



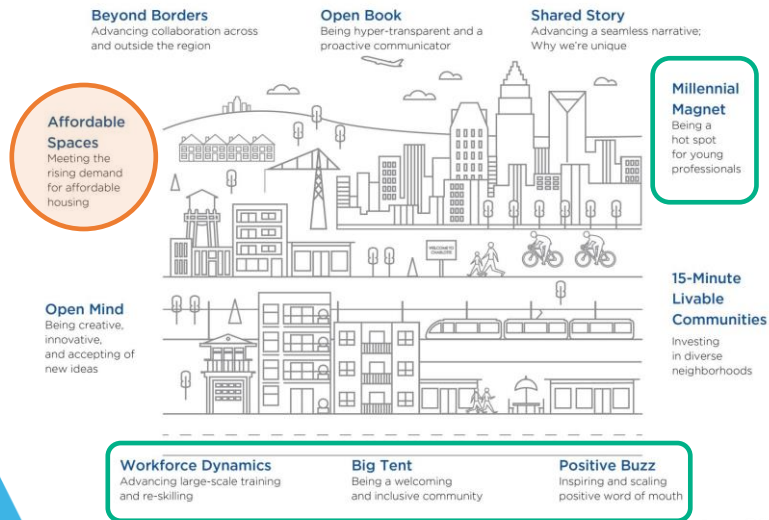
Housing Funding Support Requests

City Council Briefing
April 2, 2018

Briefing Objectives

- ▶ Background
- ▶ Housing Trust Fund
 - ▶ History, Process and Evaluation
 - ▶ Key Considerations and Market Conditions
 - ▶ FY2018 Funding Requests
- ▶ Housing Locational Policy Waiver Requests
- ▶ Affordable Housing Project Examples
- ▶ Request Council Approval on April 23

Winning City Traits



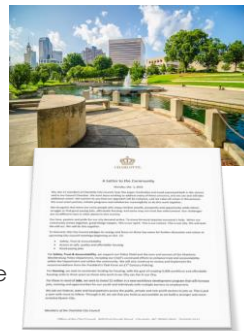
Community Letter Overview

On October 3, 2016, Charlotte City Council issued a letter to the community outlining goals for policing, housing and jobs to address issues and concerns expressed following the Charlotte demonstrations.

This Community Letter is about **everyone working together** – across all communities – to make Charlotte the best city for all.

For City Council, that means four things in particular:

1. Trust in community policing
2. **Quality, affordable housing**
3. Good jobs and the skills to get them
4. Other opportunities: the community letter is just the beginning



Who Needs Affordable Housing

Customer Service



\$15

Health Aides



\$10

Retail Sales



\$10

Food Prep



\$8

Laborers



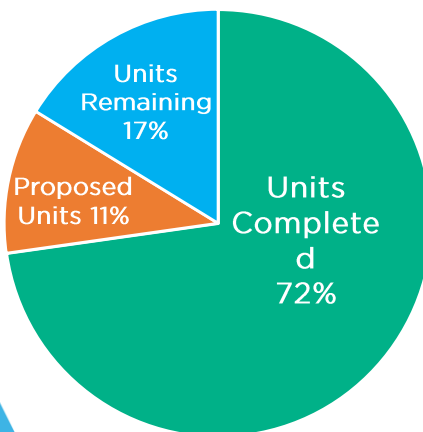
\$11

Median wages for forecasted high-growth occupations in Charlotte, 2010-2020.

Source: NC Department of Commerce, prepared for the Charlotte-Mecklenburg Workforce Board

Progress Towards 5,000 units Goal

January 1, 2016 – March 26, 2018



72% Units Completed	
Multifamily New Construction	2,052
Multifamily Housing Rehab	270
Single Family Housing Rehab	415
Down Payment Assistance	480
Voluntary Restricted Multifamily	387
Single Family New Construction	34
TOTAL:	3,638




Increasing Workforce and Affordable Housing

Recommendations from the Urban Land Institute Terwilliger Study, The Opportunity Task Force Report and the Evergreen Report, for increasing the supply of affordable and workforce housing:

