

## Meeting Minutes

### Small Working Group – Preventing Displacement

#### San Marcos Workforce Housing Task Force

Monday, January 28, 2019 - 3:30 p.m.

2<sup>nd</sup> Floor Municipal Building 630 E Hopkins Street

**Meeting Purpose:** To review and prioritize methods for preventing displacement in San Marcos.

**I. Meeting Opener (5 min)**

**II. Review Framework (10 min)**

The working group gained an understanding of the ultimate framework in which the goals, strategies, and actions will fit and provided feedback on document title.

The group discussed the title of the housing framework and proposed a new title of “Strategic Action Plan”.

**III. Goals (15 min)**

The working group re-confirmed the goals associated with Preventing Displacement and ensured they were measurable. The new revised goals are:

1. Expand opportunities for housing
2. Maintain, preserve, and enhance existing housing stock
3. Leverage community and regional partners
4. Meet the housing needs of current and future residents

**IV. Education (30 min)**

The working group reviewed and discussed the definition and methods to prevent displacement.

**V. Prioritize Strategies (25 min)**

The working group reviewed the task force strategies identified at the December 13<sup>th</sup> Meeting and consolidated them into the following 2 strategies:

1. Advance home maintenance & repair programs
2. Implement lifecycle and diverse housing principles

**VI. Next Steps (5 min)**

The working group proposed a new time for Meeting #2 in order to accommodate schedules.

**Next Meeting: Monday, February 25 from 10:30 a.m. – Noon @ 2<sup>nd</sup> Floor Municipal Building – 630 E Hopkins Street.**

**Meeting Agenda**  
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**San Marcos Workforce Housing Task Force**  
**Monday, January 28, 2019 - 3:30 p.m.**  
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- II. Review Framework (10 min)**  
Outcome: Gain an understanding of the ultimate framework in which the goals, strategies, and actions will fit and provide feedback on document title.
- III. Goals (15 min)**  
Outcome: Re-confirm goals associated with Preventing Displacement and ensure they are measureable.
- IV. Education (30 min)**  
Outcome: Review and learn about methods to prevent displacement.
- V. Prioritize Strategies (25 min)**  
Outcome: Review task force strategies identified at the December 13<sup>th</sup> Meeting and consolidate into 2-3 strategies.
- VI. Next Steps (5 min)**

Next Meeting: Monday, February 25 – 3:30 p.m. – 2<sup>nd</sup> Floor Municipal Building – 630 E Hopkins Street.

# PREVENTING DISPLACEMENT

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Working Group Meeting #1

Workforce Housing Task Force

January 28, 2019

# Meeting Agenda

1. **Meeting Opener (5 min)**
2. **Review Framework (10 min)**
3. **Goals (15 min)**
4. **Education (25 min)**
5. **Prioritize Strategies (15 min)**
6. **Next Steps (5 min)**

# Review Framework

Outcome: understand relationship of goals, strategies, and actions

## IMPLEMENTATION FRAMEWORK

**GOALS**  
Description

**STRATEGIES**  
Description

**ACTIONS**  
Description



Note: A colored circle would be added to each strategy to reflect each goal it supports. This graphic still a work in progress and is shown as a draft example.

# Review Framework

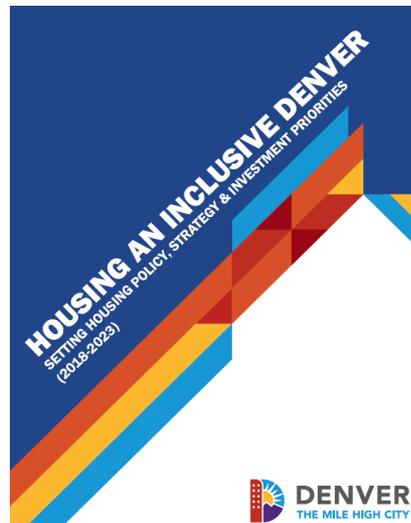
*Outcome: provide feedback on document title.*

Final Framework = “San Marcos Housing Blueprint”

- History
- Demographics
- Housing Survey
- Goals
- Strategies
- Action Plan

**Q: Is this name reflective of the document you want to create?**

Framework?  
Action Plan?  
Blueprint?  
Tool Kit?  
Guidebook?  
Plan?



