

# Affordable Housing Innovation: New Models & Strategies

**HOUSING COMMITTEE**  
**JANUARY 5, 2026**

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## Topic

### **Council Priority Alignment**

◀ Great Neighborhoods

### **Purpose**

◀ The Affordable Housing Funding Policy encourages innovative, scalable approaches to housing affordability and new incentives to activate private market participation in affordable housing development. Two new models/strategies will be explored for Committee discussion and feedback.

### **Key Takeaways**

- ◀ Existing housing tools are effective, but not sufficient for all sites or market conditions
- ◀ New models can increase the impact of public dollars and attract private investment
- ◀ These approaches support mixed-income development, financial stability, and long-term affordability
- ◀ Council feedback is requested to guide further evaluation and refinement

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# New Models & Strategies

## ◀Where this comes from:

- NEST Recommendations
- Affordable Housing Funding Policy
- Partner Feedback
- Emerging Opportunities highlighted in City Manager's Memo October 30, 2025

## ◀Why now?

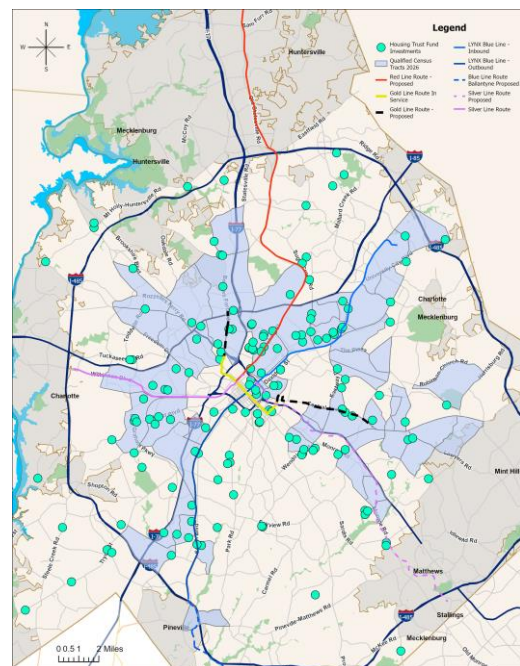
- Mobility +: Incentivize affordable units along transit lines
- Strategic sites: Leverage opportunities where public ownership already exists or is feasible
- Constrained fiscal environment: Current market conditions have reduced the effectiveness of current approaches

# Expanding Access

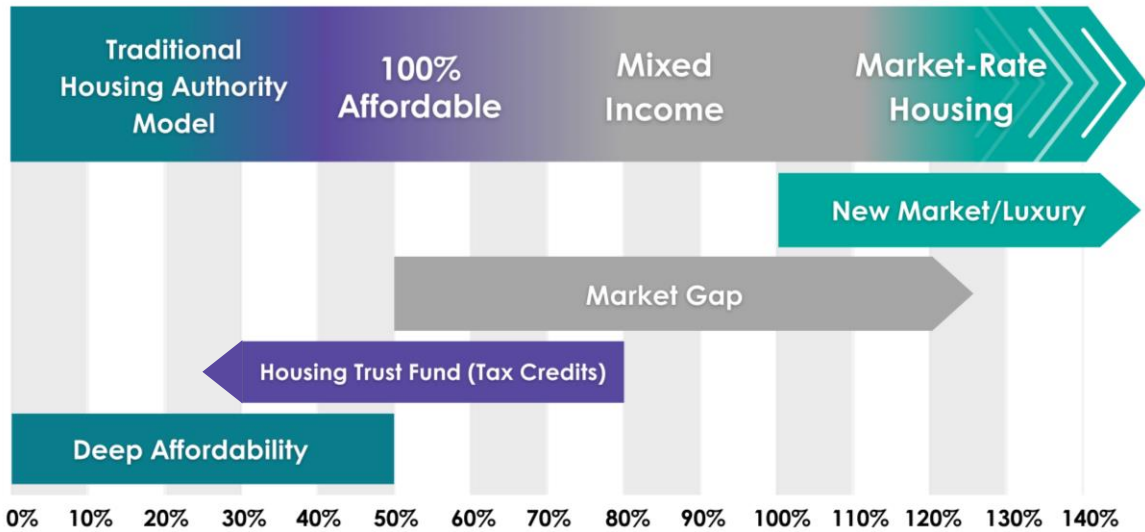
## ◀New models can advance City Council Funding Policy location priorities:

- Locations that increase housing choice and create the greatest impact
- Transit-oriented development areas

## ◀At lower cost



# Activating Mixed-Income Housing



## Tax Revenue Supported Investment

# What Is Tax Revenue Supported Investment (TRESI)?

- ◀ A property tax grant model (similar to a Tax Increment Grant) that utilizes new property tax revenue generated by the development to support affordable units and create mixed-income housing
- ◀ Collaborative approach with the City of Charlotte and Mecklenburg County, modeled after the existing NOAH Rental Subsidy Program partnership
- ◀ Under a TRESI agreement, new market-rate developments would:
  - Receive an annual grant from the City and County equal to a percentage of new property tax revenues
  - Provide at least 20% of the units to households at 60% AMI and below
- ◀ Affordability period extends through the life of the grant agreement

## TRESI Model Example

- ◀ Uses the change in taxable value to create a funding stream.



