissioner Survey

- Westerholm – role survey improves or remain the same? Will responses be shared- staff – report info anonymously. Discuss at the meeting what to do about responses. If the commissioner wants to be included in the survey. Defer to April Meeting.

## 2) Old Business

a) For discussion and vote:

- i) Weaver shared the language for the grant policy for Funding Sources and Uses, Page 8, Question 6 will be amended going forward as follows:

(1) Add “Nothing precludes the Barnes Fund being first money in for important projects.”

- b) Westerholm reminded the commission that R13 could not be changed.
- c) Land acquisition conversation for Round 14 could be held in April.

## 3) Announcements

- Weaver shared the Housing Director, Angie Hubbard, shared that the 201 Education session is available to view online. She encourages the Commission, and anyone interested to watch. The presentation was shown and well received by the council.

- The State of Housing Tour is available on the Housing Division? website
- The Unified Housing Strategy update kicks off in April.
- Weaver shared R14 would focus on 0-30% and that funding would be sourced from MDHA funding from an ARPA allotment.
- Rappuhn with Westminster Home Connection reminded the commission that policy updates should address owner-occupied rehab's need to occasionally put funding back into the same property.
  - Friskics-Warren said after the affordability period expires the eligibility would reset. After the project life expired Barnes could reinvest in owner-occupied rehab projects where it made sense.
  - Weaver stated the project life was five (5) years.

#### 4) Adjourn

- With no other announcements or comments, the meeting was adjourned.

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>

**V.**