**GROWING SLC:**  
A FIVE YEAR HOUSING PLAN  
2018-2022



# Goals

*Outcome: reconfirm goals and ensure they are measurable.*



- Short
- Broad in scope / policy level
- Covers a long period of time
- **Measurable**
- Connect to overall mission (Affordable Housing)

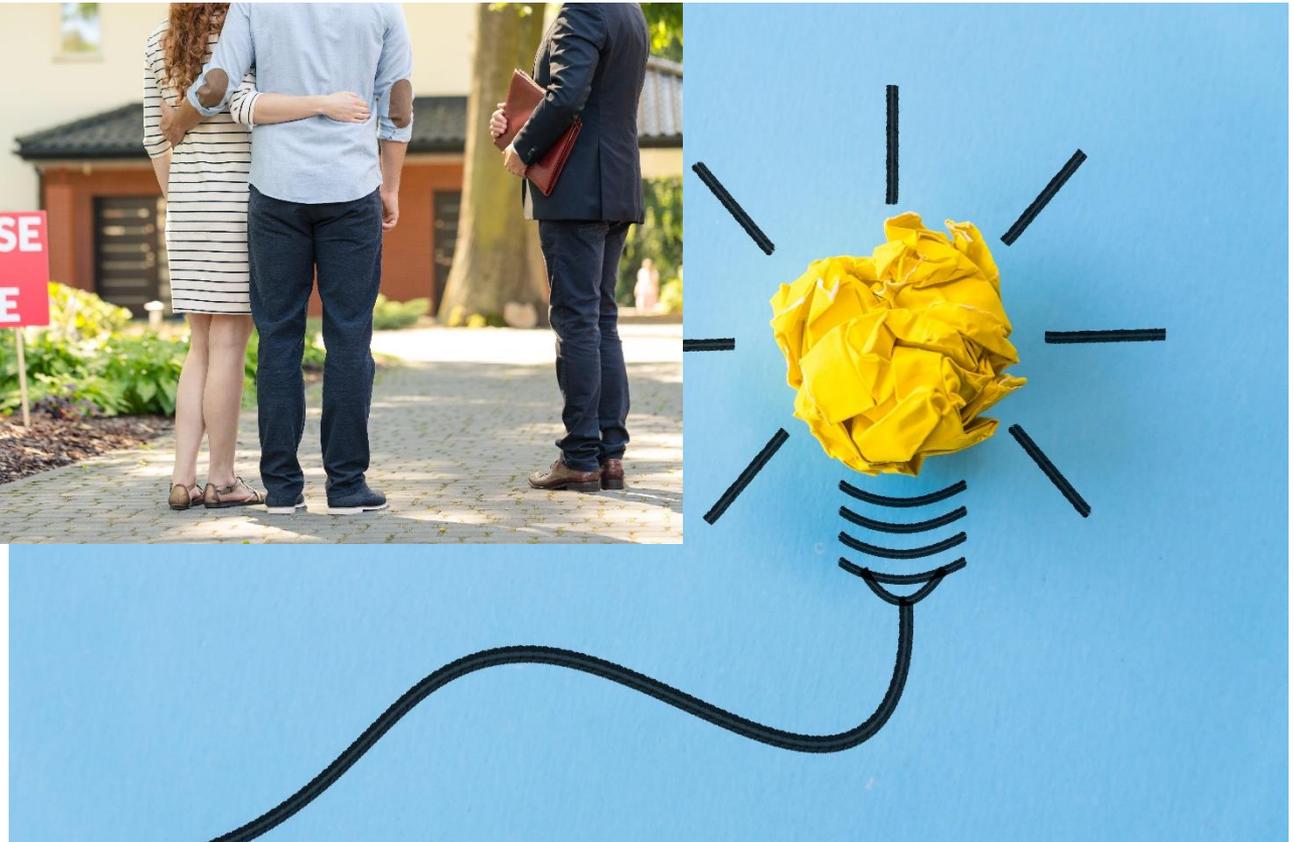
1. **Increase the rates of home ownership in San Marcos.**
2. **Maintain the Character of existing neighborhoods and preserve the existing housing stock in safe conditions.**
3. **Develop capacity within the City government and community partners to jointly confront housing challenges.**
4. **Ensure new housing meets the needs of the current and future residents or workforce.**

# Exploring the Topic

*Outcome: review & learn about methods to prevent displacement.*

## Defining the Problem

*What  
Where  
Policies  
Options*



# Exploring the Topic

*Outcome: review & learn about methods to prevent displacement.*



## Rents are Rising and Our Neighborhood is Gentrifying

### What:

Communities of color and low-income populations face displacement and limited access to newly created housing opportunities in improving areas. New investments are driven by an increased demand for housing and rising land costs limit the construction of similarly sized and scaled housing units. Longtime homeowners struggle to retain their properties. Longtime renters often face eviction pressure as landlords seek higher-income tenants who can afford increased rents.

# Exploring the Topic

*Outcome: review & learn about methods to prevent displacement.*

## Where?

### Susceptibility to Change Map

This map was created by layering the five different indicators of change identified below. You can explore each indicator individually by scrolling down further in the story.

