



## OFFICE OF THE CITY CLERK

DAWN M. JONES, CITY CLERK

### RESIDENTIAL NEIGHBORHOODS

APRIL 20, 2022, 4:00 P.M.

Committee Members Present: Karien White, Henry Davis Jr., Sheila Niezgodski, Canneth Lee, Amika Micou

Others Present: Georges Enderle\*, Amika Micou\*, Sadie Borkowski\*, Debby Applegate\*, Dawn M. Jones\*, Victoria Tujilo\*, Bob Palmer\*, Kat\*, Rachel Tomas Morgan\*, Sandra Kennedy\*, Dominique Edwards\*, Sharon McBride\*, Tim Spears\*, Alkeyna Aldridge\*

Presenters: Santiago Garces\*, Elizabeth Maradik\*

Agenda: Roll Call  
Discussion — Five-Year Housing Plan

Members marked with an asterisk (\*) are present digitally

Please note the attached link for the meeting recording:  
<https://docs.southbendin.gov/WebLink/browse.aspx?dbid=0&mediaid=354466>

Committee Chair Karen White called to order the Residential Neighborhoods Committee meeting at 4:00 p.m.

### DISCUSSION – Five-Year Housing Plan

Santiago Garces reported that housing is a significant component of the community's investment strategy. Housing can be broken into four (4) groups: market-rate rental, market owner-occupied, affordable rental, and affordable owner-occupied. For a housing project the following are required: land, regulation compliance, finance, contractors, and materials.

Generally speaking, five percent (5%) to ten percent (10%) of the housing costs are related to land acquisition, forty percent (40%) to fifty percent (50%) to materials, twenty-five percent (25%) to thirty-five percent (35%) accredited to labor costs, eight to fifteen percent (15%) for the architects and engineers, and eight to ten percent (10%) of the costs are for the developer fee. Funding can be derived from the following sources: ten to thirty percent (30%) from equity or private money, fifty to seventy percent (70%) from a private loan, and ten (10) to forty percent (40%) from the gap or city.

Santiago Garces reported that the cost of construction exceeds the appraised value (what the house will be worth after construction) everywhere in the city for both affordable and market-rate

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housing. Without support, projects cannot move forward, but if too big of a gap is covered, there are fewer projects that can be supported.

Building a house is a complex process that requires multiple stakeholders to come together. The City does not develop, own, or operate housing; however, it has a regulatory role regarding housing. The City helps in several ways to ensure housing projects move forward. The City provides city-owned land for projects, it supports site improvements, and demolishes blighted properties that cannot be recovered.

The new zoning ordinance update went into effect in January, 2020. It allows for additional housing types and flexibility in the city’s neighborhoods. It contains simpler language and processes that are easier to understand and are more inclusive. The city provides financing in the following ways: tax-abatements, gap construction grants, repair and restoration, support tax credits, housing counseling, and the CHC-subsidized mortgages.

Santiago Garces reported that the city wanted to make it easier to build a variety of houses and has developed pre-approved plans. The plans save five thousand dollars (\$5,000) to eight thousand dollars (\$8,000) in soft costs and time. They provide multiple options and choices in size and focus on missing middle/incremental development to build wealth and alternative income streams. The plans are to be released in Q3 of 2022.

Santiago Garces reported that two million five hundred thousand dollars (\$2,500,000) has been allocated to the home repair assistance programs. These programs are in their first (1<sup>st</sup>) phase which provides public feedback opportunities both in-person and online on the scope of programing. The team is working to develop parameters and announce target areas for the third (3<sup>rd</sup>) quarter of 2022. The second (2<sup>nd</sup>) phase is to be determined.

Two million five hundred thousand dollars (\$2,500,000) has been allocated to housing financing to help cover the housing gap. The solicitation to use these funds will be released in Q3. One million dollars (\$1,000,000) has been budgeted for home buying assistance. The lack of staff has made it more difficult to move forward with this program. Two hundred fifty thousand dollars (\$250,000) has been budgeted for the land bank. Next steps include conversations with the stakeholders and further development of the program.

The housing and community development plan is not a breakdown of actual housing projects. This is a required document that specifies eligible expenses for federal funding. In order to gain flexibility to support projects, as they are requested on an annual basis, a broad plan has been developed. As part of the application for HUD Community Development Block Grant (CDBG) funding, the city team must submit a five-year (5) development plan which outlines how the city may consider using CDBG funds in the future. The plan covers uses for CDBG, ESG, and HOME investment partnership funds from HUD.

The floor was opened to questions.

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Councilmember Davis asked why the city does not invest its time into supporting high-level efforts to correct more than fifty percent (50%) of affordable housing problems.



Santiago Garces reported that the city works closely with the housing authority to identify the needs where the city is able to intervene to help support and drive the outcomes to solve the problems. The answer to what the city needs to do is currently unclear; however, the city is working to identify the steps needed to work toward a solution.

Councilmember Lee asked, with two million five hundred thousand dollars (\$2,500,000) being allocated for home repair, how the city intends to make the funds available to residents of the community.

Santiago Garces reported that the home repair program is being adjusted based on community feedback. The city has hosted three community meetings to receive feedback from the community. Multiple criteria impact the speed and availability of funds. The more items that are eligible for the home repair fund the more conversations need to be had to discuss why they are included. The city is working to design a speedy and efficient process by learning from the past.

