



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

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?

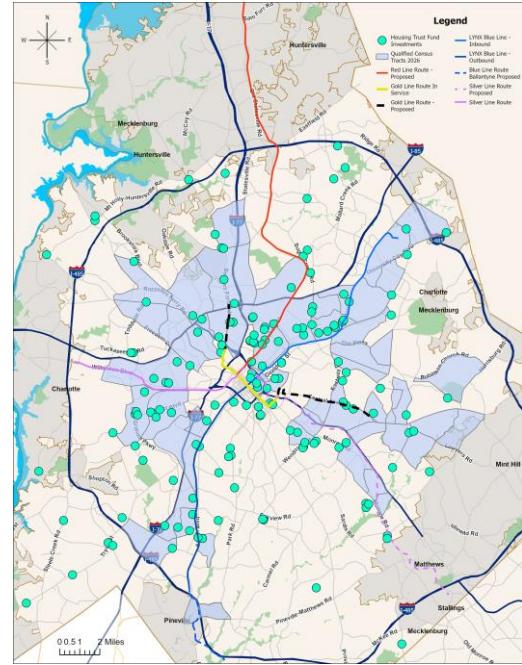
- Mobility +: Incentivize affordable units along transit lines
- Strategic sites: Leverage opportunities where public ownership already exists or is feasible
- Constrained fiscal environment: Current market conditions have reduced the effectiveness of current approaches

Expanding Access

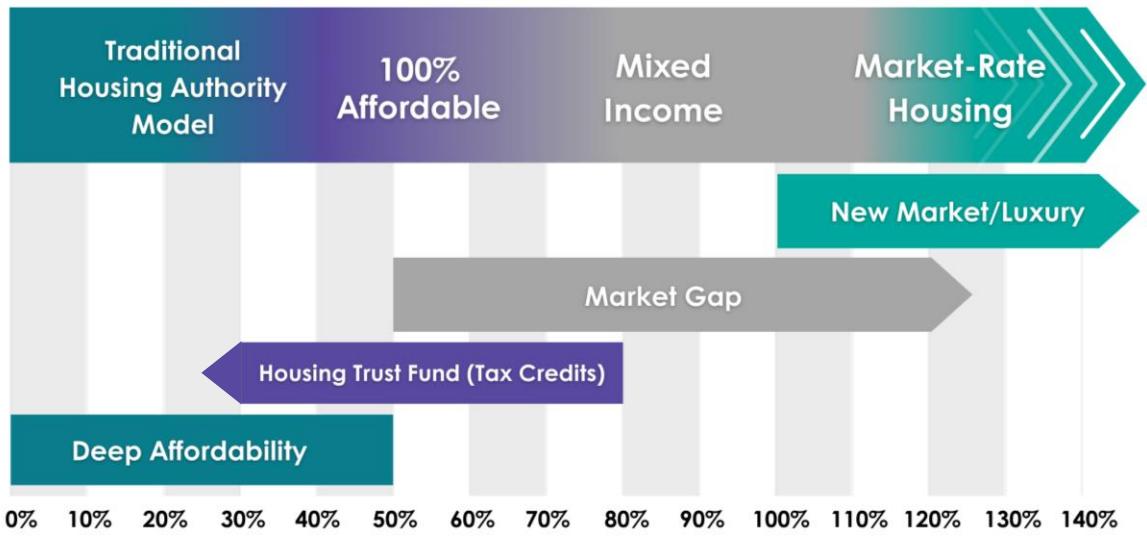
▷ New models can advance City Council Funding Policy location priorities:

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

▷ At lower cost



Activating Mixed-Income Housing



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**Tax
Revenue
Supported
Investment**



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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

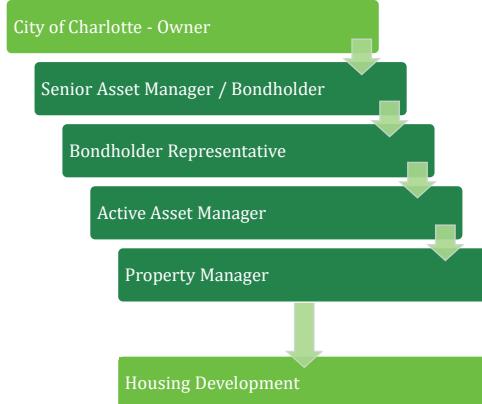
△ City controls the asset at end of debt period, enabling reinvestment into deeper affordability or future projects

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