1. **City Policy** - Includes city policies for directing growth, preserving historic districts, and managing stormwater.
2. **Investment** - Includes the number of building permits or demolition permits in an area.
3. **Land to Improvement Ratio** - Includes the value of the land related to the value of the structure.
4. **Owner Occupancy** - Includes the occupancy for each residential structure.
5. **Mixture in Land Use Types** - Includes the number of different districts within an area.

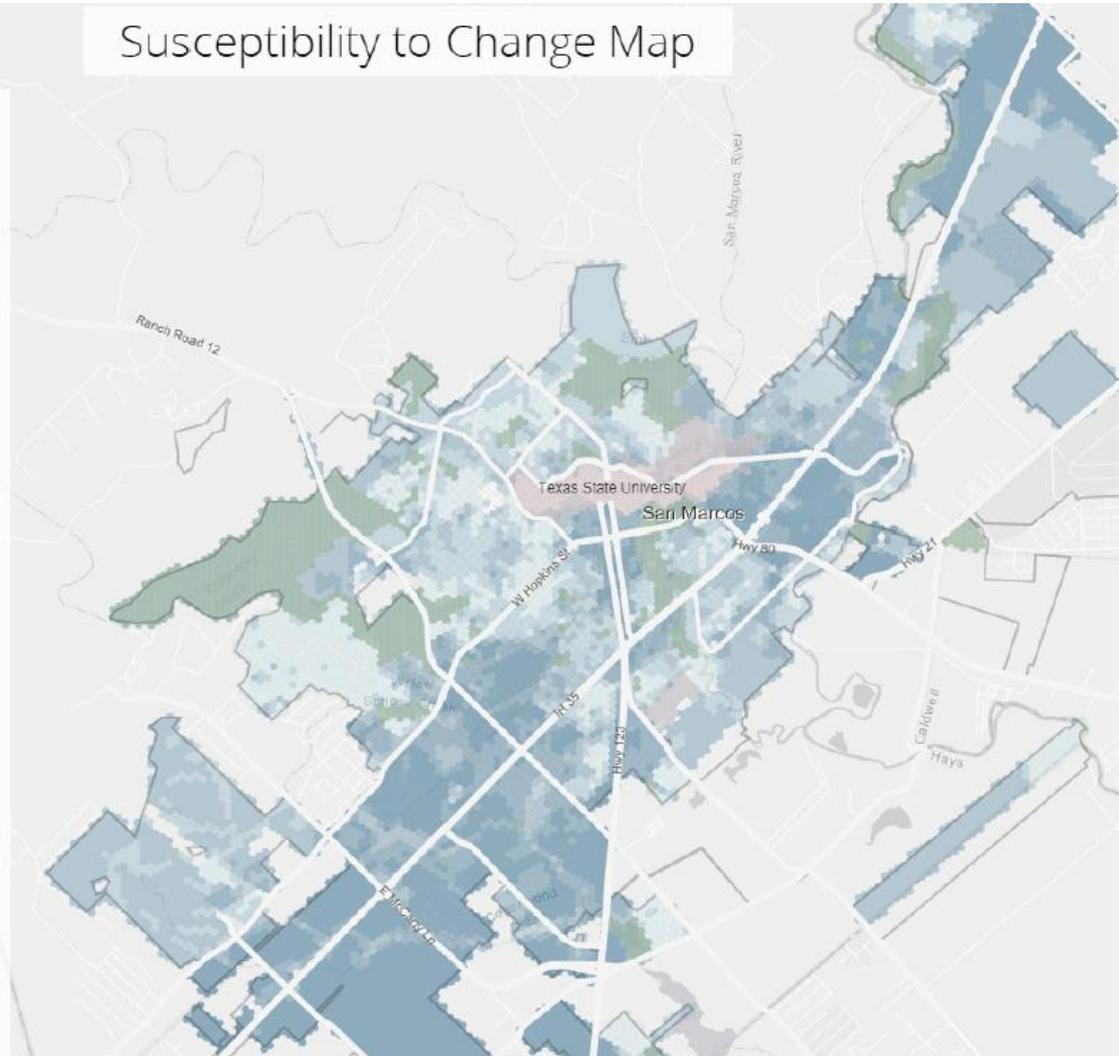
### Likelihood to Change

Least



Most

### Susceptibility to Change Map



# Prioritize Strategies

*Outcome: review strategies and consolidate to 2-3.*



Strategies identified at the December 13<sup>th</sup> Task Force Meeting to Prevent Displacement:

1. Prevent displacement of low and moderate income residents
2. Advance home maintenance and repair programs
3. Coordinate infrastructure investment & preservation strategies
4. Sustainable Co-Ops (added strategy)
5. Advance affordable homeownership programs
6. Implement lifecycle housing principles

**Q: How can these strategies be consolidated into 2-3 strategies?**

# Prioritize Strategies (Example)

*Outcome: review & learn about methods to prevent displacement.*

## Policy Level Strategies

Make new investments in changing communities that benefit the residents of those communities



Focus on programs that create, preserve, and extend long-term affordability.



