Dwelling Place Board of Directors
December 4, 2019

Supplemental Materials
DATE: November 13, 2019
TO: Downtown Development Authority
FROM: Annamarie Buller, Manager or Neighbor Experience
SUBJECT: Two Dwelling Place Affordable Housing Solutions: CLT & FUSE

The GR Forward community planning process revealed considerable demand for growing and securing the neighborhood’s overall supply of “affordable” housing. The City of Grand Rapids and the Downtown community are deeply committed to maintaining and expanding a broad range of housing choices, with an emphasis on “affordable” housing for low-wage earners. The GR Forward established the goal of maintaining 30% of the Downtown housing supply for those earning below 120% of area median income [AMI].

Downtown is currently on track with this housing goal. Currently 30% of the 5,573 housing units are “income-restricted” which help low income renters obtain affordable housing. These units were developed with funds that protect affordability, typically for families earning up to 60% of the Area Median Income [AMI]. The Downtown neighborhood today enjoys the highest concentration of “affordable” housing stock in the greater Grand Rapids area. The challenge is maintaining and growing this supply.

In May of 2019, the GR Forward Goal 2 Alliance and Downtown Grand Rapids Inc. staff released a Request for Proposals [RFP] to solicit creative solutions that advance Downtown’s “affordable” housing goal. DGRI received several initial calls of interest and in August of 2019 Dwelling Place Nonprofit Housing Corporation submitted a request for funding with two distinctly different and unique approaches to address affordable housing issues in the Downtown area. In September of 2019, the Goal 2 Alliance reviewed the pair of proposals and recommended both approaches receive approval from the Downtown Development Authority.

This pair of approaches affirmed by a working group of the GR Forward Goal 2 Alliance, advances on numerous Downtown goals, including:
- Protect affordable housing stock.
- Diversify types of housing available Downtown.
- Provide housing opportunities to the “missing middle”.
- Explore ways of expanding homeownership.
The first approach: CLT

Dwelling Place proposes to form a Community Land Trust [CLT], another unique model for affordable housing focused on long-term, affordable home ownership for the "missing middle" demographic (50% - 110% of the area median income) in the downtown area. “Missing middle” are described as those that are not low-income enough to qualify for a subsidy but also do not earn enough to afford market rate units downtown. While the CLT model for affordable home ownership has been around for many years, it has not been widely implemented in Michigan and does not currently exist in Downtown.

Dwelling Place has contracted with Burlington Associates, national experts on the CLT model, to provide technical assistance in the development of a business plan to convert several rental apartment communities into home ownership opportunities. The largest of these apartment communities is located on South Division Avenue is called Martineau Apartments. This 23-unit apartment community was established in 2004 as an artist, live/work community, the first of any scale in Grand Rapids.

A community land trust is able to ensure long term affordable home ownership for two reasons:
- The community land trust owns the land under the improvements, which eliminates the cost of land from the transaction.
- The buyers are allowed to purchase their homes/apartments, significantly below the appraised value, usually 65%-75% of the appraised value of the improvements, in return for entering into a land lease that restricts the amount of equity from appreciation, an owner can take from a future sale of the property in order to ensure the affordability for the next buyer.

A low or moderate-income buyer will have an opportunity to own their own home in way that would be otherwise impossible in a conventional market. CLT owners would receive ongoing support before and during the purchase process and throughout the period of time that they remain as owners of these unit to insure their success as a homeowner. Please note, no renters will be displaced if they are unable or not interested in owning their units.

Recommendation: Approve the request for funding not to exceed $100,000 for Dwelling Place to create a CLT and to assist in the rehabilitation of Martineau Apartments. CLT Funds will be used to defray costs for the $25,000 consulting contract with Burlington Associates, for some of the estimated $112,000 of soft costs associated with creating the CLT ownership structure, including legal, survey work and a portion of the costs for DDA eligible façade improvements and/or ADA accessibility accommodations. The entire budget for acquisition, hard and soft costs associated with the Martineau project alone will exceed $3.8 million, most of which will be financed with anticipated mortgage proceeds from CLT buyers. A portion of the existing equity in the property will be contributed back to the CLT by Dwelling Place, including 100% of the land and the portion of the fully renovated appraised value being contributed by Dwelling Place as a reduction in the sale price.
**The second approach: FUSE**

Dwelling Place proposes a pilot project called FUSE (Frequent User Systems Engagement) that is modeled after similar efforts in 20+ other cities. FUSE is a multi-faceted housing model that focuses on the provision of supportive housing for individuals who are the hardest to maintain in housing. The FUSE model incorporates a local commitment for wrap around services, which will accompany a housing placement to increase the likelihood for housing stability and reductions in use of expensive private and public services from law enforcement, first responders, emergency room providers, judicial and social service providers.