Councilmember Lee asked how the city can get its residents involved and registered in the programs that provide financial housing assistance.

Santiago Garces reported that it will be an open process and that, in the first (1<sup>st</sup>) round, the focus is on having units built. The best way for residents to engage is to attend meetings with the housing council.

Councilmember Niezgodski asked if any of the dollars discussed could be tied into the CDFI to leverage the dollars for individuals who want to build a home and cover the gap, and if the funding would apply to duplexes and townhouses. They also asked if any of the dollars could be used for developers to enter neighborhoods and build affordable housing in vacant lots.

Santiago Garces reported that there are large disparities among home ownership and that the city will continue to work to determine the best vehicle to put the money to use and address the gaps. He reported that the Community Homebuyers Corporation (CHC) can provide low-income residents with a mortgage up to one hundred thirty thousand dollars (\$130,000) to help the resident purchase their home.

Councilmember Niezgodski asked if Santiago Garces will be involved in the selection process with Dr. Lamburg to ensure that the city is working hand-in-hand with her to identify what is required from the city to cover the gap.

An unidentified speaker confirmed that the city will closely follow the selection process and that Dr. Lamburg has made open lines of communication with residents a priority. The city will be working to keep residents informed about the process and its timelines.

Santiago Garces reported that there is funding in place to help support the relocation of residents.

Councilmember Rachel Tomas Morgan asked for further information regarding the housing that needs to be constructed to meet the demand of the community.

Santiago Garces reported that there is a need for more low-income rental units. The needs of the community are dynamic, which makes creating a plan complicated.



Connor Damien, 17 East Broadway, asked if the council can find a way to intervene in the purchase of vacant properties to prioritize local residents as outside investors are purchasing the properties as a source of revenue and not investing in the community. He reported that forty-nine percent (49%) of city residency is attributed to renters and that he would like to see an increase in home ownership. He requested that the city review the way of purchasing a property through tax sales and provide money to rehab houses so they can be sold to new homeowners.

Rolanda Houston, 29 Riverside Drive, encouraged the council to prioritize innovative approaches that find ways to create housing per unit costs that are lower, as starting with a lower per unit price could allow more people to be granted homes.

Angela Blake, 817 Eastwood Side Street, reported that residents who possess vouchers are unable to find suitable units and their vouchers expire because they are unable to find a suitable residence within the one-year time limit.

Luna Hall, 184 Summer Drive, suggested that affordable housing is a basic human right and that everyone should be able to live in sanitary and stable housing. She suggested that plans should consider all residents and that the upscale housing is too expensive for people to afford.

John Haggin, 19575 Toole Avenue, reported that the city has been assigned responsibilities to ensure that the human right of housing is met. He suggested that if there are no metrics to determine if those rights have been met, then it cannot be determined whether the city has been successful at its responsibilities. The city's website reports document outputs rather than outcomes. He reported that the 2020 census report documented fourteen and six tenths' percent (14.6%) of total housing units are vacant, that the housing plan needs more substance regarding the vacant lots, and that the use of tax abatements for rehabilitation should be taken more seriously. He requested an update from the 2020 census to provide direction to the five-year (5) plan and that regular updates be provided on the progress of the five-year (5) plan.

John Shomer, 2513 Miami Street, asked if there are models from other communities that can be followed to identify the required number of housing units and how to track those metrics as they are dynamic.

Harrison Gilbright, 1245 Thistle Street, asked when residents can begin applying for home repair assistance programs, the house financing programs, and through what means will the public be informed about the process.

Santiago Garces reported that the timeline for the home repair program and the process will be shared with all citizens.

Katherine Reddy, 418 Terrace, reported that eighty percent (80%) of the housing stock in South Bend contains lead contaminants and that sixty-eight thousand (68,000) houses were built before 1978. A study showed that Black children living in homes built between 1950 and 1977 are six (6) times more likely to have elevated blood levels of lead than their counterparts. She asked what the city's plans are to ensure that these houses are being renovated.



Anne Manics, 1724 West Washington Street, asked if some of the money from the owner-occupied rehab can be reclaimed to be used for future affordable housing. She suggested placing a due on sale mortgage on the house for the amount of the rehab. She commented that the city could achieve affordable rental housing by allocating money and looking for developers that will agree to a four percent (4%) tax credit deal. If the city invests three million dollars (\$3,000,000), one hundred (100) affordable housing units could be built. She suggested that the city’s plans should focus on affordable rental housing and servicing the homeless population.

Sadie Berkowski, 910 East Donald Street, reported that many landlords turned down applications for rental assistance, which allowed them to break the lease with their tenants for lack of payment. Once the tenants were evicted, the landlords raised their rental costs. She suggested that because of mass evictions, many residents will not have the credit scores required to purchase a home despite the assistance programs. She suggested that credit forgiveness and rent-to-own functions should be built into the home ownership programs.

Councilmember Hamann suggested that if the city can assist with reinvigorating the neighborhoods, small developers can come in and provide low-income rental housing.

With no further business, Committee Chair White adjourned the Residential Neighborhoods Committee meeting at 5:45 p.m.

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Respectfully Submitted,

Karen White, Committee Chair

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