



MAY 31 – JUNE 2, 2022
ULI TECHNICAL ASSISTANCE PANELS

Reaching for the Future and Leaving No One Behind

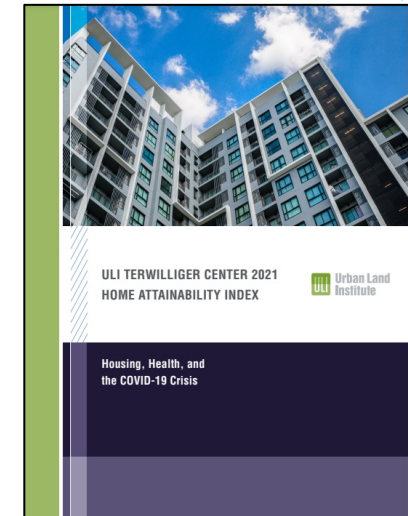


About the Urban Land Institute

ULI Technical Assistance Panel
Brooklyn Center, MN
May 31 – June 2, 2022

ULI Mission: Shape the future of the built environment for transformative impact in communities worldwide

- A multi-disciplinary membership organization with more than 45,000 members in private enterprise and public service
- What the Urban Land Institute does:
 - Conducts **research**
 - Provides a forum for sharing of **best practices**
 - Writes, edits, and publishes **books** and **magazines**
 - Organizes and conducts **meetings**
 - Directs **outreach programs**
 - Conducts Technical Assistance Panels (TAPs) and Advisory Service Panels (ASPs)



ABOUT THE TERWILLIGER CENTER

Established in 2007 with a gift from longtime member and former ULI chairman, J. Ronald Terwilliger.

The goal of the Terwilliger Center for Housing is to advance best practices in residential development and public policy, and to support ULI members and local communities in creating and sustaining a full spectrum of housing opportunities, particularly for low- and moderate-income households.

Thank you to our sponsor!



ULI Panelists and Staff

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Selected for their subject matter expertise to provide **objective, volunteer** recommendations

National and Local Panelists

Tom Murphy

ULI's Senior Resident Fellow
Washington, DC

Carlton Brown

Direct Invest Development, LLC
New York, NY

Katie Anthony

Schafer Richardson
Minneapolis, MN

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Greater Minnesota Housing Fund
Saint Paul, MN

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The Task

Scope and Panel Questions

Scope

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The City of Brooklyn Center housing supply is highly homogenous with the predominant housing style being a single story 1950s rambler.

- 37% of the City's housing stock is rental with the vast majority of the multifamily units constructed in the 1960s and early 1970s (primarily 1 and 2-bedroom units).
- 87 percent of the City's housing is considered naturally occurring affordable, with median rents affordable to those making 60% AMI.

The affordable housing supply has contributed to shifting demographics.

- 57% people of color, the most diverse community in the Twin Cities region.
- two decades of consistent disinvestment.
- large tracks of underdeveloped and vacant land in its central commercial district.
- development pressures increase the community is at risk of gentrification and displacement of its residents.

The City is currently undergoing a **master planning effort for an 80-acre area** of largely vacant commercial property. The vision is to create 2,000 new housing units in a mix of affordability's, while increasing the diversity of the City's housing supply and introducing new amenities, businesses and services to residents.

The City has undertaken a **city-wide housing study** to understand the housing stock, the gaps, and identify pathways to encourage investment while mitigating the harms of gentrification and displacement.

Panel Questions

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1. What are the **principles, policies and strategies** Brooklyn Center should consider to support a balanced supply of housing that provides housing opportunities to build wealth and ensure long-term resiliency for the community?
2. What are **key strategies to preserve the affordability** of this housing stock while supporting new investment to maintain the quality and safety of the units? What are the **best practices in prioritizing resources** for affordable housing relative to new affordable units or NOAH preservation?
3. What are the **methods for tracking risk factors and policies** for mitigating displacement due to gentrification?
4. Based upon the recommendation from questions 1-3, what are the **immediate and long-term policy, program and strategic implementation steps** and where should the city **focus their limited financial resources** to have the most impact for long term success?