After 9 months of engagement with representatives of more than 30 separate public and private organizations regarding the intersection of behavior health and economic development, FUSE was identified a viable strategy in this process to identify and focus on housing a finite and specific demographic of homeless individuals in the downtown area who most frequently utilize police, fire, EMS, hospital, judicial and social services programs. Untreated physical and behavioral health needs are often observed as significant barriers for stability in the lives of these individuals. Housing is seen as a critical component for changing this pattern of instability, especially if the housing is accompanied with other services and treatment programming designed to meet the unique needs of each individual. The Corporation for Supportive Housing (CSH), is a national intermediary that works with local communities to create permanent supportive housing strategies in their community. They are also a recognized expert in the provision of technical assistance to communities creating and implementing the FUSE model. CSH submitted a proposal to provide technical assistance in Grand Rapids to facilitate the creation of a Heartside-Downtown FUSE Plan in conjunction with the Michigan Department of Health and Human Services, local police, fire, health care, judiciary and social service organizations.

Partners engaged with Dwelling Place in the creation of a FUSE project also expect improved economic development outcomes in neighborhoods where public inebriation, public urination, untreated mental illness and substance abuse problems are prevalent. Dwelling Place will hold the technical assistance contract with the Corporation for Supportive Housing [CSH] for the FUSE program but form a Steering Committee comprised of major health care entities, social service agencies and local governmental entities to provide oversight for this initiative.

Dwelling Place, as the owner of more than 300 permanent supportive housing units in the Heartside Neighborhood, would work closely with the Steering Committee, the local Continuum of Care and others to prioritize some of the existing supportive housing owned by Dwelling Place and others to shelter up to 50 FUSE clients with improved coordination for on-site service integration from local social service and health care institutions.

**Recommendation:** Approve the request for funding to cover technical assistance to support FUSE in the amount not to exceed $33,425.00. The entire $33,425 grant will be used to defray a portion of the $42,500 technical assistance contract with CSH to plan and implement the FUSE initiative.
The Martineau Community Land Trust Project

• 23 Live/work spaces for artists ranging from 850sq.ft. to 1,200 sq.ft.
• 10,000 square feet of Neighborhood HUB/Gallery space
• 3,500 square feet for Café/Catering space
Non Residential Commercial Spaces in Martineau Site
These would continue to be owned by Dwelling Place

106 Division
Neighborhood Hub &
Gallery Spaces Main Level

Café &
Caterer

Chaffee
Live/Work
Spaces

Degage
Ministries
CLT Governance Structure

CLT Board of Directors

Owners/Leaseholders
Elected by owners

Dwelling Place Representatives
Appointed by Dwelling Place

Public Interest Representatives
Appointed by Dwelling Place

33% 33% 33%
Outcomes: CLT Homeownership

• Limited-income households are able to purchase homes and build equity
• Affordability is assured for subsequent homebuyers - without additional subsidy
• Public/private subsidy is protected and leveraged
• Favorable loan-to-value ratios for mortgage lenders, as CLT affordability subsidy is structured as equity
From Renters to Owners on Division Avenue

The Community Land Trust Pilot

- Dwelling Place will create a CLT Condominium Association and subdivide all 23 housing units and the 2 commercial spaces as part of the Condominium Association.
- Dwelling Place will form an affiliated 501C3 entity to own the land under Martineau Apartments and the commercial spaces.
- Dwelling Place will form a CLT board comprised of appointees from resident/owners, Dwelling Place and interested community volunteers (typically one third from each group).
- Current residents will be prioritized as buyers so long as they qualify for a CLT mortgage.
- Huntington Bank and Opportunity Resource Fund have expressed an interest in originating CLT mortgages for this project.
- CLT mortgages can be sold in the secondary market.
- All major systems will be renovated prior to conversion and unit sales.
- Home ownership/CLT training will be offered to all buyers.
- Sales will be limited to households under 110% of the area median income but qualified buyers under 80% of the area median income will be preferred.
From Renters to Owners on Division Avenue

