Session 1: Friday, September 16th 10:15 – 11:15am

Location: Carnegie

Session Title: City Spending on Affordable Housing/Open Budgets

Organizer: Jeff Matson

Primary Notetaker: Maia Woluchem

Attendees: Jeff Matson, Gary Painter, Geoff Smith, Liza Morehead, Bobby Stahl, Maxwell Austensen, John Cruz, Ji Won Shon, Kauser Razvi

Jeff – We hired a grad student this semester who, at the request of one of our local CDCs, is interested in how much the city is actually spending on affordable housing. We have no idea whether it’s a lot, not enough, and so the idea came up that we should look at other cities across the country, hot market cities, cool markets, to figure out how we’re doing. Whether they have the ability to track it, etc. We’re interested in hearing about other cities who have looked into it or know whether the data is available. We have semi-transparent budget data and they try to categorize city spending. They have some columns that say affordable housing and they separate it into housing that’s designed to keep rentals affordable and others for homeownership but it doesn’t always add up. The mayor will say we’re saying $15 mil, but the budget data says $10 mil. Is there money that we’re not seeing somewhere? Is it hidden in other things? So we decided to look into this a little bit deeper. We’ve hired a student that’s going to look at this and we’re going to develop a survey for NNIP partners and other cities and try to get a sense of what other people know. So I’m curious. So I’d like to go around and say what we’re interested in.

Gary – There’s kind of spending, and then there’s the action. Given the amount of spending that they say they do compared to the overall market is such a drop in the market. They convince people with expiring Section 8 contracts and trying to…So they spend a lot of time and effort to keep affordable stock affordable rather than spending a lot on new developments. They spend a lot on LIHTC programs, but I haven’t seen a lot of direct spending from the city. As a percent of budget it’s shrunk but pretty enormously. If ours claim to be $15 mil or if it’s $10 mil, it’s got to be a minute portion of it.

Geoff – It’s sort of a complicated question. There’s lots of ways that funding comes in for affordable housing. There are also different incentive programs. There’s something called Class 9 which is a property tax – freezing your assessed value. If you’re going to make the major improvement on your project, and you define a few units as affordable, you get a tax savings. Tax expenditure…I’m also interested in revenue for affordable housing. There’s a program called the Affordable Requirements Ordinance. When you develop a new property that has certain criteria, you have to build IZ on site or you pay into a fund that goes into affordable housing. So that’s one revenue source for local revenue source. I’m curious if they have other ways to…

Liza Morehead – Housing is the only thing we’re talking about in Portland at all. Housing and homelessness. We have a $258 mil on the ballot this year. It just passed a construction excise tax, although the tax system is odd. There’s a cap to how much individuals and taxing districts can spend. I’m not sure if we pass the $258 mil bond how much we would actually generate. We’re starting to look into it building a comprehensive data set in the city and in the region. I don’t have a lot to add other than this is going to be on it starting in October

Bobby– I guess kind of two perspectives on what I’ve heard. One of the things we’ve been trying to articulate through data on income and what research on cost of construction for a new unit is that the market doesn’t produce affordable housing when left to its own devices. So we’re trying to calculate <unknown> and then using that to compel the city to create a public lands policy. Absent a strong public lands policy, our city is selling off land to make up for budget deficits. And public lands are one of the only leverage you have for affordable housing. We’ve also tried to push – for financing affordable housing. Financing the preservation of affordable housing isn’t lost. None of it really matters unless there are strategies in place, gradually but significantly over time because of rental resets. With the life of the lease. Those affordable housing developments that benefit from federal subsidy run out in 30-40 years. This is just an ongoing thing in the Bay area, but the reason it’s such a big deal in Oakland and San Francisco is because it’s affecting middle class white folks. From a data perspective, finding ways to articulate those few arguments. Because of subsidies ending. Arguing for investment for open community land trust.

Maxwell – From Furman center at NYU

John – From St. Louis – we do affordable home production. We do low to moderate income, 40-50 percent AMI and figuring out how to get mixed income communities off of the ground. And St. Louis is a unique case. We’re a weak market city but we’re also majority renters and very old housing stock. Holds up much better than it does in places that are further north. In St. Louis, we have strong brick stock. So you can mothball a house for 30 years but you can still live there. The market will never support it. We have to put $225k into rehabbing a house for a house that we can sell for $65k. The city themselves don’t do any affordable housing developments on their own. We have the St. Louis City affordable housing commission, and they work with all things that fall under the umbrella. We don’t get a lot; their budget is $4.5mil a year about. We’ll probably get $300k for a development of like 20 single-family homes. They also have other stabilization kind of efforts. Very wide net and very small pot of money. Have to put a lot of time and money into those things but even if you get something it’s not all that great. They say the city is invested in this now and it does a lot more in trying to…

Ji Won Shon – Not too familiar with the housing familiar – question about housing vouchers. Housing vouchers were being returned because the amount wasn’t high enough. So how

Gary – The federal government’s rules and the local housing authority have their preferences. It’s historically – there’s never been 100 percent take-up rate. It ranges in metro areas from 40-60 percent. There are some that have local area fair market rents. So they have different values. And some metro areas have one fair market rent for all the areas. There aren’t properties throughout that range. So maybe the families don’t use them. It’s hard to know why some people didn’t take it up. it’s hard to know. They may not have wanted to move from their networks. There’s always someone else who’s using the vouchers.

