

**Mayor's Housing Quality Task Force**  
**Real Estate/Developers Roundtable**

**Date:** June 2, 2016

**Time:** 3:30-5PM

**Location:** City Conference Room 3B

**Present:** Chris Bornhoft (Windermere Commercial Real Estate), Geoff Asan (US Bank), Troy Sims (Opes Advisors), Marilyn Amato (Century 21 Beutler), Tom Weldon (Ideal-X), Lisa Key (City of Spokane), Kaitlin Larson (City of Spokane), Steve Hildahl (Windermere Real Estate/Cornerstone)

**Presentation:**

- Housing Quality Task Force Background  
*Presentation located on the [HQT webpage](#)*

**Discussion/Notes:**

**Foreclosures, Substandard, Abandoned:**

- Foreclosure process is onerous. Tightened lending requirements. Most properties purchased by investors and sold at higher prices. Difficult for first time home buyers to enter market.
  - There is not enough housing inventory to accommodate all of the first time home buyers. Subsidized lending products do not allow purchase of substandard properties, and most first time buyers don't have money to make improvements
  - The problems associated with foreclosure and/or substandard properties are too onerous for first time home buyers.
  - Group suggested making a list of repairs to the substandard housing and making fixes to the home. The cost of the repairs would be placed as a lien on the home.
- Expedited foreclosure process (legislation from Ohio applies to vacant properties).
- Stockton, CA program. Grants for improvements tied to property as a lien.
- Counselling is offered to foreclosed homeowners but many don't take advantage, owners tend to bury head in sand rather than communicate with lender or attempt to sell. Much more could be resolved and keep people in their homes if homeowners would communicate with the lenders.
- Incentives to demolish and rebuild vacant homes:
  - Incentivize the owner to repair the home by offering small grants that address health and safety and curb appeal.
  - Developing entire blocks is more attractive, focusing on an area for improvements is more appealing to the developer
  - On individual lot basis, would program to subsidize tipping fees encourage development?
    - No ability to get value
    - Higher density such as cottage style would be the only way to make it worth the investment for developers

**Affordability:**

- To a landlord, affordable housing = low rent = no interest in investing because there is little profit. Affordable homes must still be profitable. Affordable housing is not desirable to build because it is not profitable to the developer while there if funding available at the City to

develop affordable homes understanding how to apply for the funding and meet the criteria/guidelines is onerous for a small developer.

- 5+ units = commercial lending / >5 units = residential lending
- Is affordable housing a stigma or an actual challenge? There needs to be a balance between increased rents to allow landlords to maintain properties vs. providing enough affordable housing.
- If you open up a rental property to allow for affordable by accepting subsidized housing dollars then you must accept subsidies for all properties and make all “affordable” for people, thus resulting in a loss of income for landlord.
- Would low interest improvement loans to landlords be of interest to landlords? Yes, but process for obtaining lending is onerous. (Incentives to landlords to borrow money for improvements would be attractive at a cheaper rate and easier to obtain money than from banks).
- Affordable housing has different meanings. Sometimes includes working professionals like teachers and firefighters. Some options to increase units include rezoning, placing housing in places that are not traditional (ie container homes). These properties are not what most people would look at and consider affordable housing.

### Zoning:

- Zoning regulations make it difficult to build various types of homes in a neighborhood because of the restrictions.
  - Zoning restrictions do not allow for density.
  - **Solution:** provide a zoning overlay in select areas to include other types of zoning allowances so that development may occur.
  - Residential compact zoning is attempting to provide options for infill but regulations still need to be reduced.
  - Most housing developments are building large unit complexes or single family. Medium sized/infill development is restricted by zoning/costs/land available in urban areas. Land is more readily available around the periphery of the municipal boundary however the roads are not paved and not desirable to the developer and the buyer.
- Would a zoning overlay (targeted investment area) to increase density allow for more investment? Yes. A focus in historic neighborhoods would be a solution to have more development in urban areas.

### Other

- Ownership is more desirable but market is dictating that many people rent but as millennials reach about 35 years old they begin to buy. Inventory is limited for first time home buyers.
- Re foreclosures. Program to transfer title in lieu of foreclosure (deed in lieu). But still damages consumer’s credit.
- Term: White elephant = A property that is so much better than other homes in the neighborhood, but the value is diminished because of condition of the surrounding properties. This type of development is not desirable because of the cost to build is lost by the depreciating value of homes that reside next door/surrounding area.
- Code enforcement is an area where the city could play a big role, make it more aggressive and easier to do outreach to SNAP, Habitat, the Arc and Community Frameworks (the agencies helping first time homebuyers – to see what they need to help people buy housing)
- Compile and maintain a list of vacant/poor quality properties for infill developers
  - As I mentioned, my agency has had a difficult time finding infill sites for redevelopment.

- Utilize neighborhood plans and planning process, neighborhoods should capitalize on its strengths and be empowered to fix things with city help. Positive branding alone is a big deal for a neighborhood.

### **Recommended Strategies:**

- The City should invest in better infrastructure (paved roads and sidewalks) to encourage more investment by property owners and developers. This would add curb appeal to properties.
  - Include bike and pedestrian infrastructure with improvements.
- Grant program to improve foreclosed homes, for first time homebuyers. Target certain areas of town. First time home buyer would have to meet income qualifications so as to not benefit developers or wealthy buyers. Criteria would be placed on the program for the types of suitable improvements. Improvements should be focused on things that bring health and safety to the property and exterior improvements (curb appeal).
  - Program to research and implement: The Avista energy savings improvement program (new doors, insulation). City to create similar program to incentivize smaller investors and owners to make improvements. Program could include grant dollars available to the property owner, landlords, and developers.
- Partner with Real Estate agencies on their lending programs to create a package of benefits to encourage people to purchase property in a target area. This could include focusing on foreclosed/abandoned properties in that area.
- Two suggested focus efforts:
  - Areas where there is high number of foreclosures, substandard, abandoned and vacant property.
  - Areas where there is a “tipping factor” that when improvements begin to happen then other neighbors begin to also make improvements thus improving the overall neighborhood. (Trickle-down effect of small improvements, inspiring other people in neighborhood to invest)
- Paving dirt roads/create sidewalks/infrastructure
- Zoning to promote infill
- Allowing for more affordable retail to be developed in the neighborhoods or by utilizing/demolishing foreclosed, substandard, vacant, and abandoned property. This helps to create a sense of place for neighborhoods. Some developers who receive local and state funding rank higher on the list for approval if they can locate new development near schools, grocery stores, transit, jobs...etc.

### **Legislative Recommendations**

Expedite Foreclosure process (See, Ohio bill)