Preserve existing housing in safe conditions

# Next Steps

*Outcome: review & learn about methods to prevent displacement.*

## Tools and Actions:

- Diverse Housing Types
- Shared Equity Ownership Models
- Large Scale Improvement Projects coordinated with preservation
- Housing Programs
- Code Enforcement
- Limited Equity Cooperatives
- Public Land and Land Banks
- Housing Trust Fund
- Land Use Planning
- Community Engagement



# Next Steps

- **Meeting #1 Accomplishments**
- **Meeting #2: Monday, February 25<sup>th</sup>**
  - Housing Study Data Brief
  - Case Studies
  - Action Plans, Partnerships, Resources
- **Housing Study Data Brief: February 14<sup>th</sup>**

# The Affordability Gap



**\$200,000**

**Market Price**

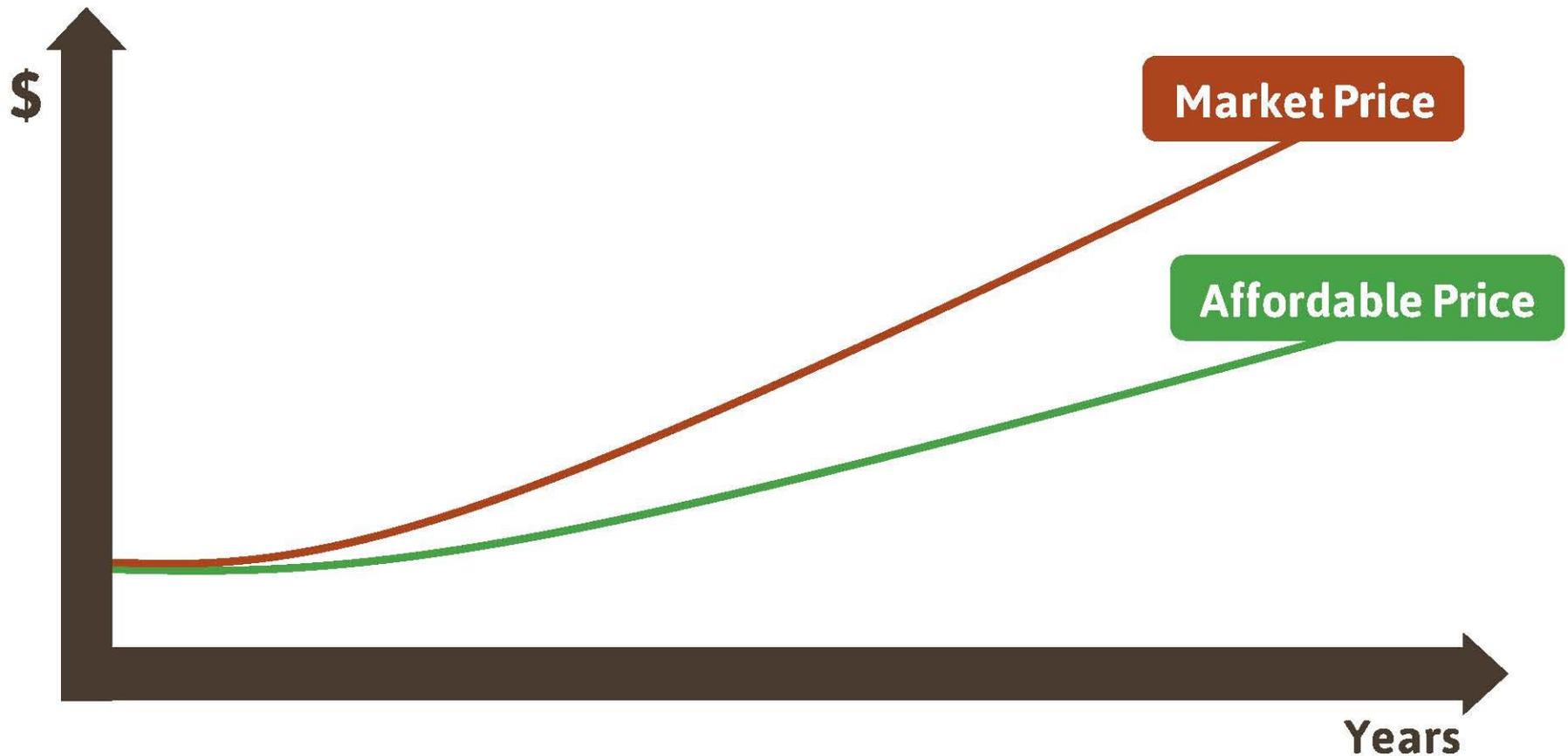
**\$45,000**

**Affordability Gap**

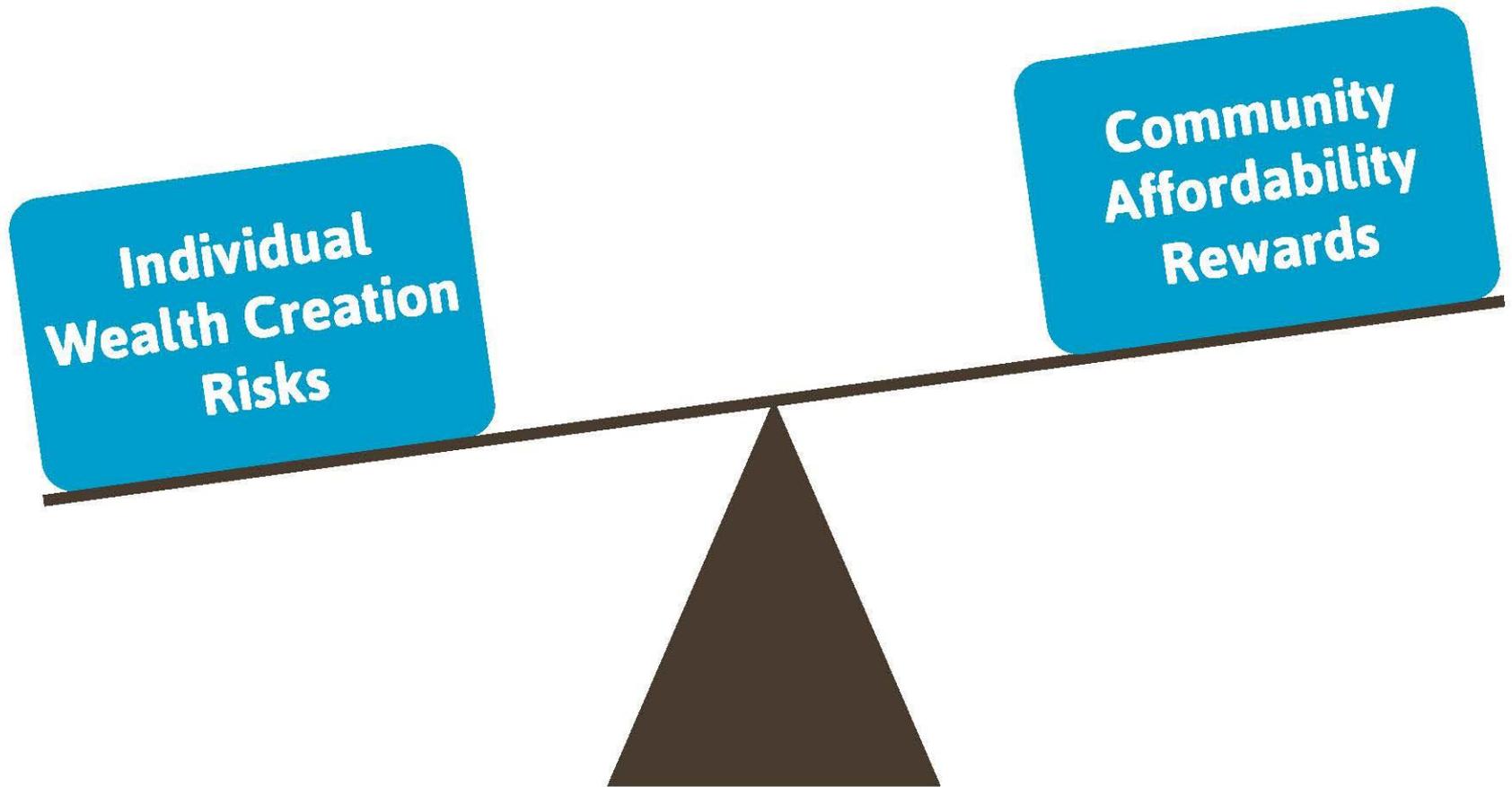
**\$155,000**

**What Family can Afford to Buy**

# The Growing Affordability Gap



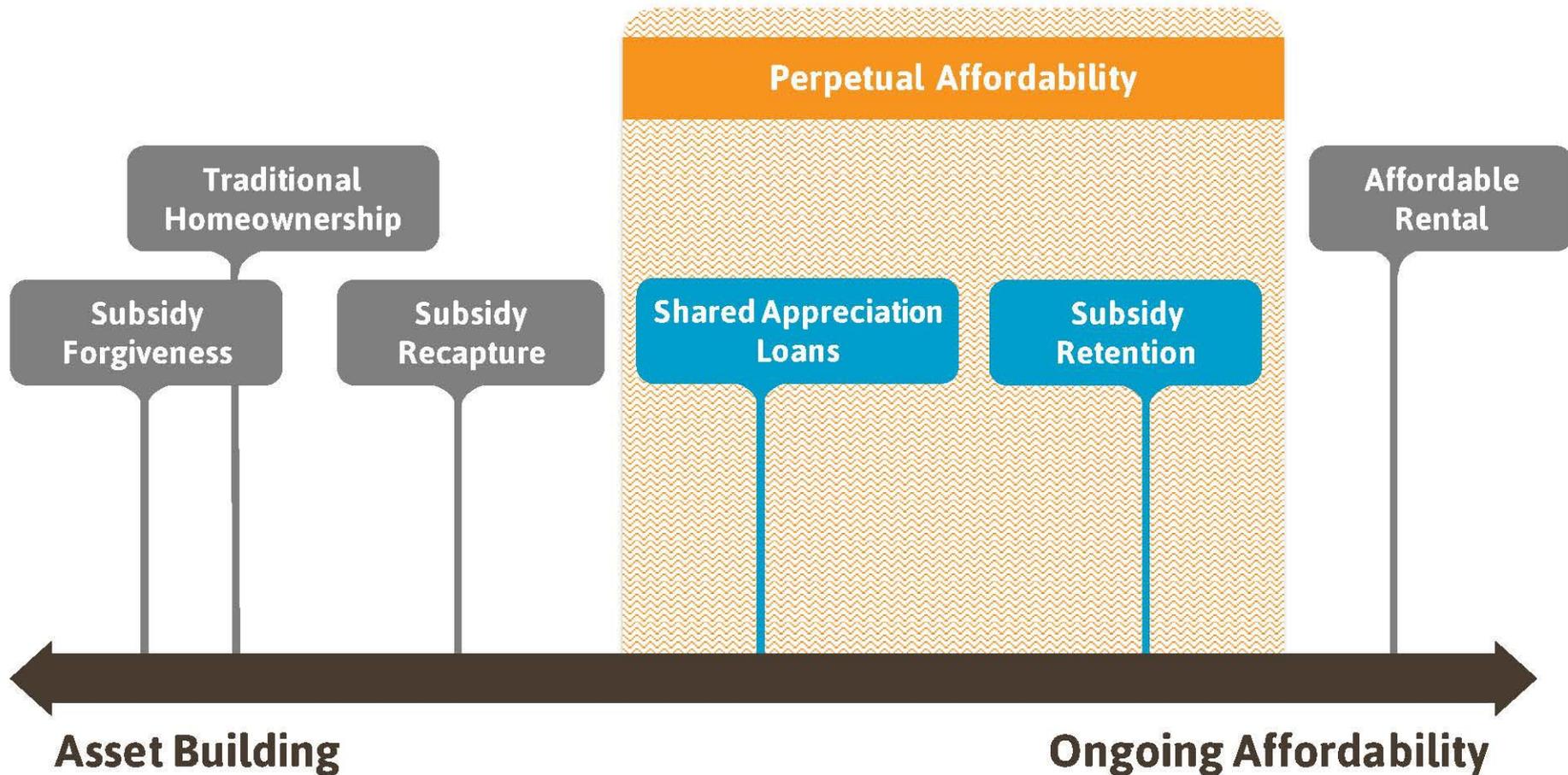
# Seeking a Fair Balance



# Asset Building/ Affordability



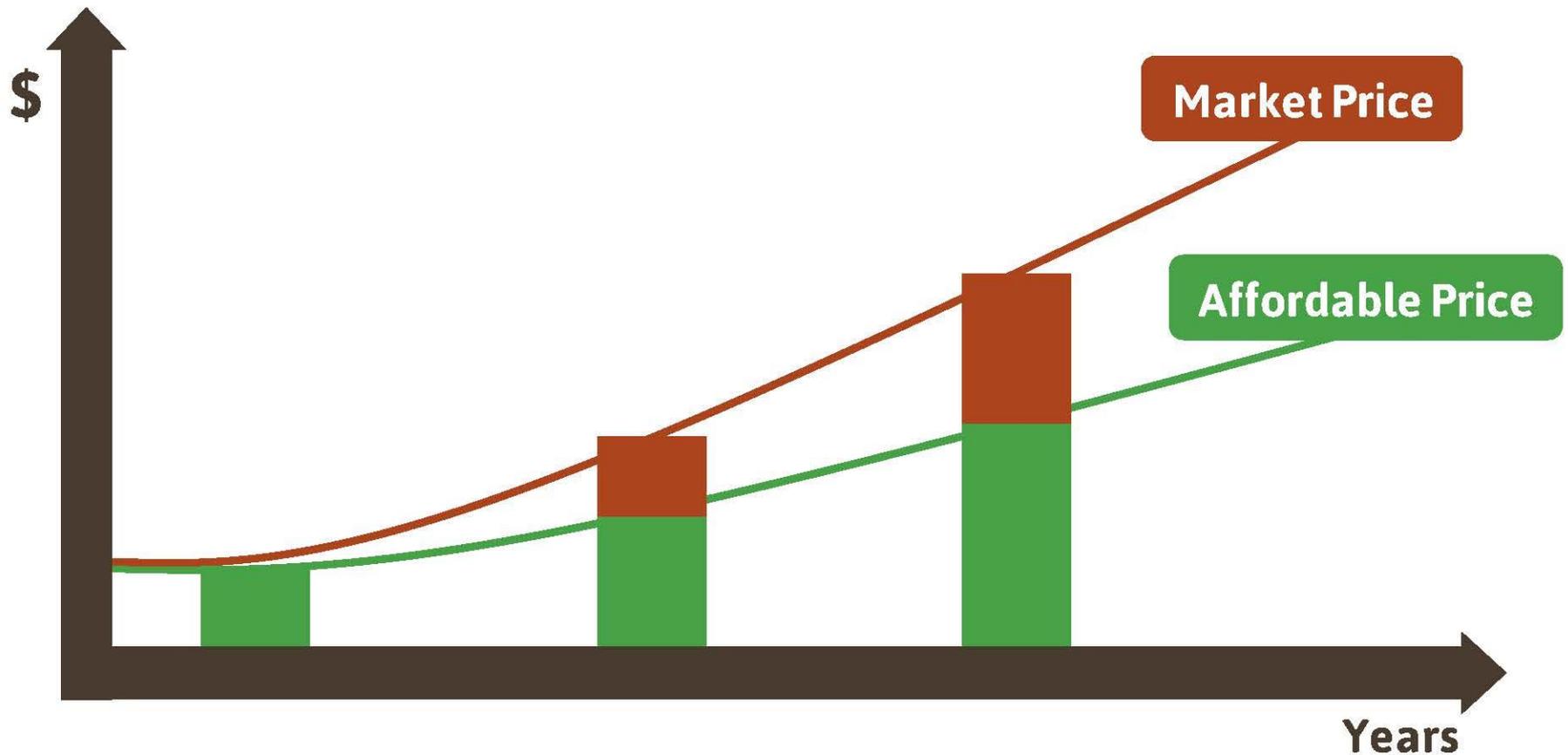
