

INVEST: Imagine New Value and Economic Stability Together

What does this program package try to accomplish?

The intent is to increase neighborhood stability, grow individual and family wealth in Gainesville's black communities and increase access to affordable/attainable housing overall.

Below are three programs (maybe four) intended to do exactly this. Each of these is left intentionally unfinished and open for discussion. Details need to be added, but will depend on the extent to which the commission wants to proceed. Each, however, is within the ability of the Gainesville City Commission to enact in less than 90 days if we possess the will to do so. Individually, each will advance the causes listed above. As a package they will be an exceptionally powerful tool to stabilize neighborhoods, grow wealth and increase access to housing.

Welcome Back is a program for the City of Gainesville to invest in neighborhoods by acting as a financial partner with individuals who want to move back into the neighborhoods where they grew up and buy, build or renovate a home. The program would also be open to applicants already living in those neighborhoods.

All in the Family is a program for the City of Gainesville to assist thousands of "Heirs' Property" homeowners clear the title to the homes and land they consider their own so they can take full advantage of the property rights that should have been theirs all along.

The Price is Right is comprised of two program options for the City of Gainesville to put developable, city-owned property into the hands of businesses and non-profits that can build quality (as defined by the city) affordable (again, as defined by the city) rental housing OR use that property to create a working community land trust that will create home ownership opportunities OR some combination of both options.

Welcome Back

With this program the city will give \$25,000 each to successful applicants to **purchase, build or renovate** a single-family home in a traditionally Black neighborhood. The main idea is to help people move “home” to neighborhoods where they grew up and invest in their own future and the future of the neighborhoods.

Who would qualify?

Individuals who spent at least three years growing up in the neighborhood where they want to move OR current residents of any age who already reside in the neighborhood in question. Applicants would need proof of that prior or existing residency, and would need to complete an application that demonstrates their plan to purchase, build or renovate a single family home in the specific neighborhood. They would also need to complete a city-approved financial literacy and home-ownership course. Successful applicants will agree to maintain primary residence in the home for a minimum of five years. If the applicant fails to maintain residency, full repayment plus ten-percent annual interest for the remaining years will be due to the city. If the property is foreclosed on prior to the end of five years, full repayment plus ten-percent annual interest for the remaining years will be due to the city.

How would the \$25,000 be distributed?

For home purchases, the city would make the payment as part of the purchase price to the seller at closing on behalf of the applicant. For applicants who choose to build a home, payment would be made as part or all of the purchase price of a lot to the seller at closing on behalf of the applicant OR to an approved contractor on behalf of the applicant or to an approved materials vendor on behalf of the applicant. For renovation applicants, payment would be made to an approved contractor on behalf of the applicant or to an approved materials vendor on behalf of the applicant.

How would the program be administered?

The program would be administered through the city, which would begin by funding a one million dollar account, which would facilitate 40 individual investments. The city would work with the city’s purchasing department and the Office of Equity and Inclusion to create a list of approved contractors and materials vendors who will accept payment directly from the city on behalf of the recipient. The city finance department would create the application and with the city communications department would publicize the program. The city would accept and process applications on a first-come, first-served basis. A report of results would be made to the city commission on a quarterly basis.

Does this program promote equity?

Yes. The program could be specific to traditionally black residential neighborhoods. Approved contractors and vendors will be subject to the city's equity lens.

All in the Family

With this program, the city will directly address helping to clear the titles of the hundreds of heirs' properties within the city limits, which directly impacts quality of life and ability to grow wealth in traditionally black neighborhoods.

What is "heirs' property," and why does it present a problem?

"Heirs' Property" is a legal concept that occurs when a property owner dies without a legally-sufficient will passing the property to a beneficiary. When this happens ownership of that land does not smoothly and legally transfer the way the owner might have wanted. Instead, legally, the property is divided among the deceased's heirs. As more generations die without leaving wills, the property is further divided among successive generations, leaving each "owner" with a smaller fraction of interest as time moves on. In some cases, families handed down property this way on purpose. They did not trust the courts to effectively handle their will so they assumed this method would keep their land in the family. But the dilution of ownership interest over time actually creates a crisis for the relative living on the land. In more technical terms, heirs' property is "a form of default collective ownership where descendants receive a fractional interest"¹ in a piece of property. That interest decreases exponentially as the fractions increase geometrically with successive generations.