Vacant Land Value: \$500,000  
Tax Payment: \$3,834



Improved Value: \$35,000,000  
Tax Payment: \$268,380



Improved Value: \$35,000,000  
Increased Revenue: \$264,546  
★ Grant Creates Affordability

## TRESI Model Example

### ◀ An example:

- Vacant Land Value: \$500,000, Tax Payment: \$3,834
- Improved Value: \$35,000,000, Tax Payment: \$268,380
  - Mecklenburg County \$172,445 and City of Charlotte \$95,935
- Increased revenue  $\$256,725 - \$3,667 = \$264,546$

### ◀ Using 75% of the increase, \$198,410 could be made available annually to support:

- Fixed affordable units
- A local voucher style program
- Resident services that create economic mobility



## Public Development Model

## What is a Public Development Model?

- ◀ **A strategy for delivering quality, affordable rental homes for working families at diverse price points with reduced municipal capital funding**
- ◀ **The City:**
  - Issues tax-exempt revenue bonds
  - Owns the real estate
  - Sets affordability goals and prioritization policy
- ◀ **Private-sector experts:**
  - Developer: delivers the project
  - Property manager: operates the building
  - Asset manager: protects long-term performance

## How This Differs from What the City Typically Does?

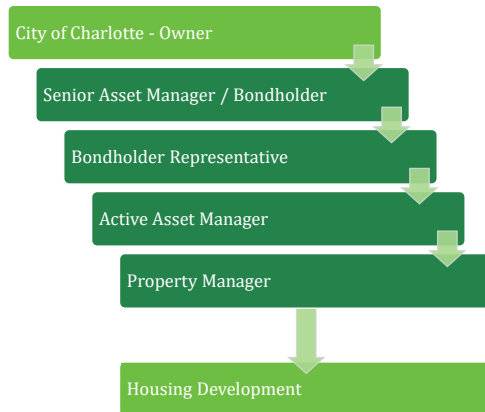
- ◀ **City would act as owner, not lender**
- ◀ **Affordability is achieved through use of tax-exempt bonds rather than soft-loan gap financing**
- ◀ **Most development would have a mixed-income structure:**
  - At least 20% of units at 60% AMI
  - Up to 80% of units at market rents
- ◀ **The City assumes both upside and downside risk**
- ◀ **No city funding is required, and may even generate revenue at bond issuance**
- ◀ **City controls the asset at end of debt period, enabling reinvestment into deeper affordability or future projects**

# Managing Risk

## ◀ Risk mitigation

- Developer provides construction completion guarantee
- Performance benchmarks for fee developer and manager
- Conservative underwriting assumptions
- Third-party asset management oversight
- Ability to replace operators if performance falters

*The City is not self-developing or self-managing—there are “layers” of protection.*



## Assessing New Models

# Mixed-Income: A Core Model Component

## ◀Market-rate rents:

- Improve debt coverage and bond feasibility
- Reduce reliance on scarce subsidy dollars
- Cross-subsidize affordability

## ◀Mixed-income improves:

- Financial stability
- Long-term asset condition
- Resident outcomes

*Market-rate units are not the objective; they are the financing mechanism.*

# New Tools Activate Council Priorities

## ◀Mobility, Affordability and Anti-Displacement

- Increase options for affordability along transit lines

## ◀Preserve Housing Trust Fund dollars

- Engage the private market in solutions so public dollars stretch further

## ◀Rent Stabilization

- Communities are better positioned to create ongoing rent stability (lower rent escalation over time)

## ◀Unit Prioritization

- Increase leasing flexibility
- Create units that meet local priorities

## ◀Increases Ability to Leverage Public Land and Partnerships

- Fire and Police Stations
- Schools
- Libraries



## Flexibility, Options, and Opportunity

### ◀ Layering multiple approaches provides flexibility for development partners and multiple opportunities to activate city priorities

- Activates the Affordable Housing Development Allowances in the Unified Development Ordinance (Section 16.4)
- Can layer with other funding sources to achieve deeper affordability (e.g., gap financing, vouchers/rental subsidies)
- Unlocks opportunity for TeamForce Housing by layering corporate or philanthropic investments

## Initial Exploration Underway

### ◀ Initial exploration underway with City Finance and Strategy & Budget Departments, Attorney's Office, Bond Counsel, Mecklenburg County, and Partners

#### ◀ TRESI Model:

- What is the optimal percentage of units, AMI levels, and percentage of tax revenue to make this both financially feasible and fiscally sustainable?
- How might the City and County need to account for changes in projected tax revenue over time? What are the trade-offs involved?

#### ◀ Public Ownership Model:

- How would additional bond issuance impact other city bond activity and the city's bond rating?
- What are the risks and how would the city manage and mitigate those risks?
- In what ways can the city hold developed properties?

## Considerations and Discussion

### ◀ **These are mixed-income models**

- Primarily creates affordable units at 60% AMI
- Requires additional subsidy for most vulnerable households

### ◀ **There are trade-offs**

- TRESI doesn't require Housing Trust Fund investment, but does reduce future property tax revenue that could support other city and county services
- Public Development Model doesn't require any city investment but does carry new risks

### ◀ **Today's Questions:**

- Do these models align with Council's housing policy goals?
- What parameters for affordability mix and appropriate guardrails?
- Is there interest in further evaluation and refinement of these models for Committee and Council consideration?

## Discussion