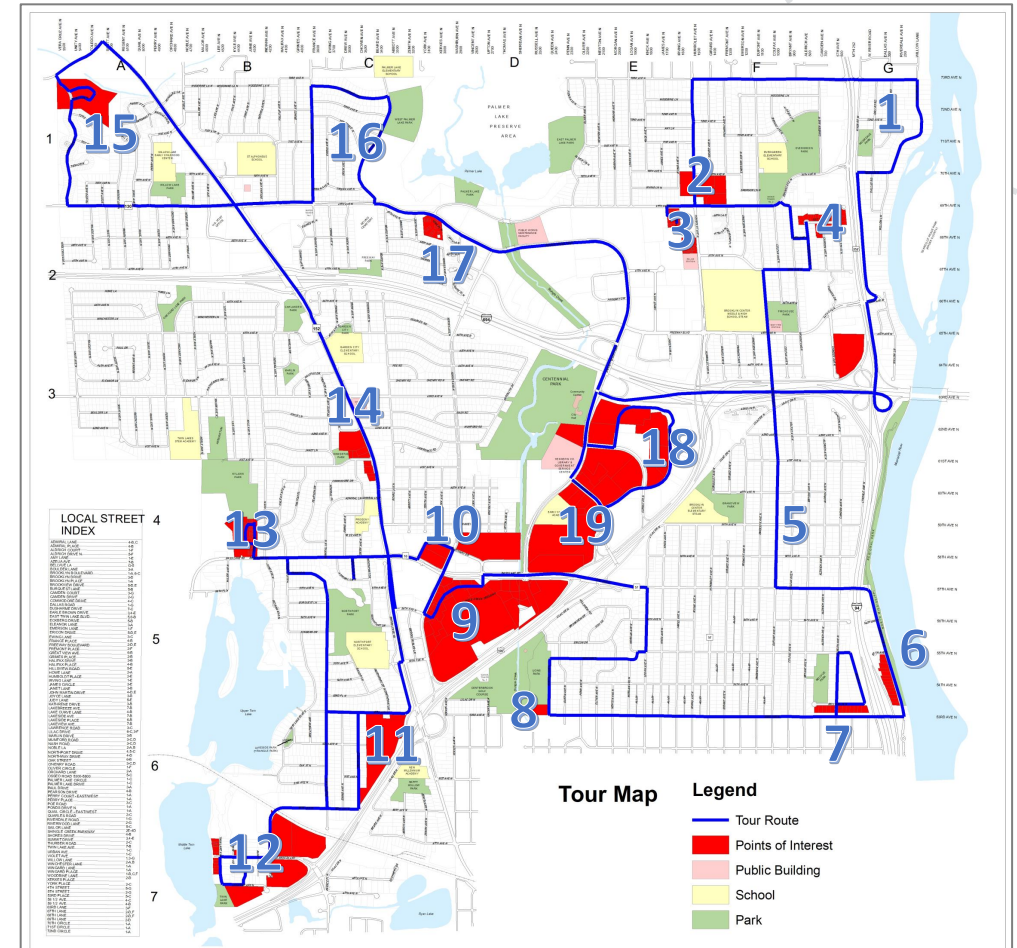
Credit: ULI

Panel Process – 2.5 Days

Subtitle

- Briefing Materials in Advance
- City Tour of neighborhoods and projects
- Briefing by City Staff
- Discussion regarding Housing Study
- Stakeholder Interviews – cross sectional
- Deliberations
- Presentation and Discussion of Recommendations
- Final Written Report (60 days)

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Panel Observations

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- Good Bones in Housing Stock
- Public Control of Land
- Ample, Quality of Parks
- Good Financial Position
- Transportation Access
- Forward Thinking
- Focus on Housing Affordability
- People want to live here
- Family Oriented, Culturally Diverse
- Engaged Community Members, Participatory Planning
- Perception Issue – Opportunity for Transformation



Overarching Principles

- Need a **Strong Housing & Economic Vision by City Leaders** – provide clear direction for the future, leadership to be bold, take risks and make decisions
- **Ensure Community Trust is Developed** - intentional inclusion, deepen participatory planning (learning, listening, acting)
- **Policies and Programs** need to be **aspirational while also being practical, achievable and enforceable** – funding, staffing and legal
- **Manage Community Expectations** for any new program or policy – goals and metrics to gauge success
- **Communication with residents and access to information** (current and future) is essential for success
- Consider the **connection between housing, jobs and transportation**
- The City cannot do it on their own – **partnerships with public, nonprofit and the private sector** will be important
- **High design values** that contribute to creative place making



Recommendations Increasing Benefits for Existing Residents

Increasing Benefits for Community Stakeholders

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- Tenant protections and anti-displacement strategies
- Wealth creation (economic opportunity)
- Inclusive development process
- Incubator and local business support

Increasing Benefits for Community Stakeholders

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Tenant Protections and Anti-Displacement

