Committee of the Whole Report
July 29, 2024

Members Present: Talbott, Barbagallo, McCann, McClure, Gillam, Tadio, Adams, Whitcomb
Members absent: Heck, Davis, Savage

Others Present: Scott Graves, Gwynn Zakov, Attorney LacChance, Gordon Dritschilo, Merry Potemski

The meeting was called to order at 5:30pm.

The purpose of the meeting was to discuss the "Breaking Housing Matters" initiative presented by Scott Graves. The initiative aims to address the housing crisis by reallocating household income back into the local economy and personal savings rather than being spent on housing costs.

Key points of the initiative presented by Mr. Graves:

- Economic Tool: The initiative proposes that no homeowner or tenant should pay more than 25% of their income on housing.
- Local Housing Subsidy Fund: A nonprofit entity would manage a subsidy fund, sourced from five major stakeholder groups: government, philanthropies and foundations, banks, landlords and developers, and houses of worship. This independent fund aims to outlast any single government administration and maintain a sustainable support system for housing costs.
- Implementation: The initiative requires individual municipalities to pass an ordinance to adopt this model. The presentation emphasized that this bottom-up approach allows local governance to tailor the fund and its stipulations to their specific needs.
- Financial Projections: The subsidy would significantly benefit households currently spending over 50% of their income on rent. For instance, a household earning $2600 per month would receive a subsidy of $546 monthly, freeing up $6552 annually for other expenditures or savings.
- Funding Requirements: The initiative estimates a need for $9.1 to $20 million annually to support eligible households within the city.

Questions and concerns posted by the Committee included:

- Market Impact: Committee members expressed concern about landlords potentially increasing rent due to the subsidy. Mr. Graves assured that the initiative is designed to work within current market mechanisms and highlighted the need for local governance to decide on caps and other specific stipulations.

- Availability of Housing: While the initiative primarily addresses affordability, questions were raised about its impact on increasing housing availability. Mr. Graves noted that the initiative could attract developers by offering a stable tenant pool and potentially be coupled with other local development efforts.
- Examples of Implementation: This initiative is the first of its kind, and there are no other municipalities currently implementing it. Mr. Graves chose to pilot it in his current community to potentially set a precedent for other similar cities.
- Involvement of Stakeholders: The process of engaging financial institutions and developers has begun, and initial responses have been positive. Stakeholders see potential benefits in stabilizing the housing market and the community.
- Interaction with Existing Subsidies: Concerns were raised about how this initiative would integrate with existing housing programs, such as senior housing developments with rent based on 30% of income. Mr. Graves indicated that local governance would need to determine the interaction with such programs.

The committee took no action. A future meeting on the topic will be scheduled if and when Breaking Housing Matters has made more progress in securing funding and assembling the nonprofit board to manage the subsidy fund.

The meeting adjourned at 6:13pm.