



## Georgia TCAP Program Roundtable Notes

March 5, 2015

### Overview

On March 5, 2015 DCA held a facilitated discussion with interested parties and industry participants with the goal of better understanding how DCA's Statement of Values for the Georgia TCAP Program may impact implementation efforts and what barriers and opportunities may exist for potential uses of Georgia TCAP funds. The roundtable was structured as an open dialogue in response to specific questions prepared by the facilitator, focusing on the priorities and preferences set out in the Statement of Values. These notes will outline the questions in italics and participant responses in bulleted form.

The facilitator set the stage for the meeting:

- Uses of funds must tie to DCA priorities in the Statement of Values, and ideally any use of funds would also connect with the preferences in the Statement of Values.
- The challenge is to serve the populations DCA wants served, efficiently use funds in an impactful way through creative solutions, and avoid taking unnecessary financial risks.

### Discussion on Priorities

*Regarding "the most difficult to serve," are there other groups of individuals that DCA should be considering in this category? Who are least likely to apply to housing programs? Where are the gaps in DCA programs to serve these individuals?*

- Low-income seniors seeking to age in place and the homeless are least likely to apply.
- DCA should be conscious of both closing gaps and avoiding creating new gaps in services in regards to serving rural, urban, and suburban populations and meeting preservation and new construction demands.
- The biggest barriers exist for people without any money who are coming out of prison or off the streets. These populations also receive the most backlash from neighborhoods.
- Having the "most difficult to serve" as a priority is in direct conflict with the ability to avoid higher risk. And serving the most difficult to serve and having a revolving loan fund would be difficult. In order to balance goals, when funds are spent may be as important as how funds are spent. If funds revolve, they could return over a longer period of time.
- Potential Solutions Mentioned:
  - Loan funds to pay down an affordable housing development's existing HOME debt. Especially for riskier or rural deals, this could reduce possibility of going into foreclosure.
  - Make smaller housing developments, which make it easier to serve "difficult to serve" populations.

- Identify existing Section 8 and other vouchers and rental subsidies that could be used to support any effort to serve these populations.
- Support these populations within a larger mixed income development to help combat negative attitudes from the community.

*What are the major barriers to homeownership in Georgia? How can these funds aid in promoting affordable homeownership, not exclusively multi-family housing?*

- There are difficulties associated with encouraging homeownership at certain levels of income. For example, it is hard to find households at 50% of area median income who are able to undertake homeownership. Determine the lowest income level that DCA can serve feasibly, not just regarding an ability to repay the loan, but also the ability to pay for maintenance costs, taxes, etc.
- There is an appraisal gap between the acquisition price and cost of renovation, which can create affordability issues for home buyers. While funds going to fill this gap can be hard to recapture, the risk may be necessary to overcome barriers in affordable homeownership.
- DCA has funded Low-Income Housing Tax Credit (LIHTC) scattered-site single-family developments, such as Mechanicsville. Using TCAP funds for home acquisitions could be a good gap filler. A barrier would be achieving site control on all the scattered single-family properties when attempting purchase them prior to application evaluation.
- Regarding homeownership, displacement and increases in property values must be considered, as they impact community life. Strategies should keep people in place, especially the elderly, possibly through property tax assistance.
- Find organizations already involved with homeownership that do a good job. For example, Habitat for Humanity is effective at originating loans because potential homeowners have skin in the game, working on the home before they move in.
- Address abandoned/vacant properties through place-based strategies.

*Regarding risk, what does it look like to preserve the principal TCAP funds? What strategies are available to balance risk and impact?*

- Leverage private and public dollars to share the risk. Opportunities include Community Development Financial Institutions, the Federal Home Loan Bank, local resources, and grant money
- If a property is able to maintain strong operating reserves, the property would be more attractive to a financial institution wanting to purchase it, which would help pay back the loan. However, reserves are not going to “hold you out” long term.
- Mixed-income populations will be essential in getting funds back, especially when focusing on the “most difficult to serve.” Mixed-income populations opens more mixed financing and housing options. It would still be difficult to get funds back, especially in rural areas.
- Think of the funds like portfolio, in terms of risk types, and target feasible programs with moderate risk without spreading the funds too thin.

*What areas have the potential for the greatest return on investment regarding the impact on the people served? Where is the potential for ripple effects?*

- A substantial expansion of the short-term housing voucher program under the Governor's Prisoner Re-entry Initiative could result in a large positive impact, especially if done in conjunction with Accountability Courts.
- Use funds to leverage multi-family housing bonds; more bond deals means more units. Housing bond deals from the early 2000s are nearing the end of the 4% LIHTC compliance period, meaning the properties are at risk of no longer being affordable.
- Use funds as a gap loan for LIHTC developments, especially for properties needing preservation, since tax credit financing is more readily available for new developments.
- Consider the balance between a potentially larger impact on a single area and providing broader support across a larger area.

*What other aspects of the priorities needs further discussion?*

- Replace existing HOME loan funds with TCAP funds.
- Use funds for carryover loans in LIHTC deals, which would help fill gaps and lead to quicker repayment of funds. These loans would fill the gap between a LIHTC award and construction financing.
- Consider smaller supportive housing developments that are integrated with the broader community in other ways—for example, quads, duplexes, and small projects scattered in neighborhoods.
- Use funds as inexpensive construction financing for projects that are not feasible if they take on too much debt. There is concern that this would decrease return for investors that specialize in construction finance, but they could have right of first refusal, with funds as backup if investors decline.

## **Discussion on Preferences**

*What does a sustainable program look like?*

- Tie the program to rent subsidies and existing programs both inside and outside of DCA (e.g. Shelter Plus Care, Georgia Housing Voucher Program, etc.) to help create permanent housing opportunities.
- Locating housing in an area set up for success long-term is vital. Notably, access to economic opportunities through public transit would increase long-term opportunities.

*Who are the readily available public and private partnerships?*

- Philanthropic organization could be key partners since they already have significant resources and are involved in local communities. For example, the Annie E Casey Foundation tried buying up vacant housing in the Pittsburgh neighborhood of Atlanta.
- Philanthropic organizations, however, tend to believe affordable housing is responsibility of public and private sector, not philanthropic organizations.

- Foundations and existing projects tend to either fund a particular place or a particular population. With a holistic place-based focus, there may be an opportunity to tie in housing issues with existing philanthropic initiatives, such as the creation of charter schools or healthy living environments.
- Pursue the possibility of a corporate match up for funds.

## **Implementation**

*What opportunities, barriers, and contextual factors are not being considered?*

- DCA should hire a professional manager to manage both the funds and the implementation of the TCAP program.
- During program development and outreach, speak directly with potential recipients of program.
- For uses of funds similar to the Neighborhood Stabilization Program, barriers to implementation may include: a lack of code enforcement (lack of local government capacity) and difficulty with liens on land.

## **Potential Uses of Funds**

*What other potential uses of Georgia TCAP Program funds have yet to be discussed?*

- Acquire blighted housing and redevelop for supportive housing in a scattered site network, allowing rent subsidies like Shelter Plus Care. Regarding supportive housing, large families needing 3+ bedrooms are covered under Shelter Plus Care.
- Consider Land Bank Authorities. Any focus on blighted areas needs to be in alignment with local, long-term plans for the area.
- Consider expanding the Re-entry Initiative to areas not currently served, such as Dalton, which is not one of approved re-entry cities but has a need for that type of housing.