Liza – We’ve been having that problem in Portland but with other types of housing assistance like aid to victims of domestic violence. Because the aid isn’t enough, it’s being returned and eventually all of that funding is going to be cut because people aren’t using it.

John C – it would be a lot to be said for the success of that program. The reality of it is that there’s a limit. If you don’t hit the limit or the goal, it’s not going to say that we’re getting good ideas out of it. There’s a very real tangible and quantifiable way that we can look at this.

Liza – Are you interested in looking at subsidized units? I don’t know that we’re limited it to just that. Is the budget data available and open? Is there a way to even track what it’s being spent on?

Jeff - That’s kind of part 2 on this session. The availability on local government budget data. Is it understandable enough to figure out what’s going on?

Liza – So how would you tease out all the work that people do to maintain affordability?

Gary - When we say $15 mil, it sounds like a lot. $26 mil being spent in LA.

Jeff – We don’t know. We’re trying to survey the landscape to see if other people mention it.

Bobby – It would be difficult even in a place like Oakland. They developed OpenBudget. It’s income versus expenditure and you can track that. But it would be hard to parse out what actually materializes. And then – I think that’d be difficult to track at the city level. Even when there’s significant effort to draw transparency in a budget. To the previous question, it wouldn’t apply to a lot of places. With regional planning groups – just the way statutory requirements are written for general plans. If I was trying to figure out what actually was built, I would look at a regional needs assessment. In every 7 years, they look at what’s actually developed by AMI. Not every jurisdiction but in places that have well articulated statutory requirements.

<Unknown> - Philanthropy data? How to do it? Especially when trying to work on the Promise neighborhoods, Choice neighborhoods. The Foundation Center always has some stuff. The Foundation Center data is aggregated up, and the categories – I don’t know how they do their categorization. Arts and culture, and now it’s hard too because arts and culture funding is tough. They’re using the STEM things. How do I parse this out?

Jeff – Something you said Bobby about assessing the need. Every city is assigned a certain number of units to assign housing need. Is that done in other housing units?

Liza – We do that too but there’s no – nothing happens.

Jeff – Yes, Every city is assigned to produce 5,000 units in 10 years and nobody does it.

Bobby – There’s no real consequence other than shame. It’s characterized as a housing crisis. So when you’re looking at the disparity and the number of units, that should be reduced. And the cities that may not want to develop affordable housing – there’s no real recourse. It perpetuates this other narrative – how somehow we need to build our way out of the current issue. We’ve reached the point where it’s impossible to accommodate need by developing units. We’re trying to shift away from “we need to build” but now at what cost.

Liza – the same conversation is happening in Portland with the intense fear that we will end up like you.

Gary – The category of affordable housing could mean so many things. I was digging into LA budget a bit more. Half of affordable housing budget is spent on homelessness. That’s part of understanding what people are calling affordable housing. I hadn’t dug into where they’re spending it – they’re spending a bit on

Kauser – They had to change some of their codes over time. The homeless calls are for people who need emergency shelter. There are no internal supports. They’re not a homeless problem over the long-term. It’s the temporary assistance over—what are the temporary things that might be there? The issue of homelessness and affordable housing is an interesting set of things together.

Bobby – For us it’s very connected. Everyone’s living on a spectrum of housing security. More people are a paycheck away from homeless in Oakland. They’re tied together inherently.

John C. – there’s a lot of talk about the “new poor”. You’re in a situation where you just don’t know what’s going on. In St. Louis, our perspective is a bit different. In stronger market cities, we just don’t have housing available. Our problem is that all of it could be affordable. We have lots of affordable housing in that it’s slumlord housing. It’s going to be very low quality and have roaches or bedbugs. We have to approach it from a different perspective. Stuff is out here but how can we make it better.

Bobby – And do it in a way that doesn’t start displacement too.

John C – we do have a good success story that’s starting to – we’re building more affordable housing because it’s starting to gentrify. We still have a long way to go before we start displacing anybody

Liza – I have no idea how we would do it. In Portland, there’s been a huge increase in homelessness, which has lead to big increases in how the police are spending –

Gary – and now the fire department..

Liza – and with that there’s been an increase in death of people experiencing homelessness. The money that’s not going to housing is costing other city budgets more. Now the city is spending money because the new plan is building the new homeless shelter and the new utility payers are suing them.