## A Continuum of Strategies



# Subsidy Forgiveness



One-time assistance with no expectation of reuse



# Subsidy Forgiveness



## One-time assistance with no expectation of reuse

	Forgiveness
Market Price of Home	\$200,000
What buyer can afford	\$155,000
Subsidy Needed	\$45,000
<b>Sale Price to Homebuyer</b>	<b>\$200,000</b>
Market Value after 10 years	\$240,000
Sales Price	\$240,000
Program Portion	\$0
Seller Portion (before payoff)	\$240,000 + \$45,000

# Subsidy Forgiveness



## One-time assistance with no expectation of reuse

	Forgiveness
NEW Sales Price of home	\$240,000
NEW Buyer Affordability	\$185,000
NEW Buyer Subsidy Needed	\$55,000
Program Portion from Sale	\$0
NEW Resources Needed	\$55,000

# Subsidy Forgiveness



## When to Use

- ▶ Wealth creation
- ▶ Incentivize challenging neighborhoods
- ▶ Small investments
- ▶ Limited ability to administer funds
- ▶ Bottomless pot of money



# Subsidy Recapture



**Part or all of subsidy is recaptured by program for the future**

	Forgiveness	Recapture
NEW Sales Price of home	\$240,000	\$240,000
NEW Buyer Affordability	\$185,000	\$185,000
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# Subsidy Recapture