A person might live on property handed down to them for years and consider it theirs. But, this person cannot claim clear title to the land because the deed has not legally transferred to them. This means that even an owner who has lived on and cared for the property in question for decades likely can't borrow money against it, can't substantially improve it, can't receive federal disaster relief for it, can't properly insure it ... but *can* be forced off of it with little recourse.

While not unique to the south, or to landowners of color, this is most distinctly felt by African-Americans in southern states. After generations of family land passing without wills, there are many parcels that are home to one family but legal ownership is actually divided among many of their distant relatives. Although this has historically been a

more rural issue, happening on land used for agricultural purposes, it is increasingly an urban/suburban problem as cities grow over time. The problem for owners is clear: The Great American Dream of property ownership becomes ephemeral at best and burdensome at worst for the primary owners. Their literal equity exists only as an academic exercise rather than as a tool for greater social equity and legal standing. These primary owners deserve for their legal rights to match their use of the land.

How does this affect the community beyond the property owners?

When the property exists inside an urban/suburban setting it creates a problem (or at least a series of lost opportunities) for the municipal entity and the community as a whole. Properties that exist for years - generations - without clear title are at greater risk of slum and blight, which affect the value and potential of surrounding properties. One plot of heirs' property can pull down the value - taxable and otherwise - of an entire block.

Are there problems with heirs' property in Gainesville?

Yes. A recent Florida Bar Journal article indicates that within the limits of the City of Gainesville there exist 833 heirs' properties, and that they are primarily located in "several historical working-class, predominately African-American neighborhoods."

How could the City of Gainesville help the owners of heirs' property gain clear title to their homes?

An effort to bring clear title to only properties inside the city limits could easily and positively impact thousands of owners, most of whom are black. In the process, the surrounding neighborhoods would have the potential to improve, and the taxable value to the larger community would have the opportunity to increase by four or five times current value. The process of clearing title, however, is costly and complicated for individual, inexperienced heirs to maneuver.

If the City of Gainesville were to commit resources - preferably in cooperation and partnership with Alachua County - to a program that helps all of these fractional-interest-owning heirs develop clear title to their properties it would be a threefold investment in increased long-term tax revenue, neighborhood improvement, and most importantly, racial equity. In fact, there may be no more-tangible tool for equity empowerment and racial reconciliation than helping to cure this singular inequity.

What would the benefit be to other city residents?

If we conservatively assume that each property is worth only a low \$25,000 each, the total value represented in Gainesville alone is greater than \$20 million. By allowing the property owners to follow the natural course of clear-title ownership, the taxable value of

their properties will eventually rise to triple or quadruple the current values, benefiting everyone in Gainesville.

How might the city be helpful in solving this?

By creating and funding an Office of Heirs' Property Assistance and empowering staff to reach out to known owners of heirs' property with the tools to help them work toward a clear title at no cost to the owners OR by directly investing in an existing program already doing this work. Partnerships for this department could be found through the court system, through Alachua County government, through non-profits such as Three Rivers Legal Services, through private attorney partnerships and through the University of Florida College of Law. While partnerships are key to successfully providing all the assistance necessary, without a lead agency such as the City of Gainesville intentionally providing direction and accountability, the problem will not only persist, but become more difficult to solve with passing generations. The end result would be empowering thousands of property owners whose families have been generationally deprived of their rights of ownership, as well as improving neighborhoods and increasing the value of the city's tax base.

Who would administer the program?

Funding and administration could be provided through the city, or a direct grant to an existing program with city restrictions and oversight could achieve the desired result.

Does this program promote equity?

Yes. The people whose titles are being cleared are going to be almost exclusively black, with a demonstrable history of lost value/wealth due to systemic racism.

The Price is Right

Option A

The City of Gainesville owns many acres of land across the city, and for our purposes here, in traditionally black neighborhoods. It can be disbursed for the express purpose of creating affordable rental housing, and legal safeguards can be put in place to guarantee that they will remain affordable.