The Community Land Trust Pilot

• NO CURRENT RENTAL RESIDENTS WILL BE DISPLACED

• CURRENT RESIDENTS WILL BE PRIORITIZED AS BUYERS SO LONG AS THEY QUALIFY FOR A CLT MORTGAGE

• ALL MAJOR SYSTEMS WILL BE RENOVATED PRIOR TO CONVERSION AND UNIT SALES

• HOME OWNERSHIP/CLT TRAINING WILL BE OFFERED TO ALL BUYERS PROBABLY THROUGH ICCF HOMEOWNERSHIP TRAINING PROGRAM

• SALES WILL BE LIMITED TO HOUSEHOLDS UNDER 110% OF THE AREA MEDIAN INCOME BUT QUALIFIED BUYERS UNDER 80% OF THE AREA MEDIAN INCOME WILL BE PREFERENCED
Martineau Apartments

120-126 S. Division Avenue

Café/Catering & 11 live/work spaces
106 S. Division Avenue

Martineau Apartments

Neighborhood HUB/Gallery & 12 live/work spaces
A Few Live/Work Examples
Artistic Mediums Represented

• Painting
• Jewelry
• Furniture
• Music
• Photography
• Print Media
• Poetry
• Sculpture
• Cinematic Arts
• Ceramics
• Weaving
Neighborhood HUB and Gallery Space

106 S. Division Ave.
Division Avenue Street Scenes Summer
Problems with existing service systems

High cost, short term, ineffective

Communities waste money on a revolving door of crisis services that:

• Are uncoordinated
• Cause people to be overlooked by traditional approaches meant to help
• Produce poor outcomes for vulnerable people that cycle between shelters, hospitals, jails, treatment programs, and the streets
FUSE Supportive Housing is cost-effective solution, producing lasting results

It facilitates cooperation, coordination, partnerships to connect public service systems

- Strengthened partnerships
- Efficient delivery of services
- Better use of limited resources
- Improved outcomes for people and communities

Housing:
- Affordable
- Permanent / Stable
- Independent

Support:
- Flexible
- Voluntary
- Person-centered Coordinated Services

Affordable Housing

Employment Services

Parenting/Coaching Life Skills

Mental Health Services

Primary Health Services

Substance Use Treatment

Case Management
FUSE (Frequent Users Systems Engagement) is more than just housing, it’s a nationally proven solution.

FUSE helps communities maximize data to stabilize homeless frequent users of criminal justice and health services, reducing returns to jail and costly emergency health care.
Frequent Users
What does a frequent user look like?

Health/BH/EMT Data
44% of jail inmates have MH disorder; 24% have multiple chronic conditions

HMIS Data
Rates of homelessness among people exiting correctional institutions are 10-25%

Jail Data
A national needs assessment performed by CSH found that nationally more than 139,000 people in custody need supportive housing.
Frequent Users in Criminal Justice

Without access to stable housing with support services, an endless cycle of recidivism develops

- Criminalization of homelessness
- Criminal history as barrier to accessing housing
- Lack of stable housing increases likelihood of recidivism
- Lack of housing reduces eligibility for diversion
- Arrests, and re-arrests for minor infractions

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Frequent Users in Healthcare
FUSE also works to improve healthcare outcomes and costs

- Increased quality of life
- Connection to more appropriate community care
- Housing stability
- Better conditions in ERs

- Decreased ER, hospital use
- Decreased ambulance usage
- End to homelessness

Quality of Care
- Continuity of care from hospital to community: confidence that patients get care they need
- Reduced risk of discharge to street
- Reduced readmissions to ER and hospital

Financial Benefits
- Cost avoidance in ER and inpatient care
- Reduction in uncompensated care debt

Efficiency Improvements
- More appropriate use of ER space and staff
- More efficient use of hospital social workers and discharge planners
FUSE is a process
We help systems connect to housing and services for their frequent users

Housing and services that match a person’s needs

Improve health outcomes

Increase housing stability

Reduce multiple, frequent crisis service use

Create a better, more cost effective delivery of services

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Growing with scale
FUSE Action Steps

Planning
• Step 1: Identify a Champion and Project Manager
• Step 2: Assemble a Cross Systems Planning Team
• Step 3: Execute a Cross Systems Data Match
• Step 4: Create SH Pipeline
• Step 5: Secure Evaluation Resources

