

Affordable Housing Funding Policy Referral

HOUSING, SAFETY AND COMMUNITY COMMITTEE

JUNE 3, 2024

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Today's Discussion

- ▶ Referral Summary
- ▶ Housing Investment Summary
- ▶ Overview of Housing Bonds
- ▶ Housing Investment Goals
- ▶ Housing Development Priorities & Prioritization
- ▶ Discussion and Next Steps

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Referral Summary

► Policy Question

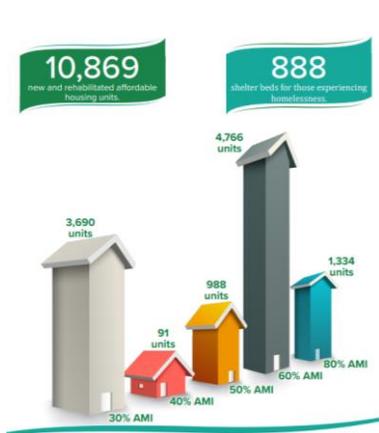
- Are there opportunities to balance multiple priorities surrounding the city's affordable housing activities and investments to more strategically align community needs to available city resources?

► Committee Charge

- Examine best practices to guide affordable housing investments across various housing types and activities
- Engage stakeholders to help inform prioritizing investments to support affordable housing activities to meet community needs
- Evaluate best practices, housing innovations and public-private partnership models that have potential to maximize and leverage the impact of the city's investment for the community
- Develop recommendations for creating investment goals across affordable housing categories to help direct city housing investments through local funding sources, for consideration by full City Council

HOUSING: STORY

Traditional Focus on Housing Unit Production



More Holistic Focus on Resident Outcomes



Residential Stability



Neighborhood Affordability



Economic Mobility

Affordable Housing for Everyone

Neighbors who help us every day



Childcare Worker

Annual Salary: \$23,320



Construction

Annual Salary: \$49,525



Non-Profit Manager

Annual Salary: \$60,000



Janitors & Cleaners

Annual Salary: \$24,600



Healthcare Social Worker

Annual Salary: \$52,416



Teachers and Education Support

Annual Salary: \$49,712



Cashiers

Annual Salary: \$21,890



Passenger Vehicle Driver

Annual Salary: \$29,980



Fixed Income

Veterans, Seniors, Disabled
Various AMI levels

*Source(s): U.S. Census, National Housing Conference, Paycheck to Paycheck Data Base, Indeed

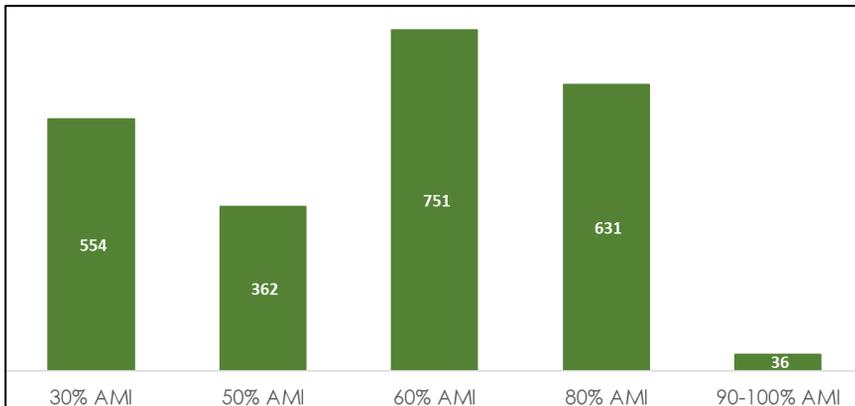
Across all funding sources, City Council has invested in over 2,200 affordable housing units since January 2023.

Affordable Housing Unit Investments by Type (2023-2024)

Housing Type	Total Affordable Units	Investment Amount	% of Total Investment
Multifamily New Construction	1,261	\$39,550,000	58%
NOAH Acquisition & Rehabilitation	358	\$10,400,000	15%
Homeownership	270	\$9,656,752	14%
Home Repair & Rehabilitation	381	\$5,927,260	9%
Supportive Housing	64	\$2,432,000	4%
Total	2,334	\$67,966,012	

Across all funding sources, 40% of affordable housing units approved/preserved since January 2023 serve households at 50% and below AMI.

