

AFFORDABLE HOUSING FUNDING RECOMMENDATIONS

APRIL 8, 2024 – CITY COUNCIL ACTION REVIEW

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Across all funding sources, City Council has invested in over 2,100 affordable housing units since January 2023.

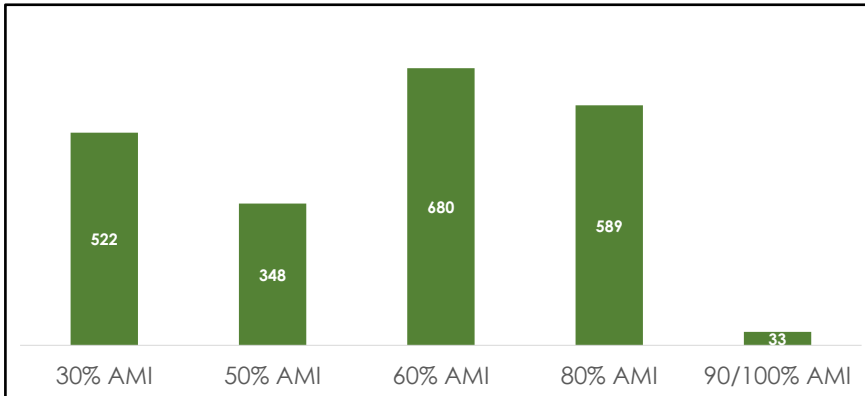
Affordable Housing Unit Investments by Type (2023-2024)

Housing Type	Total Affordable Units	Investment Amount	% of Total Investment
Multifamily New Construction	1,121	\$34,910,000	55%
NOAH Acquisition & Rehabilitation	358	\$10,400,000	17%
Homeownership	248	\$8,934,752	14%
Home Repair & Rehabilitation	381	\$5,927,260	10%
Supportive Housing	64	\$2,432,000	4%
Total	2,172	\$62,929,602	

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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)



Housing Development Fund Overview

- ▶ **Provides gap financing for affordable housing developments**
 - Current unallocated balance of \$8,946,000
- ▶ **Requires a long-term deed restriction to preserve affordability**
- ▶ **At least 20% of the units must serve households at 30% Area Median Income (AMI) or below**
- ▶ **Fund replenished on biennial basis via bond referendum and federal allocations**
- ▶ **Winter Request For Proposals (RFP) aligns with state tax credit application deadlines**
- ▶ **Separate “rolling RFP” for NOAH and TOD funding requests**

Housing Development Fund Schedule

Milestone	Dates
Release Request For Proposals	November 16, 2023
Proposal Submission Deadline	January 26, 2024
City Council Action Review	April 8, 2024
City Council Approval	April 22, 2024

Housing Development Funding Recommendations

Development	Developer	LIHTC	District	Affordable Units	Recommended Funding	Negotiated Affordability Period	City Cost Per Unit	City Cost Per Unit Per Year
Grounds for Change	DreamKey/YWCA	4%	1	80	\$ 2,000,000	70	\$ 81,250*	\$ 1,161
Mallard at Sugar Creek	NHE, Inc.	9%	2	60	\$ 2,640,000	75	\$ 44,000	\$ 587
The Landings at Tyvola	Paces Foundation	4%	3	100	\$ 3,500,000	99	\$ 35,000	\$ 354
Total Rental				240	\$ 8,140,000			
Legacy Vista	Habitat	n/a	3	12	\$ 456,000	15	\$ 38,000	\$ 2,533
Little's Landing	Habitat	n/a	4	7	\$ 266,000	15	\$ 38,000	\$ 2,533
Total Homeownership				19	\$ 722,000			
Grand Total				259	\$ 8,862,000			

*Note: Project also awarded \$4.5 million in ARPA funding in November 2022.

AMI Summary and Rent Range for Recommended Developments

	Number of Units	Rent Range 1BR to 3BR
30% AMI	52	\$561 - \$777
50% AMI	14	\$872 - \$1,296
60% AMI	121	\$1,122 - \$1,555
80% AMI	72	\$1,496 - \$2,074
Total	259	

Housing Development Fund Forecast [If Recommendations Are Approved]

Housing Trust Fund Balance	
Housing Trust Fund Current Balance	\$8,946,000
Less LIHTC Developments	(\$8,140,000)
Less Homeownership Developments	(\$722,000)
Housing Trust Fund Ending Balance <i>(if all recommended projects are approved)</i>	\$84,000

Affordable Rental Housing Return on Investment (ROI)

Key Indicators	
Affordability Period	60 years
Location Score	23.8
CBI Commitment	13%
% at 30%	25%
% >2BR	15%
Investment Realization Period	9 years
10-year Rent Savings	\$4,994,766

► Two New Metrics

- Investment Realization Period
 - *How many years will it take to recoup city investment through rent savings?*
- 10-year Rent Savings
 - *After 10 years, how much \$ in rent savings will we have generated for tenants?*

*Each of these metrics are calculated using location-specific achievable market rents; i.e., they account for variations in market strength.



Recommended Developments

Grounds for Change by DreamKey Partners, Inc.