- 
- Develop new public and private financial resources:
 - **Expand and enhance the flexibility of the Housing Trust Fund**
 - **Unlock the potential of the 4 percent Low Income Housing Tax Credit**
 - Capitalize a new Charlotte Housing Opportunity Investment Fund



Housing Trust Fund -History

- 
- **Established in 2001 to provide gap financing to affordable housing developers** through a competitive Request for Proposal process.
 - **To date:**
 - Financed 6,797 affordable housing units
 - Completed 5,010 housing units
 - Total Development - \$706 million
 - Funds Committed/Spent - \$124 million
 - Average Leverage Ratio - 1:6
 - **Development must :**
 - Meet the current Housing Locational Policy or request a waiver.
 - Convene at least one neighborhood meeting to address proposed development.
 - Housing & Neighborhood Services **accelerated the RFP process for developers to twice a year** in response to community letter commitment to accelerate the creation of affordable housing supply.

Housing Support Funding Requests



The Gables, Statesville Ave



Renaissance Seniors,
New Renaissance Way

9% and 4% Tax Credit Requests

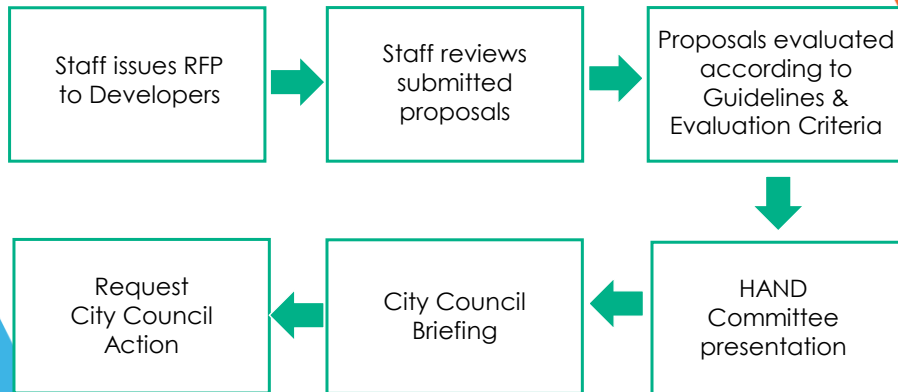


The Alexander, Statesville Ave



The Dannelly, Mt Holly-Huntersville Rd

Request for Proposal Process



Evaluation Criteria

I. City Policies:

- Number of years affordable
- Neighborhood Displacement & Revitalization

Market Study Review:

- Proposed Site
- Impact in the community
- Demand and Capture Rate

II. Development Strength:

- Number of Affordable Units
- Income: *60% or less Area Median Income (\$42,420)

III. Developer Experience:

- Developer Track Record
- Property Management

IV. Financial Strength:

- Leverage of City Funds
- City Investment per Unit

Market Conditions

- › **Equity Market** – Current Tax Reform will negatively affect equity rates creating larger gaps in financing.
- › **Construction Costs** - Continue to trend upwards requiring additional soft funds.
- › **Market Study** - Supports local need for proposed developments.

Vacancy Rate	0.0%
Occupancy Rate	100.0%
*Capture Rate	12%
Absorption Rate to 93%	4 - 9 months
Waiting Lists	100%

***Capture Rate**

Below 30% - Acceptable

Under 20% - Ideal

FY 2018 – Proposals

- ▶ Eleven developments are recommended for funding (nine 9%, and two 4%).
- ▶ Tax Credit awards will be announced in August 2018.
- ▶ Due to competitive nature of 9% tax credits, all of the 9% developments will not receive funding from The North Carolina Housing Finance Agency (NCHFA).
- ▶ If Council approves, both of the 4% proposed tax credit developments will receive Tax Credit and Bond Allocations.