John C – the new homeless shelters are coming up but doing a bad job of advertising where those are. The city puts these all over the place and they’re all spread out. If we get choice, it’s at the edge of where the Choice footprint is. The residents lost their minds. This isn’t something they need. You’re concentrating poverty. We’re doing a lot of work with the city’s Dept. of Health and Human Services on their continuum of care programs so that they have a better idea as far as what’s going on. There’s a big data gap in terms of what they need to do and where they need to go.

Liza – yeah the neighborhood where most of our homeless shelter where…the city lifted the ban on camping on the street, so now there’s people everywhere.

Jeff – with the thought that it encourages people to panhandle?

John C. – I don’t know what the rationale is. I would say that they want you to give to a food shelter. But it’s affecting church groups. And they’re just basically saying no.

Bobby – This 90 year old man was just being arrested for feeding the homeless. Don’t know where he is.

<Unknown from Cleveland> - something to add about the continuum. The 311 data here asks always if there are other services you might need. When we were looking at this homelessness data, they were asking for homeless assistance. Because they were asking for shelter and homelessness assistance, it’s temporary but not chronic assistance. In terms of data to understand the whole affordable housing picture, we have all of these calls applying for temporary shelter, and they’re also asking for other assistance programs. I think we just need to solve this 400 dollar problem or this stability. 211 hasn’t had a lot of time to parse their data. The majority of them were women 32 to 55. In terms of program design and conversations deciding what to do, we haven’t seen a ton of philanthropy for homeless women. That’s a different group from single men.

Jeff – We don’t have access to 211 data.

<Unknown> - In Chicago, the 311s. In Toledo, Youngstown, the cities don’t run 311. If the city is running a homeless service, they usually have a code in 311 that delineates homeless services. The combo holds to the continuum of short-term emergency shelter and they’re asking or other things.

Liza – I don’t know what the quality is but it was specifically for mapping.

<Unknown> - That’s true because they only capture the phone number. The phone numbers may not necessarily be the same person who uses that phone.

Liza – I can think of phones that would get a lot of use.

Bobby – not that the universe that captures that would be perfect but another issue that we need to account for is that we work with other community groups. In the Chinatown and East Lake neighborhoods we have a lot of Hmong individuals. Senior citizens are staying on couches because they lost their housing. Lot of stories of people renting out their places so they can stay above water. I can’t imagine that the numbers would have declined in the current climate. Probably a small proportion of people who identify as short term homeless.

Liza – Sometimes you can use utility data to try to get a sense of it, but it would be very complicated. Jeff, what’s the timeline for your project?

Jeff – Through probably mid-January. The next four months. But can be extended depending on what we’re finding.

Liza – I’m interested in seeing what you guys find. I know our situation is going to change really dramatically but knowing how to get at our information is right.

Jeff – Even half of it is just collecting city budget data. Is it even feasible to look across a number of different places? Just looking at how transparent budgetary data is. Is stopping at the city budget enough?

Gary – to get back to the original point, is the ultimate question thinking about resource allocation? Then you can’t talk about city budgets.

Jeff – it’s more about resource allocation. If the mayor comes out and brags about spending this much about affordable housing programs – is it high or low? Does $12 mil go to administrative costs? Any other things you should be looking at?

<Unknown> - Any small nonprofits? Letting people buy people at land banks or land trusts? They’re trying to stabilize their local market to offset the speculation.

Bobby – So there’s a model that started in Boston and was unsuccessful in a lot of places. Where land isn’t necessarily taken out of the equation. There’s certainly a model but one that hasn’t been successful everywhere. But then there’s obviously a land trust. In some places governments have run the land trust. <Unknown>

John C – There’s been some governments that start land trust. There are also tax credits. There’s also separating improvements from the land (like in Pittsburgh).

Bobby – It’s just not funded in a way – there’s never a silver bullet. In housing, we do think that a community land trust really is the best way forward. But it’s not receiving the best attention compared to the development of new affordable housing.

<Unknown> - What have you run into when this subject is brought up and the other alternative that usually fails is the one that usually gets funded?

Bobby – It’s hard to get improvement underwritten by banks. There are a set of banks that understand the model. But their needs to be a tidal shift to more lending institutions recognizing the value of the land trusts. Understanding the kind of regulation around it. It’s not like financing a mobile home. It’s a crisis of perspective. With the will of financial institutions too. I’m familiar with CRA and we’ve worked a lot on trying to pass a fair banking ordinance. That proved really difficult.

John C – I can’t get people to even entertain the idea of a land trust. It’s not a very American ideal. You have to realize that there are limitations.

Bobby – It’s also a PR crisis. Land trusts aren’t really – the ones that I’ve seen do wonderful work but they’re not very good at touting the benefits. But they’re also not great at advertising that people aren’t supposed to live there forever. It can be, but a lot of folks use it as their starter home. At this point when you have such wide margins with the cost of housing and then stagnant wages, you’re never going to make up that shortfall. In a way that you can actually build wealth.