■ **Public Policy Options**

- Eliminate source of income discrimination (e.g., limits on public assistance to pay rent)
- Regulate tenant screening criteria
- Increase eviction protections/navigation support
- Evaluate feasibility of a Tenant Opportunity to Purchase Act (TOPA)
- Limit month to month leases
- Require relocation compensation (based on economic displacement or physical condition of property)

■ **Public Investment Opportunities**

- Expand rental assistance programs (potentially in partnership)
- Evaluate inclusionary zoning policy (flexible to meet specific community needs)
- Reinvest portion TIF funds from opportunity site to support the needs of renters within a quarter mile

■ **Housing Dignity and Quality**

- Follow CURA recommendations, including enforcement and incentives

Increasing Benefits for Community Stakeholders

Wealth Creation

- Increase Home Ownership – availability and access to fair lending
- Identify City ombudsman to work with banks – increase and grow existing efforts
- Identify equitable banking policies/holding banks accountable for CRA commitments
- Target resources to historically under-resourced communities
- Create opportunities for duplex/townhome owner-occupied small scale development
- Facilitate community land trusts – scattered site or part of opportunity site
- Support cooperative ownership models
- Create stronger partnership for financial literacy training
- Fund community information and education hub – centralized place to access resources
- Identify and adopt community preference policies
- Be part of community investment in the development
- Research value of community REITs (Nico example)
- Identify locations for business incubators to enhance local small business support

Increasing Benefits for Community Stakeholders

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Inclusive Development Process

- Ensure focused and deliberate investment of benefits from the opportunity site for communities that are at risk of displacement or have experienced disinvestment
- Evaluate merits of Community Benefit Agreements
- Adopt equitable contracting and hiring goals – partner with job training programs
- Determine land disposition policies in advance – public land for public benefit but not too prescriptive to meet a range of needs – clear enough so that people have reasonable expectations of the outcomes – people should know the answer before they spend the money
- Be deliberate in encourage the formation of neighborhood groups representative of the diversity of Brooklyn Center



Recommendations
Protect Naturally Occurring Affordable Housing
(NOAH)

NOAH Preservation

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Currently - abundance and quality of housing stock

- Rental and single family

Risk of not addressing NOAH

- Deteriorating property value
- Impact of lowest incomes residents
- Impact to surrounding neighborhood

More efficient than newer construction

- Cost ½ as much and twice as fast



Best Practices for Preserving NOAH

- Commit more resources to rehab
- Find an effective way to stabilize rents
- Speed to intervention
- Requires low cost/free capital
- Commit to existing owner partnerships or preservation buyer
- Ensure high-quality management

NOAH Preservation

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1. Work with existing owners/preservation buyers - multi family

- Work with existing owners – avoid acquisitions costs, only rehab costs
- Partnership with Non-profit - permanent affordability

Strategy:

- Continue strong code enforcement; if not successful consider Tenant Remedies Act where appropriate
- Know your NOAH inventory and owners
- Be attuned to industry intel
- Use inspection department to help determine properties at risk
- Have dialogue with existing owner - encourage off market transaction prior to bidding wars
- Create financing incentives – essential to secure participation
 - Rental rehab deferred loan program –compliance light with affordability
 - Create clear eligibility criteria
 - Require acceptance of Housing Choice Vouchers
 - Utilizing 4D when appropriate

2. Incentivize housing quality upgrades – single family

- Increase Owner Occupied Rehab Funds
- Apply for Mn Housing Impact Funds to support purchase/rehab



NOAH Preservation

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Mechanisms:

1. Create a Housing Trust Fund
 - Use Pooled TIF - Dedicate % to HTF
 - New TIF - Dedicate % to HTF
 - Dedicate a % of HRA Levy to HTF
2. ARPA 2023 installment - prioritize for preservation of existing housing stock
3. NOAH Impact Fund #2 – available fall 2022
4. Governor/House proposal – \$50 - \$100 million – need political support (housing stabilization bill)
5. Foundation and philanthropy grant funds



Recommendations Facilitate New Development

New Development

Create Clear Goals

- Create a resilient and inclusive Brooklyn Center
- Increase housing supply and diversity of housing options
- Decrease racial disparity in ownership
- Increase tax base / economic development



