Making it work: Sharing the Macon Affordable Housing Experience

Georgia Initiative for Community Housing
University of Georgia
Griffin Campus
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Where we started:

- Our V-8 epiphany
- Tom Hanks in Castaway – nobody is coming
- The terror and the freedom!
- Board strategic planning
  - Budgeted $350,000 in non-fed funds
  - Sent Jack (Bruce Gerwig) to town to buy a magic bean
- Ten years and $100M+ later....
Major Goals:

- Ours, not necessarily yours
- Supply, of course, but…
- Revitalize neighborhoods and build communities
- Build tax bases and scotch population loss
- Preserve affordable housing, both structures and assistance
- Address homelessness
- And other special housing needs
- Make it all pay for itself
- Go for the WOW!
Goals, plan dictate strategies

- Infill, infill, infill!
- Promote homeownership
- Historic preservation and adaptive reuse as a means, not the end
- Recycle land, buildings, neighborhoods, lives
- Leverage private investment, market forces
- Build capacity, partnerships, to deliver housing AND services

Let’s look at some results
Code enforcement and land acquisition strategies help recycle neighborhoods.
And transforms urban wastelands into vibrant communities!
Creative preservation strategies improve neighborhoods and save housing
Pushing the limits on gut rehab

“Preserves” the housing

More importantly, preserves the housing assistance
Throw away everything but the doorknob, then…

Replace the doorknob!

Turns around a college neighborhood, while preserving 10s of millions in housing assistance over the next 20 years!
Adaptive reuse recycles the built environment, preserves neighborhoods
Two dozen tours before it was even completed!
Derelict buildings become showcase senior housing
Would you believe…

PH in the Vineville historic district?
just a block from my house!
In-fill senior housing builds tax base
Joint venture with DCA and regional mental health center for special needs housing
A little planning yields handicapped access and “visitability”
Smart architect uses the hill as an elevator!

John’s advice: Don’t build a “Gimp Ghetto”; build homes!
Homeownership
Homeownership by the numbers

- SFMRB yields 450 first time homebuyers
- 5h and Section 32
- Two HOPE IIIs (not quite a HOPE VI, but)
- In-fill builds and sells 38 homes in Beall’s Hill, Tindall
- 25 HOPE VI Lease purchase homes
- So far, 101 single family sales!
Homeownership for special needs?
Cute partnership with Habitat and Disability Connections delivers
HOPE VI/ mixed finance turns obsolete Public Housing into mixed income complex in the In-town Historic District
Former public housing site becomes centerpiece of revitalized University neighborhood
Of course, you’ll need a plan!

Alice: “Would you tell me, please, which way I should go from here?”

The Cheshire cat: “That depends a good deal on where you want to get to.”

Alice: “I don’t much care where…”

The Cheshire cat: “Then it doesn’t much matter which way you go!”
You know all about community based planning so…

Just a few unsolicited editorial comments:

- General Patton: A good plan today…
- Don’t worship it (or the process); use it!
- Stakeholders for vision, partners for implementation
- This is no time for “Smurf Leadership”!
- Therefore, Nike shoe commercial!
“Plan your work! Work your plan!”

- First: planning for implementation is integral to the plan itself.
- To succeed, the planning process must produce:
  - The vision, of course, but also:
  - The consensus, *if possible*
  - The will,
  - The commitment,
  - The resources, and
  - The organizational structure.
Plan for realistic financing

Broad principles:

- Learn to use all the tools, but don’t be captive to any
  - The carpenter’s question,
  - Mission vs. tools, and
  - Ft. Hawkins terrace
- Use all the public sector resources, but
- Tap the private capital pipeline
- Expect to pay dear for good financial advisors and transaction lawyers
Promote variety of housing choices

- Higher density multi-family
  - Density of units, not concentration of poverty
- SROs, and other
- Supportive/special purpose housing
- Modular and manufactured housing?
- “Plexes”: duplexes, triplexes and quads
- Adaptive reuse, such as school becomes senior housing
- Mixed use, such as
  - Lofts over commercial
- Infill, infill, infill!
Must understand your market

- Goal: viable, self-sustaining community
- Results only come through harnessing the market forces
  - Atlanta “Model Cities” vs. Mechanicsville
- Kevin Costner was an idiot! Hence…
- The Market Study (or studies) are everything
- Vision vs. Reality at the Dempsey Hotel
Focus and Critical Mass

- Scarce resources, so you can’t do everything, but
- You’ll be under pressure to do **everything**, but…
  - Follow the first rule of Philly politics and
  - Wind up a mile wide and an inch deep
- You must have the guts to triage, because if you don’t
- You’ll never hit critical mass
Focus connects to market:

- If you fail to focus, or
- If you fail to focus in the right place,
- You **WILL** fail to achieve **CRITICAL MASS** in **ANY** place, and
- You will **NEVER** jump start the market forces to get a neighborhood to a self-sustaining position, so…
- Remember: Plan comprehensively, but implement deliberately!
- Repeat after me: **FOCUS, FOCUS, FOCUS!**
From 30,000 feet

The fly-over view of financing

- Bonds: GOs and private activity
- DCA products and programs
  - CDBG and HOME
  - Bond financed mortgage products
  - NSP, the huge new guy on the block
- Banks:
  - Consortia
  - Banks and CRA lending
  - Commodity services vs. a housing partner
- Tax increment financing
Fly-over view of financing, cont.