Affordable Housing Unit Investments by AMI (2023-2024)



Affordable Housing Investments at Work in the Market

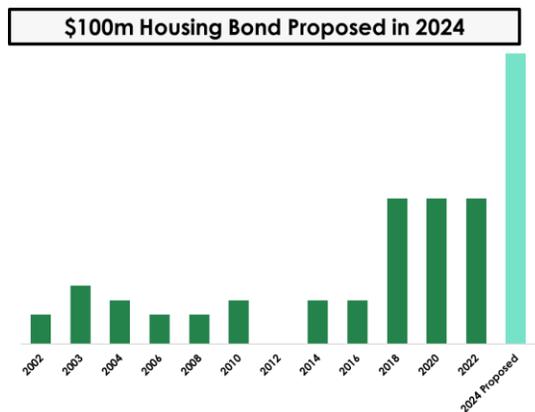
- ▶ **Income restricted units ensure access to affordable housing and protect residents from displacement**
 - 40% of all rental units affordable to households at 30% Area Median Income and below are part of the Housing Trust Fund portfolio
 - 25% of all rental units affordable to households 31 to 60% Area Median Income and below are part of Housing Trust Fund portfolio
- ▶ **Income restricted units fill a market gap and help Charlotteans access homeownership**
 - 12% of new rental units coming online 2021-2023 had affordability restrictions through Housing Trust Fund investment
 - An estimated 3% of homes sold for \$315k or less 2021-2023 powered by Charlotte homeownership assistance

Housing Affordability: Supply, Leverage and Partnerships



Housing Investment is Scalable

- ▶ **Increased housing investment enables:**
 - Support more households
 - Keep up with escalating costs
 - Scale pilot models to meet demand
 - Test innovations
 - Expand homeownership
 - Free up other funding sources for other activities and priorities



Housing Bonds in North Carolina

▶ North Carolina General Statute 159-48

- Capital costs of providing housing for the benefit of low- and moderate-income persons
- Construction, infrastructure, property and land acquisition
- The costs of doing any or all of the things mentioned...any other services, costs and expenses necessary

▶ Restrictions: No rent subsidies shall be paid from bond proceeds

▶ From 2012 to 2022, collectively the six largest cities in North Carolina issued \$443.7 million in housing bonds, with a wide range of programmed uses

Housing Bonds in North Carolina

	Charlotte \$180 M	Raleigh \$80 M	Fayetteville \$12 M	Greensboro \$55 M	Winston-Salem \$21.7 M	Durham* \$95M
Development Gap Financing	✓	✓	✓	✓	✓	✓
Multifamily Preservation	✓	✓		✓		✓
Shelter & Supportive Housing	✓	✓		✓		✓
Home Rehabilitation & Emergency Repair		✓	✓	✓	✓	✓
Site Acquisition	✓	✓				
Downpayment / Homebuyer Assistance		✓	✓	✓		✓
Revolving Loan Funds			✓	✓		
Administration, Technology, Housing Studies				✓	✓	

*Durham: Activities may include other funding sources

Anti-Displacement Investments

- ▶ **The NEST Commission has made specific programmatic recommendations to protect residents of moderate to high vulnerability of displacement.**
- ▶ **Of these, the following are eligible uses for Housing Bonds:**
 - House Charlotte Plus
 - Acquisition, Rehabilitation and Resale (ARR)
 - Accessory Dwelling Units (ADUs)
 - Rehab/Preserve Small NOAH Communities
 - Small Landlord Investments
 - Shared Ownership Models

Rental Housing Production

- ▶ **New Multi-Family Rental – Traditional Model**
 - Tax credit developments achieve greatest financial leverage
 - Limitations – number of awards, unit size/composition, locations
- ▶ **Rental Production – Other Models**
 - Mixed-income developments (20% at 60% threshold)
 - Accessory Dwelling Units
 - Small landlord investments
- ▶ **Innovation Opportunities:**
 - Integrate Housing *And...* models in multi-family rental production
 - Expand and scale other models of rental production
 - Activate the private market through incentives (e.g., UDO allowances, property tax incentives)