Pilot Implementation
• Step 6: Improve Procurement
• Step 7: Create Referral Process
• Step 8: In-Reach /Outreach, Lease up
• Step 9: Monitoring and Support

Scaling & Replication
• Step 10: Embed Sustainable Data Strategies
• Step 11: Determine Scaling Needs
• Step 12: Identify Financing for Scaled FUSE
## Successes

**FUSE Evaluations Prove It**

<table>
<thead>
<tr>
<th>Location</th>
<th>Successes</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>NYC FUSE</td>
<td>Reduction jail days</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>Fewer shelter days</td>
<td>91%</td>
</tr>
<tr>
<td></td>
<td>Reduction in psychiatric input</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Housed after 2 years</td>
<td>86%</td>
</tr>
<tr>
<td>San Diego Project 25</td>
<td>Reduction in total public costs after 2 years</td>
<td>67%</td>
</tr>
<tr>
<td></td>
<td>Reduction in ambulance, ER, hospitalizations, arrests, jail days</td>
<td>60-80%</td>
</tr>
<tr>
<td></td>
<td>Net savings of over paying for housing and services</td>
<td>200%</td>
</tr>
<tr>
<td>MeckFUSE (Charlotte)</td>
<td>Fewer arrests</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Fewer shelter days</td>
<td>87%</td>
</tr>
<tr>
<td></td>
<td>Less ambulance service charges</td>
<td>24%</td>
</tr>
<tr>
<td></td>
<td>Less hospital charges</td>
<td>43%</td>
</tr>
</tbody>
</table>
Pay for Success and Impact Investment
Bigger impact and savings

FUSE can be scaled using mainstream housing and service resources

FUSE results can lay groundwork to attract investment/resources

- Connect Participants to Supportive Housing
- Expand Models to House Additional Clients
- Measure Results
- Assertive In-Reach to Identify Participants
- Cross-System Engagement
- Multi-Systems Data Match
- Supportive Housing Resource Identification

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Take action with CSH and FUSE!

This is how we can help

contact us fuse@csh.org
visit csh.org/fuse
search csh.org/training

We provide FUSE technical assistance to meet the needs of your community
THANK YOU
### 2020 BOARD COMMITTEE MEETINGS SCHEDULE

#### Executive Committee
(second Tuesday of odd months from 8:00-9:30 AM)

| 14 January | 14 July |
| 10 March   | 8 September |
| 12 May     | 10 November |

#### Finance Committee
(last Wednesday of the month from 12:00-1:30 PM)

| 29 January | 29 July |
| 26 February | 26 August |
| 25 March   | 30 September |
| 29 April   | 28 October |
| 27 May     | 25 November |
| 24 June    | 30 December |

#### RED & Asset Management Committee
(second Monday of the month from 11:30 AM-1:30 PM)

| 13 January | 13 July |
| 10 February | 10 August |
| 9 March    | 14 September |
| 13 April   | 12 October |
| 11 May     | 9 November |
| 8 June     | 14 December |

#### Resident Engagement Committee
(First Tuesday of the month from 10:00-11:30 AM)

| 7 January | 7 July |
| 4 February | 4 August |
| 3 March   | 1 September |
| 7 April   | 6 October |
| 5 May     | 3 November |
| 2 June    | 1 December |

#### Governance Sub-Committee
(third Tuesday of the month from 9:00-10:30 AM)

| 21 January | 21 July |
| 18 February | 18 August |
| 17 March   | 15 September |
| 21 April   | 20 October |
| 19 May     | 17 November |
| 16 June    | 15 December |

#### Marketing & Development Committee
(last Tuesday of the month from 10:00-11:30 AM)

| 28 January | 28 July |
| 25 February | 25 August |
| 31 March   | 29 September |
| 28 April   | 27 October |
| 26 May     | 24 November |
| 30 June    | 29 December |

#### Full Board of Directors Meeting
(first Wednesday of even months from 7:30-9:00 AM)

| 5 February | 5 August |
| 1 April    | 7 October |
| 3 June     | 2 December |

#### SAWKAW
(Friday in May/Nov 8:30-9:30 AM)

| 8 May | 13 November |

*Committee meeting dates may change to accommodate committee member schedules and holidays.