- LIHTC, with or without bonds
- Historic Rehab Investment Tax Credits
- New Market Tax Credits
- USDA in rural areas, small towns
- Your PHA: PBA Section 8
- Business groups – the Mercer stipend
- Foundations

Remember: Tattoo “Leverage” on your right biceps and “Private Investment” on your left!
Get out of your own way:

**Identify and root out obstacles**

Some of the more obvious targets:
- Cumbersome permitting
- “Incentives” that are too complex to use
- Prohibitive fees
- “Smart growth”, if run into the ground
  - Moratoria
  - Environmental craziness
Land! Land! Land!

Provide an adequate supply of suitably zoned land:

- Intelligent land use planning in open areas
  - Plan for multi, plexes and other housing types
  - Reasonable densities to use land wisely
- Redevelop/Recycle underutilized land
  - Requires code enforcement, acquisition strategies and neighborhood planning
  - Get yourself a Land Bank Authority!
Land! Land! Land! cont.

- Adaptive reuse to convert older public and commercial buildings to housing uses, and
- Historic preservation (yes, I said it!)
- Infill, Infill, Infill
  - Recycle that infrastructure,
  - Reverse inner city population loss,
  - Revitalize that neighborhood, and
  - Rebuild that tax base!
Exclusionary zoning/planning adds to housing costs

- Large minimum lot sizes that can:
  - Increase costs, and
  - Prevent recycling land in older neighborhoods
- Large minimum house sizes
- Excessive limits on multi-family, “plexes”
- Mandating expensive exterior finishes
- Unpredictable and/or arbitrary processes as damaging as rules themselves
- Modular construction methods eliminated, rather than regulated
Would you believe it?
Infill **AND** modular in a Historic District!
Identify and root out obstacles, cont.

The special case of infill development

- Remember, “bean field” (suburban) happens!
- But infill has to be planned deliberately:
  - Land assembly issues
  - Jump starting the market, which includes
  - A plan that builders and buyers / renters accept
  - Deliver the same “product” to the builder/ developer that the suburban subdivision developer can offer
- No way around it:
  - Local government must take the lead
  - But not alone
For an excellent resource:

The Regulatory Barriers Clearinghouse

- Identifies barriers AND solutions in:
  - Administrative processes
  - Building and housing codes
  - Planning, zoning and growth restrictions
  - Redevelopment and in-fill
  - Environmental and historic regulation
  - Tax and fee policies

- http://www.huduser.org/rbc, or just
- Google “Regulatory Barriers Clearinghouse"
Avoid the goofy nostrums!

- Lots of fad ideas, but…
- Most seem to designed to undo bad regulation, like:
  - Expedited permitting, but only for affordable, or
  - Density bonus, but only for affordable housing
- Taxing market development, directly or indirectly, to subsidize affordable
- My favorite: taxing demolition of affordable unit generated $60K/yr for Evanston (Whoopee!)
Avoid the goofy nostrums, cont.

Take it from Kermit, “It’s not easy bein’ GREEN!”

- Yes, set a good example, and
- Yes, utility costs are 25% of total housing costs and affect affordability, but…
- Use good sense:
  - On the energy/cost side, pick practical, easy to maintain features with PAYBACK!
  - Remember what we said about market:
    - You can’t sell what the buyer doesn’t want, so
    - Ixnay on the odd stuff, like “vegetated roofs” and “water-permeable side walks”
- Remember: good planning is FREE!
Some plain talk about capacity

- Paving material specified on the road to hell
- Everybody wants a CHDO or CDC, but
- By themselves, small, inexperienced non-profits don’t have much of chance
  - Housing is capital intensive, and
  - Requires heavy lifting capacity that small non-profits don’t often have
Question: What’s three feet tall, costs $300,000 and weighs 75 lbs.?

Answer: Two MHA LIHTC apps
Don’t despair, pardner, just partner!

- Implementation requires hard objectives
  - Measurable, accountable and on time!
- That means capacity, but
- The University of Maryland epiphany
  - Rent, borrow, broker, joint venture with the brains you need, but
  - You drive the bus!
A plug for your friendly neighborhood Housing Authority

- Your local Housing Authority has **powers**:
  - Issue bonds
  - Eminent Domain
  - Create subsidiaries
- They have resources, sorta
  - Can’t use Federal funds for non-fed projects, but
  - They do have their overhead covered
- Often good at property management, and
- A few are experienced project and construction managers as well
The payoff:

- In last ten years:
  - $100M+, 11 developments, 831 units multi
  - $5M+ single family
- Transforming the landscape of Macon
- Stacks-o-plaques
  - Community acceptance and support
  - Market rate renters trying to get in!
- Captains of our own ship
Some parting thoughts:

- “The best way to predict the future is to invent it”
  Peter Drucker

- “There is no permanent solution. Every organization has to prepare for the abandonment of everything it does”
  Peter Drucker

- “The future does not belong to the large, the strong, the rich or even the speedy; the future belongs to the adaptable”
  John Hiscox
Any Questions?

Put me on the hot seat!