Site Acquisition

▶ NOAH Acquisition & Rehab

- Current portfolio has prevented potential displacement of over 1,600 households

▶ Land Acquisition

- Areas zoned for Transit-Oriented Development (TOD) and areas vulnerable to displacement

▶ Acquisition, Rehab, Resale Revolving Loan Fund

- Single and portfolio (e.g., when investors divest)
- Also creates homeownership opportunities

▶ Innovation Opportunities:

- Integrate Housing *And...* models in NOAH communities
- Strategic acquisitions around NOAH, TOD, and land that helps meet other city goals and priorities (e.g., purchasing land in D6 and D7)
- More prescriptive use of city-owned land (e.g. fit studies, test out innovations)

Homeownership Opportunities

▶ Production of new, for-sale affordable homeownership

- Multiple models – single-family attached and detached, condos, land trust, etc.

▶ Flexible homeownership assistance

- House Charlotte and other downpayment assistance programs

▶ Acquisition, Rehab and Resell Revolving Loan Fund

- Also noted under Site Acquisition

▶ Innovation Opportunities

- Shared equity, shared ownership and social housing models
- Alignment with and leverage of other investments in downpayment assistance
- Mixed-income new developments (20% at 60% threshold)
- Better leverage incentives in the UDO

Housing Rehab and Repair

▶ Housing rehabilitation and repair

- Loans to correct code violations and make general property improvements (e.g., repairs, energy efficiency improvements, accessibility updates, lead abatement)
- Available for owner-occupied and small landlords

▶ Emergency repair

- Grants to address system failures and immediate threats to health and safety of residents

▶ Innovation Opportunities:

- Expand household eligibility (e.g., fixed-income seniors up to 120% AMI) with local funds
- Pair with income opportunities (e.g., ADUs) or other supports for staying in place
- Establish a shared/common application for multiple programs

Shelter & Supportive Housing

▶ Permanent supportive housing

- Single-use and scattered site, integrated community-based supportive services

▶ Transitional housing (shelter-to-housing)

- Temporary housing (~18-24 months) with intensive support services

▶ Emergency shelter capacity

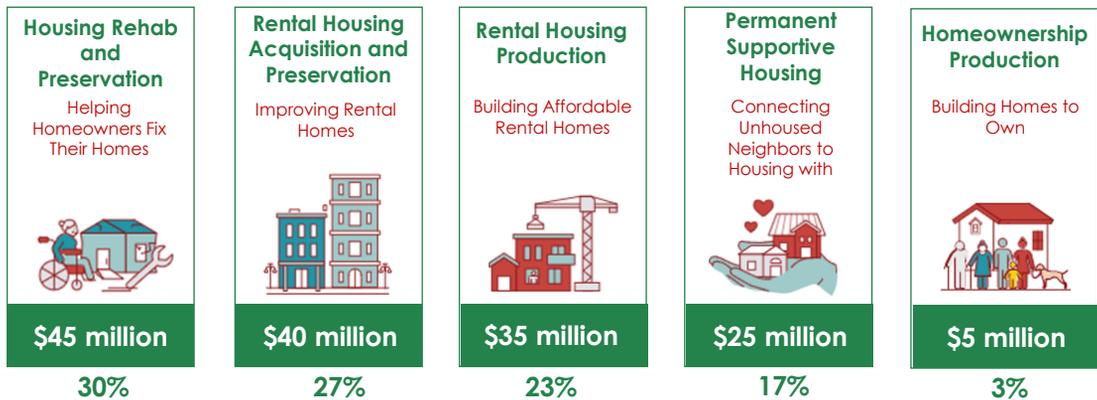
- Congregate and non-congregate shelter
- Includes day services centers

▶ Innovation Opportunities

- Integrated funding of supportive services
- Integrating supportive units into mixed projects
- Emergency shelter with integrated services for people with severe mental illness