FY 2018 Housing Trust Fund Proposals

Milestone	Dates
Preliminary Application	Jan. 2018
Final Application	May 2018
Credit Award	Aug. 2018
Close Financing	Sept. - Dec. 2018
Begin Construction	Jan. 2019
Substantial Completion	Dec. 2020



Housing Trust Fund

- At February 2018 Council Retreat, City Council identified "providing cash to Housing Trust Fund for 9% and 4% applications" as a **short term, high impact priority strategy**.
- Staff have identified the following funding sources:

Source	Amount
Housing Trust Fund Balance <i>as of September 2017</i>	\$1,400,000
Program Income	\$372,224
HOME (Unallocated)	\$3,200,000
Temporary Project Reallocation	\$1,850,000
TOTAL AVAILABLE:	\$6,822,224

FY 2018 – Housing Trust Fund Proposals

Developments (9%)	Leverage		Rents	Units	Funding
	Ratio				Request
1 Bingham Park	1:13		\$397 - \$863	60	\$775,000
2 Guardian Angel Villa	1:8		\$397 - \$955	81	\$1,750,000
3 Mineral Springs*	1:10		\$397 - \$1,102	90	\$1,550,000
4 Nevin Road	1:7		\$393 - \$1,074	46	\$1,150,000
5 Nolley Court Seniors	1:8		\$397 - \$1,175	103	\$2,100,000
6 Northlake Seniors	1:7		\$371 - \$954	70	\$1,500,000
7 Rivergate Greene	1:7		\$394 - \$1,099	72	\$1,900,000
8 Sugar Creek Greene*	1:7		\$394 - \$1,099	72	\$1,840,000
9 The Park Seniors	1:7		\$393 - \$941	80	\$1,800,000
Total – 9%				674	\$14,365,000
Developments (4%)					
10 924 West Sugar Creek*	1:5		\$748 - \$1,036	180	\$5,300,000
11 Brookshire Boulevard	1:4		\$510 - \$1,020	96	\$4,224,000
Total – 4%				276	\$9,524,000
GRAND TOTAL:				950	\$23,889,000
LIHTC Policy Waivers					
Abbingtion Oaks*	n/a		\$397 - \$1,103	96	\$0
Springbrook Apt Homes*	n/a		\$795 - \$1,103	198	\$0

*Housing Locational Policy waiver needed

Multi-Family Rental Development Recommendations

9%		
AMI	# Units	%
< 30%	173	26%
31-50%	9	1%
51-60%	479	71%
61-80%	13	2%
Total Units	674	100%

4%		
AMI	# Units	%
30 - 51%	20	7%
60%	256	93%
Total Units	276	100%

Affordable Housing Examples



The Landing At Park Road



The Stevenson at Brightwalk



Renaissance Seniors at Renaissance



Mother Teresa Villa at Steele Creek

Multi-Family Rental Development Recommendation (9%)



**Bingham Park
District 1
120 Bingham Drive
Mosaic Development Group**

Number of Units	60
HTF Request	\$775,000
Total Cost	\$10,086,192
Affordability Period	30 Years
Leverage Ratio	1:13
Rent	\$397 - \$863

AMI	# Units
< 30%	15
31-50%	9
51-60%	36
Total Units	60

Multi-Family Rental Development Recommendation (9%)



**Guardian Angel Villa
District 3
13511 Guardian Angel Lane
Douglas Development Group**

Number of Units	81
HTF Request	\$1,750,000
Total Cost	\$13,225,976
Affordability Period	30 Years
Leverage Ratio	1:8
Rent	\$397 - \$955

AMI	# Units
< 30%	21
51-60%	60
Total Units	81

Multi-Family Rental Development Recommendation (9%)



**Mineral Springs
District 4
1734 Mineral Springs Road
The NRP Group, LLC**

Number of Units	90
HTF Request	\$1,550,000
Total Cost	\$15,258,371
Affordability Period	30 Years
Leverage Ratio	1:10
Rent	\$397 - \$1,102

AMI	# Units
< 30%	23
51-60%	67
Total Units	90

Locational Policy	Waiver Needed
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Multi-Family Rental Development Recommendation (9%)



**Nevin Road Apartments
District 2
5953 Nevin Road
Laurel Street Residential**

Number of Units	46
HTF Request	\$1,150,000
Total Cost	\$8,064,564
Affordability Period	30 Years
Leverage Ratio	1:7
Rent	\$393 - \$1,074

