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Kent County to launch affordable housing revolving loan fund with initial $58M

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The Kent County Board of Commissioners on Thursday voted to adopt parameters for an affordable housing revolving loan fund that will launch with an initial $58 million to support rental and for-sale housing development in the county.

Kent County last December appropriated $17.5 million in American Rescue Plan Act (ARPA) dollars to create the loan fund.

In addition to approving parameters for the fund, the commissioners on Thursday authorized the county to negotiate with Chicago-based nonprofit lender IFF to administer the fund.

IFF will provide a "2.33:1" match, the county said, adding more than $40.83 million for a total amount of just over $58.3 million.

Josh Spencer, director of strategic impact for Kent County, told *Crain's Grand Rapids Business* that the loan agreement with IFF will be for a period of 30 years and a decision will be made after that time whether to continue the fund.

"We are actually going to be working with our regional partners to try to raise additional money to go into the loan fund so that we can grow it even more," he added.

Board chairperson Stan Stek said in a statement Thursday that the fund "will be transformative for Kent County families who desperately need more affordable housing options." He said Thursday's vote was only to establish the fund, and the board will vote on the creation of an advisory committee to govern allocations at a future date.

The fund parameters

A resolution included with the board's Thursday agenda spells out the fund's parameters:

- Rental projects will be priced for households earning at or below 80% of the countywide area median income (AMI), which is currently $71,600 for a family of four in Kent County.

- Homeownership projects will be priced for households earning at or below 120% of the countywide AMI, which currently is $107,400 for a family of four.

- All projects will be required to maintain affordability requirements for at least 20% of the housing units for a period of at least 10 years or the length of the loan period, whichever is longer.

Additionally, the resolution includes two "aspirational" goals:

- Homeownership projects will comprise 10% of all units approved.

- Sixty percent of the units approved will be leased or sold to households earning 80% or less of the countywide AMI.

During the public comment period of Thursday's meeting, eight county residents voiced support for the affordable housing revolving loan fund, but several also noted that the proportion of funds dedicated to increasing homeownership is not high enough.

Ted Hartzell is leader of the housing team for Together West Michigan, a coalition of 19 community organizations representing 18,000 citizens across the region.

He expressed disappointment that the board did not adopt his organization's "50 by 50" proposal, which called for 50% of the housing units created by the fund to be owner-occupied by the 50% mark of the fund, or within 15 years. He said this would help Kent County residents build generational wealth and stability.

"Surely, Kent County in some fashion ought to keep before itself the guiding light goal of increasing homeownership steadily through the life of this unique and consequential fund," he said during the meeting.

He noted that the 2023 Kent County Housing Needs Assessment found that of the nearly 35,000 additional housing units that will be needed by 2027, two-thirds of the demand would be for owner-occupied units.

Spencer reiterated to *Crain's Grand Rapids* that the 10% of the fund that's set aside for homeownership is just an "aspirational" number, and the committee plans to shoot for an even higher target and review the goal continually.

"It doesn't preclude IFF from providing loans for up to 60% of projects being homeownership — it's really more aspirational at this moment that it will comprise 10% homeownership and 90% rental, but we want to hit that 10% goal and then keep increasing that percentage because that's part of what we need in our region," he said.

Hartzell also called for more transparency surrounding decisions about the loan fund, as the parameters and terms of the agreement were drawn up during a closed work session.

“We feel it was a violation of public trust for the (12)-member advisory committee to create this document behind closed doors,” Hartzell said. “We urge openness from this point on. Openness and trust will be vital for a fund that will start at $58 million and could reach as high as $200 million.”

It was not clear where Hartzell obtained the $200 million figure.

According to a memo included with Thursday’s agenda, the revolving loan housing fund advisory committee included three elected officials: Board of Commissioners Vice Chair Emily Brieve and commissioners Dan Burrill and Stephen Wooden.

It also included three county staff members: Spencer; Administrator Al Vanderberg and management analyst Sandra Ghoston-Jones.

Community members on the committee included Ryan Kilpatrick, lead consultant with Housing Next, owner of Flywheel Community Development Services and senior program adviser of the DeVos Family Foundation’s Facing Home Initiative; Brooke Oosterman, director of policy and communications for Housing Next; Ryan VerWys, president and CEO of ICCF Community Homes; Monica Steimle-App, senior vice president at Rockford Construction Co.; Eureka People, president of Housing Kent; and Brad Kessel, president and CEO of Independent Bank.

VerWys said during the meeting Thursday that he appreciates that homeownership was always looked upon as a “central part of the vision” for the loan fund.

“I appreciate the support from Together West Michigan, pushing that even further into our focus,” he said. “I am hopeful that this will be a transformational investment in our community. We want this community to be a place where people of all walks of life can belong and have a place and have a stake in this community.”

Oosterman told *Crain’s Grand Rapids* during Wednesday’s Grand Rapids Policy Conference that she is eager to see the revolving loan fund move forward and begin allocating awards.

“What I’m really excited about is that impact investment amount,” she said after a presentation at the conference. “So when you look at the local investment of $17.5 million into the fund, that already is a really big deal, but the fact that it leverages additional dollars and creates $58.3 million of impact, through this partnership that’s been identified with IFF, that’s a huge opportunity for us — the solidifying of that partnership.

“Once details like this are shored up, we can start moving forward and start pushing projects through the pipeline, get that financing out the door and see new units come online.”