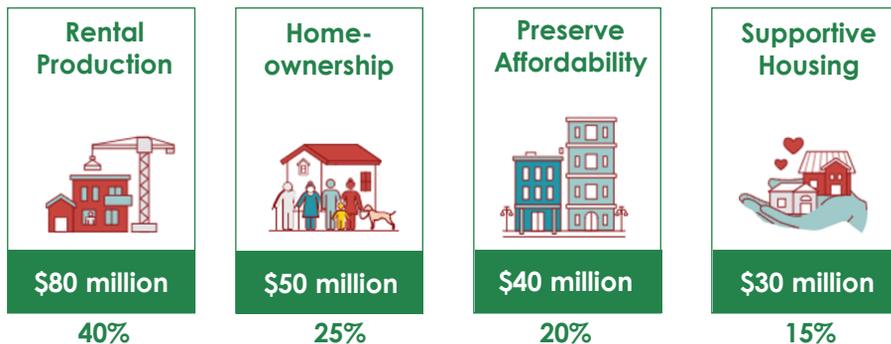
Housing Bond Programming Example: San Antonio, Texas

Voter approved bonds totaling \$150 million over 5 years (2022-2027)



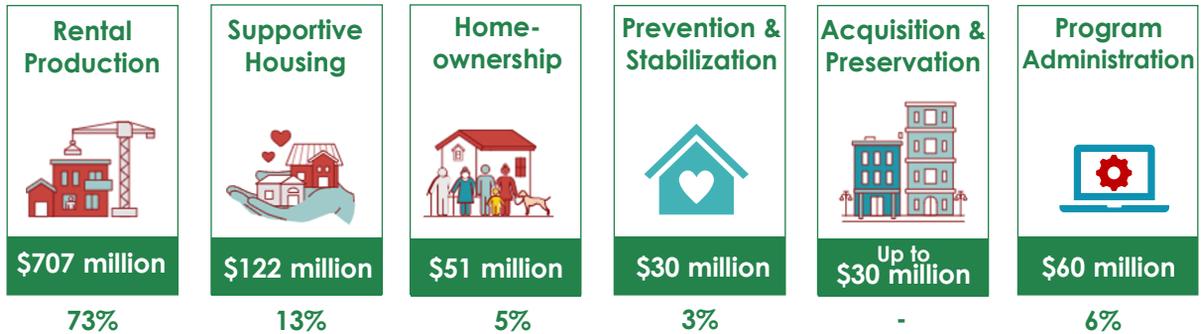
Housing Bond Programming Example: Columbus, Ohio

Voter approved housing bonds totaling \$200 million over 3 years



Housing Programming Example: Seattle, Washington

Voter approved tax levy totaling \$970 million over 7 years



Housing Development Priorities for Consideration

- ▶ **Geographic dispersion**
 - Proximity to NOAH communities and Housing Trust Fund communities
 - High opportunity areas
 - Council Districts 6 & 7
- ▶ **Transit-oriented development**
- ▶ **Set-aside units and prioritization**
- ▶ **Housing And...**
 - Economic mobility
 - Workforce development
 - Health
 - Supportive services
- ▶ **Value Proposition and Return on Investment**

Economic Mobility

Residents have access to services that increase employment, income, and wealth and reduce barriers to housing and jobs

Workforce Development	Income & Wealth Opportunities	Financial Wellness	Other Barriers: Resource & Referral
<ul style="list-style-type: none"> • Up-skilling and re-skilling • Employer programs (i.e., TeamForce Housing) • Youth employment 	<ul style="list-style-type: none"> • Accessory Dwelling Units • Matched savings accounts • Small business / entrepreneurship • Shared equity models • Net energy metering 	<ul style="list-style-type: none"> • Financial literacy • Credit repair • Debt repayment • Financial Navigators • Low-/no-cost equity loans 	<ul style="list-style-type: none"> • Transportation • Health & Mental Health • Childcare • Food Security
<p>Policy efforts to reduce systemic barriers to housing and jobs for vulnerable populations</p>			

Models of Housing And...