AMI	# Units
< 30%	12
51-60%	34
Total Units	46

Multi-Family Rental Development Recommendation (9%)



**Nolley Court Seniors
District 6
100 Nolley Court
The Housing Partnership**

Number of Units	103
HTF Request	\$2,100,000
Total Cost	\$17,599,035
Affordability Period	30 Years
Leverage Ratio	1:8
Rent	\$397 - \$1,175

AMI	# Units
< 30%	26
51-60%	64
61-80%	13
Total Units	103

Multi-Family Rental Development Recommendation (9%)



Northlake Senior

**Northlake Seniors
District 2
8421 W. WT Harris Blvd.
The NRP Group, LLC**

Number of Units	70
HTF Request	\$1,500,000
Total Cost	\$11,565,111
Affordability Period	30 Years
Leverage Ratio	1:7
Rent	\$371 - \$954

AMI	# Units
< 30%	18
51-60%	52
Total Units	70

Multi-Family Rental Development Recommendation (9%)



**Rivergate Greene
District 3
13731 South Tryon Street
The Woda Group, Inc.**

Number of Units	72
HTF Request	\$1,900,000
Total Cost	\$12,564,159
Affordability Period	30 Years
Leverage Ratio	1:7
Rent	\$394 - \$1,099

AMI	# Units
< 30%	19
51-60%	53
Total Units	72

Pending zoning approval on 4/16/18

Multi-Family Rental Development Recommendation (9%)



Sugar Creek Greene
District 2
6130 Bisaner Street
The Woda Group, Inc.

Number of Units	72
HTF Request	\$1,840,000
Total Cost	\$12,583,841
Affordability Period	30 Years
Leverage Ratio	1:7
Rent	\$394 - \$1,099

AMI	# Units
< 30%	19
51-60%	53
Total Units	72

Locational Policy Waiver Needed

Multi-Family Rental Development Recommendation (9%)



The Park Seniors
District 2
5915 Beatties Ford Road
Laurel Street Residential

Number of Units	80
HTF Request	\$1,800,000
Total Cost	\$12,854,240
Affordability Period	30 Years
Leverage Ratio	1:7
Rent	\$393 - \$941

AMI	# Units
< 30%	20
51-60%	60
Total Units	80

Multi-Family Rental Development Recommendation (4%)



924 W. Sugar Creek
District 4
924 West Sugar Creek
Mosaic Development Group, Inc.

Number of Units	180
HTF Request	\$5,300,000
Total Cost	\$29,682,252
Affordability Period	30 Years
Leverage Ratio	1:5
Rent	\$748 - \$1,036

AMI	# Units
60%	180
Total Units	180

Locational Policy	Waiver Needed
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Multi-Family Rental Development Recommendation (4%)



Brookshire Boulevard Apartments
District 2
7326 Bellhaven Boulevard
Laurel Street Residential

Number of Units	96
HTF Request	\$4,224,000
Total Cost	\$15,635,644
Affordability Period	30 Years
Leverage Ratio	1:4
Rent	\$510 - \$1,020

AMI	# Units
31 - 50%	20
51-60%	76
Total Units	96

Housing Locational Waiver Request



**Abbington Oaks on Mount Holly
District 2**
3230 Mt. Holly-Huntersville Rd.
WJR NC Partners, LLC

Number of Units	96
HTF Request	None
Total Cost	\$15,700,000
Affordability Period	30 Years
Rent	\$397 - \$1,103

AMI	# Units
< 30%	24
31-60%	72
Total Units	96

Locational Policy Waiver Needed

Housing Locational Waiver Request



**Springbrook Apartment Homes
District 3**
2110 Alleghany Street
Pecdor Investments, LLC

Number of Units	198
HTF Request	None
Total Cost	\$39,081,193
Affordability Period	30 Years
Rent	\$795 - \$1,103

AMI	# Units
60%	198
Total Units	198

Pending zoning approval on 4/16/18

Locational Policy Waiver Needed