New Development

Clarify the Development Process and Make it Inclusive

- Formalize citizens advisory council for Opportunity Site and other city-owned sites
 - Use this structure to enhance participatory planning process while creating "one voice"
- Create clear guidelines for good inclusive development to guide development to meet community goals
 - Establish equitable development scorecard/community-based framework
 - Enable 'first pitch' from developer to be closer and outcomes more predictable (de-risks new development)
 - Consider establishing design/sustainability standards for high-quality architecture
 - Incorporate into PUD process by asking developers to answer design principal questions
 - Formal design standards for exterior materials, glazing, etc.
 - Reduce hurdles to good development – council consensus needed on long-term goals (what does a resilient Brooklyn Center look like in 25 years?)
- Create land disposition policy for city-owned land
 - Outlines Principles for development type that can be applied consistently
 - Establishes city priorities for redevelopment that are site specific
 - Creates opportunity to apply affordability expectations and deed restrictions, where desired
- Increase planning/housing staff capacity to implement a robust process

New Development

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Increase Housing Supply and Diversity of Options – Rental Housing

- Identify city-owned sites to target for small scale rental development
 - Match emerging BiPOC developers with experienced developers
 - Host emerging developer educational seminars (replicate or partner with City of Minneapolis program)
 - Partner with ULI on their Real Estate Diversity Initiative (REDi) - use Opportunity Site as a case study
 - Work with LISC and GMHF on the Developers of Color Capacity Building Program
 - Leverage Opportunity Site to create a mixed-use, mixed-income, high-density City-Center
 - Will act as a catalyst for development, but does not have to be everything
 - Focus density around Transit-Oriented sites
 - Identify and target alternative rental housing models such as cooperative housing, senior housing (continuum of housing), multi-generational format housing, missing middle housing
 - Create financing tools for multi-family and single-family rental housing development
 - Utilize tax-increment financing to incentivize private development (affordable and market rate)
 - Maximize public benefit through use of TIF – may include utilizing portion of TIF for AHTF
 - Utilize TIF pooling that pairs affordable and market rate multi-family development
 - Establish Affordable Housing Trust Fund to increase affordability within development proposals
 - Leverage public, private, and philanthropic sources to build and grow fund
- Work with developers on 9% and 4% tax-credit applications

Facilitate Homeownership

- **Ownership - expand ownership and 'move up' opportunities**
 - Identify city-owned sites to target for new home ownership development
 - Ordinance to allow Accessory Dwelling Units (ADU) for multi-generational families and additional rental opportunities
 - Create financing incentives for home ownership development
 - Apply MHFA Impact Fund for city-administered allocation to developers
 - Partner with community-based lenders to connect buyers with financing
 - Expand on City provided down payment assistance
- **Incentivize alternative ownership structures for increased access, wealth-building, or long-term affordability**
 - Lease-to-purchase opportunities
 - Townhomes/condos/cooperatives
 - Owner-occupied rental (duplexes, triplexes)
 - Family Housing Fund & Hope Community: Building Equity in Small Multifamily Ownership training program
 - Land Trust long-term affordability partnerships
 - Pocket neighborhood/village concept (with shared amenities)
- **Decrease racial disparity in ownership**
 - Identify goals for reducing ownership disparity in land disposition and developer subsidy agreements
 - Dedicated down payment assistance for first-time BIPOC buyers
 - Organized local resource point for homeownership education, financial counseling, buyer assistance



Immediate Actions

Financing and Staff Capacity

Hire Housing Coordinator (or partner with neighboring city)

- only job is to work on housing issues; meet with rental owners, tenants, neighborhoods, manage programs, housing commission, etc

Create Housing Trust Fund and Plan for Use of those Funds (designation and future thinking)

- Dedicate for Community Benefits Directly impacted by any development
- Home ownership renovation funds
- NOAH preservation to ensure quality and stability of lowest incomes
- Dedicate a portion of HRA Levy to HTF

Role of philanthropy (city staff task to track this efforts)

- New McKnight Foundation initiative (seed to plant)

Amend Sales Tax Proposal to close the gap on NOAH rehab funding

Immediate Actions

- Start to develop equitable development policies for contracting and hiring commitments tied to job training programs
- Start process on next phase of essential tenant protections – SOI protections, inclusive tenant screening, relocation fund
- Start creating a Housing Trust Fund and Increase Staff Capacity
- Aggressively advertise and connect people to financial literacy programs – need to start today to be ready for the opportunities
- Initiate conversations with sources of rental assistance so that they are ready to be deployed as developments occur (MPHA - Faircloth to Project Based and Metro HRA for project-based vouchers)
- Contact The Building Equity initiative (FHF, Hope Community, Build Wealth, etc.) to discuss develop a training program for small owner-occupied rentals

Q&A

Thank you!

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Website: www.Uli.org/Terwilliger