► Supportive Housing

- Combines housing and wrap-around supportive services including case management, health and mental health care, obtaining income through employment or benefits, and recreational activities

Examples – *The Rise on Clanton, Homeful Housing at Hillrock Estates, Ascent Pineville NOAH*



Rise on Clanton

Models of Housing And...

► Staying in Place

- Holistic view of residents' needs, their home/property and neighborhood
- Includes partnerships to advance economic mobility for residents participating in city housing programs through resource and referral
- Leverages collective investments

Example – Pilot program in three Charlotte neighborhoods operationalized into the city's new Neighborhood Stability Team



Washington Heights

Models of Housing And...

► TeamForce Housing

- Innovative public-private partnership model that provides workforce housing and workforce development opportunities.
 - Under this model, mixed-income affordable housing units are developed in partnership with a large employer.
 - The large employer would provide gap funding to create affordability in the development, and eligible employees could then access a portion of the affordable units.

Examples – Atrium Health H.O.P.E. Program, Workforce Development at Hillrock Estates



Models of Housing And...

► Place-Based Initiatives

- Custom-fit policies, investments, and projects that improve quality of life and access to opportunity in a particular place.
- May include housing, economic development, and infrastructure improvements, along with investments in education, workforce development, and health.

Examples – Renaissance West Community Initiative, Corridors of Opportunity



Renaissance West

Prioritization: Local Preference Policy

- **Enable prioritization of new affordable housing units**
- **Council establish a local preference policy**
 - Applicable to developments utilizing city-owned land or receiving financial assistance from the City of Charlotte
 - Developers would be required to allocate a minimum percentage of total affordable units for prioritized households
- **Needs:**
 - Develop a prioritized, community-wide waiting list
 - Requires investment in partnerships and data infrastructure
 - Requires changes to developer agreements

Prioritization: Local Preference Policy

► Potential priorities for discussion:

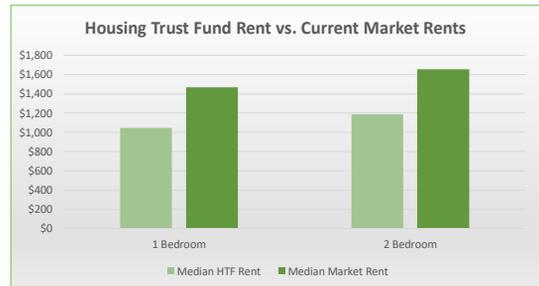
- Vulnerable populations – e.g., survivors of intimate partner violence, homeless or unstably housed, youth exiting foster care
- Households currently receiving rental subsidy
- Households that have experienced a displacement event in Charlotte
- Public service employees

► Considerations:

- Simplicity/complexity
- Ability to verify conditions (leverage existing definitions)
- Ability to track over time

Return on Investment Value Proposition

- Affordable housing plays a vital role in household stability and economic mobility
- Families have more resources to invest in education, health, and youth
- Greater levels of savings to withstand financial shocks
- Public cost avoidance



Housing Development Fund Investment Amount	\$ 34,910,000
Median Rent Savings - Per Unit	\$ 5,508
Aggregate Annual Rent Savings	\$ 5,355,060
Discount Rate	8%
20-Year Return on Investment	\$ 21,537,530

Return on Investment

Resident & Neighborhood Outcomes

- ▶ **Better understand stability and mobility outcomes for residents participating in city-supported housing**
 - How are households faring in city-supported housing? – e.g., length of tenure, eviction rates, school attendance
 - Do households move on the path towards self-sufficiency and economic mobility?
- ▶ **What happens to people after housing program participation (direct programs, e.g.– House Charlotte, rehab/staying in place, tax assistance)?**
 - Are they able to stay in place, generate wealth, etc.?
- ▶ **Needs:**
 - Requires investment in partnerships and data infrastructure
 - Requires changes to developer agreements

Next Steps

- ▶ **Today – Committee discussion and feedback**
- ▶ **September Committee meeting – preliminary recommendations**