Why does the city own residential land and what could we do with it?

The city's role in accumulating this property has varied from intentional "land-banking," or aggregating available properties for the right time and right use to somewhat accidental ownership and everything in-between. We are at a place now where it is logical for the city to disburse those lots to businesses and non-profits with the organizational and logistical capacity to build high-quality, low-cost rental housing on them.

How would the city choose which entities get the land?

The city could post a competitive Request For Proposal (RFP) that explicitly names the desired quality and rental affordability desired and judge the responses received by businesses or nonprofits on those metrics as well as their track record in providing such services in the past.

What price would the city charge the potential developers?

Ideally, nothing. As long as the winning proposals are within the specified ranges of quality and affordability, it is in the best interest of the people of Gainesville to get the apartments built and filled as quickly and affordably as possible, while maintaining high standards of quality. Charging market rates for the land transaction pushes the cost of the eventual rental higher. The city's partnership in this is provision of land.

Could commercial development also be a part of this program?

Yes. RFP's could be written for some of the available property, depending on current land use and zoning, to include retail space, including groceries, if that is what the city wants to encourage. We should keep in mind that the thing most likely to attract commercial retail opportunities, however, is residential density. If there is enough density, retail will likely follow. So there is a balancing act that will need to be considered.

How quickly could construction begin on a program like this?

Depending on the complexity of the RFP's desired by the city commission, distribution of the properties could begin by the end of this calendar year and construction could begin shortly thereafter.

Does this program promote equity?

Yes. By being intentional about through the RFP process the city can require specific metrics of quality and affordability, and can require that successful proposals follow the city's equity lens framework.

OPTION B

Another option for this city-owned residential, developable property would be for the city to distribute all or part of it to a community/urban land trust, either new or existing, and for the city and the land trust to partner with a non-profit developer such as the Gainesville Housing Authority, Habitat for Humanity, NHDC or similar organization. The development partner would develop either single-family homes for sale as part of the land trust or it could develop multi-family rental units.

This would still need to be subject to a competitive bid/RFP process.

What is a Community Land Trust? The Atlantic Monthly defines a Community Land Trust as a legal device “through which a local nonprofit acquires a parcel of land and pledges to use it for purposes that benefit the neighborhood, whether that be food production or affordable housing. In the housing model, the nonprofit builds a home on the land and sells it to someone in need. But the nonprofit retains ownership of the land that the house sits on, leasing it to the homeowner for a designated time period, typically 99 years. Dividing the structure from the land has two important benefits: It ensures that the land won’t be sold to developers by keeping it in the community’s possession, but still allows people to buy a home and earn equity on the structure. As part of the deal, the home will always be affordable. The lease between the homeowner and the nonprofit sets a fixed rate for the house’s appreciation, so that the homeowner builds equity while still keeping the price down for the next buyer.”

Could commercial development also be a part of this program?

Yes. Some portion of the land could be developed for retail or other commercial purpose as part of the competitive process. It could be part of the land trust or handled as a separate piece. As with the first option, however, If there is enough residential density, retail will likely follow. This should be taken into consideration.

This sounds really complicated. Is it?

Yes. A funded, fully-operating urban/community land trust would be a new program for our community, although there is at least one (Communities That Care) that has been in existence for a few years now working to gain traction. There is also a ballot measure for the county appearing in November that would mandate the existence of such a land trust, but it is not specific, nor is it funded. The Alachua Conservation Trust has operated for many years very successfully for rural land conservation in our community, but an urban/community/housing trust would operate differently.

Just because it's complicated doesn't mean we shouldn't do it. There are other communities across the nation that have successfully been using programs like this for decades. It is certainly possible.

Does it build wealth?

Yes. Homeowners in the land trust would own and build equity in their homes, but not own the land they sit on. The community benefit of this is that it keeps housing prices in the trust under control.

Does this program promote equity?

Yes, but less directly than the other ideas represented here. The city's main connection to the land trust would be the donation of land, so it would be important that concepts of equity are built into the charter of the trust.

Commissioner Harvey Ward

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