## When to Use

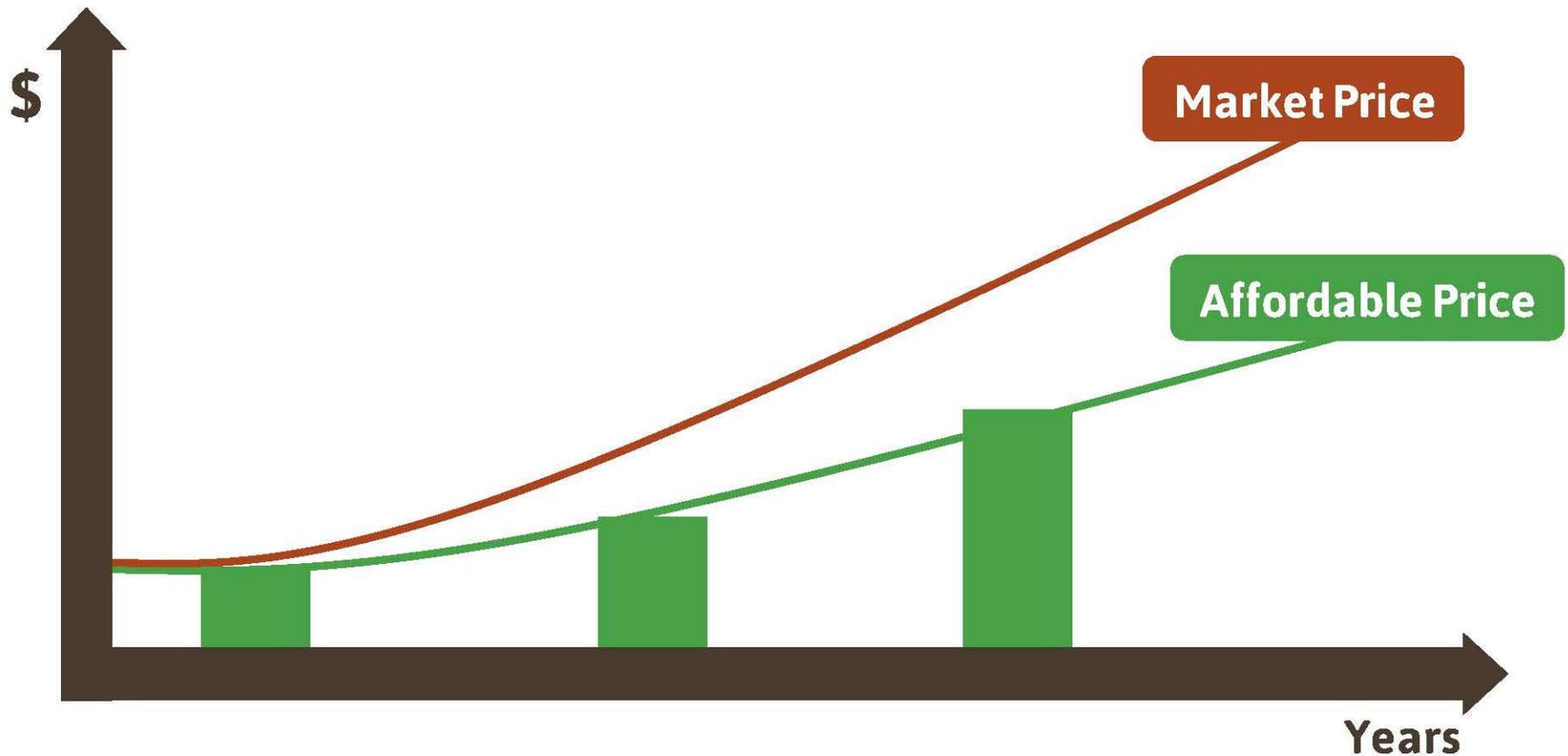
- ▶ Moderate markets
- ▶ Moderate investments
- ▶ Moderate capacity stewards
- ▶ Ability to make up the subsidy gap



# Subsidy Retention



All of the subsidy is retained and recycled in the home



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# Subsidy Retention



## When to Use

- ▶ Hot markets
- ▶ Large investments (even in weak markets)
- ▶ High capacity stewards
- ▶ Preserving affordability



# Models of Affordable Housing



Community Land Trust



Limited Equity Cooperatives



Deed-Restricted Housing

# Community Land Trusts



## Classic CLT

- ▶ Retains ownership of land
- ▶ Homeowner purchases just the improvement
- ▶ 99-year ground lease
- ▶ Tri-partite board
- ▶ Community Membership
- ▶ Variations

# Limited Equity Cooperatives



## Classic LEC

- ▶ Co-op owns building and land underneath
- ▶ Tenant-shareholders own a share in the corporation and receive a long-term “proprietary lease” to their unit
- ▶ Democratically governed by tenant-shareholders
- ▶ Variations

# Deed-Restricted Housing



## Classic Deed Restriction

- ▶ Homeowner holds title to both the land and the home (except condos)
- ▶ Deed includes restrictive covenants: 30-99 years
- ▶ Tend to be imbedded within larger organization or government
- ▶ Variations

# Implementation Models



## Every program has:

- ▶ Contract
- ▶ Steward
- ▶ Shared rights and responsibilities, risks and rewards



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