3420 Park Rd (28209) | District 1 | 4% LIHTC | Families



Unit Mix		
30% AMI	17	21%
50% AMI	-	0%
60% AMI	63	79%
80% AMI	-	0%
Market	-	0%
Total	80	
Aff. Total	80	
Total BR	107	

Financial Summary	
Requested Support	\$2,000,000
Other City Investment	\$4,500,000
Total Development Cost	\$35,795,570
Leverage Ratio	1:5
Investment per Unit	\$81,250
Investment per Unit per Year	\$1,161

Key Indicators	
Affordability Period	70 years
Location Score	27.1
CBI Commitment	13%
% at 30%	21%
% >2BR	0%
Investment Realization Period	8 years
10-year Rent Savings	\$8,687,740

Mallard at Sugar Creek by NHE, Inc.

6150 Mallard Creek Rd (28262) | District 2 | 9% LIHTC | Families



Unit Mix		
30% AMI	15	25%
50% AMI	9	15%
60% AMI	-	0%
70% AMI	36	60%
Market	-	0%
Total	60	
Aff. Total	60	
Total BR	104	

Financial Summary	
Requested Support	\$2,640,000
Other City Investment	-
Total Development Cost	\$19,355,500
Leverage Ratio	1:6
Investment per Unit	\$44,000
Investment per Unit per Year	\$587

Key Indicators	
Affordability Period	75 years
Location Score	20.0
CBI Commitment	13%
% at 30%	25%
% >2BR	13%
Investment Realization Period	5 years
10-year Rent Savings	\$6,052,653

See Slide 14 for project update

The Landings at Tyvola by The Paces Foundation

4115 W Tyvola Rd (28208) | District 3 | 4% LIHTC | Families



ELEVATION

Unit Mix		
30% AMI	20	20%
50% AMI	-	0%
60% AMI	50	50%
80% AMI	30	30%
Market	-	0%
Total	100	
Aff. Total	100	
Total BR	194	

Financial Summary	
Requested Support	\$3,500,000
Other City Investment	-
Total Development Cost	\$28,915,328
Leverage Ratio	1:7
Investment per Unit	\$35,000
Investment per Unit per Year	\$354

Key Indicators	
Affordability Period	99 years
Location Score	23.6
CBI Commitment	13%
% at 30%	20%
% >2BR	18%
Investment Realization Period	4 years
10-year Rent Savings	\$9,945,924

The Landings at Tyvola by The Paces Foundation

4115 W Tyvola Rd (28208) | District 3 | 4% LIHTC | Families

Development Update: At the April 8, 2024, Action Review meeting, staff shared that the developer had recently learned – and had recently shared with staff - that there is environmental contamination on the site. At that time, the developer advised that they would be working to evaluate the impact of this new information on their development plans. Over the next week, the developer explored potential options to address the contamination to keep the development viable. The developer advised staff on April 15, 2024, that they are withdrawing their proposal because they have determined that the development is no longer deemed viable based on the added economic strain resulting from the environmental contamination. Staff will continue to be available to the developer as they work to evaluate their next steps.

Legacy Vista by Habitat Charlotte

Toddville Rd (28214) | District 3 | Homeownership



Unit Mix		
30% AMI	-	0%
50% AMI	3	21%
60% AMI	5	36%
80% AMI	4	29%
Market	2	14%
Total	14	
Aff. Total	12	
Total BR	50	

Financial Summary	
Requested Support	\$456,000
Total Development Cost	\$4,628,780
Leverage Ratio	1:9
Investment per Unit	\$38,000
Investment per Unit per Year	\$2,533*

Key Indicators	
Location Score	20.1
Average First Mortgage	\$195,770
Sales Price Range	\$250,000 - \$280,000
Affordability Period	15*

*Re-sale provision is 15 years; effective period of additional restrictions is 45-years, including right-of-first refusal, and unit may not be used as a rental.

Little's Landing by Habitat Charlotte

Polk & White Rd (28269) | District 4 | Homeownership



Unit Mix		
30% AMI	-	0%
50% AMI	2	25%
60% AMI	3	38%
80% AMI	2	25%
Market	1	13%
Total	8	
Aff. Total	7	
Total BR	28	

Financial Summary	
Requested Support	\$266,000
Total Development Cost	\$2,884,431
Leverage Ratio	1:10
Investment per Unit	\$38,000
Investment per Unit per Year	\$2,533*

Key Indicators	
Location Score	18.9
Average First Mortgage	\$166,000
Sales Price Range	\$280,000 - \$300,000
Affordability Period	15*

*Re-sale provision is 15 years; effective period of additional restrictions is 45-years, including right-of-first refusal, and unit may not be used as a rental.



Deferred Developments Summary

Summary of Deferred Developments

Development	Developer	District	Affordable Units	Requested Funding
Evoke Living at Steele Creek	Crosland	3	72	\$ 4,680,000
The Merit	Conifer / DreamKey	4	76	\$ 2,128,000

Housing Development Fund Schedule



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Transit-Oriented Development Land Acquisition Proposal

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Transit-Oriented Development Land Acquisition Overview

- ▶ Recommendation of the Housing Trust Fund Tune-up with Great Neighborhoods/HSC Committee
- ▶ January 2024, the City released an RFP seeking innovative transit-oriented development (TOD) affordable housing options
- ▶ The RFP allows for 90% financing of land acquisition with TOD zoning
- ▶ The developer will conduct predevelopment activities and then present a full development proposal
- ▶ TOD fee-in-lieu payments will be used for this activity. To date, \$4.7 million paid and allocated as part of FY 2024 budget (an additional \$16 million in commitments have been approved)

Proposal Overview

Developer: Give Impact, LLC

Funding Request: \$3,060,000

Address: 140 Dorton Street

District: 1

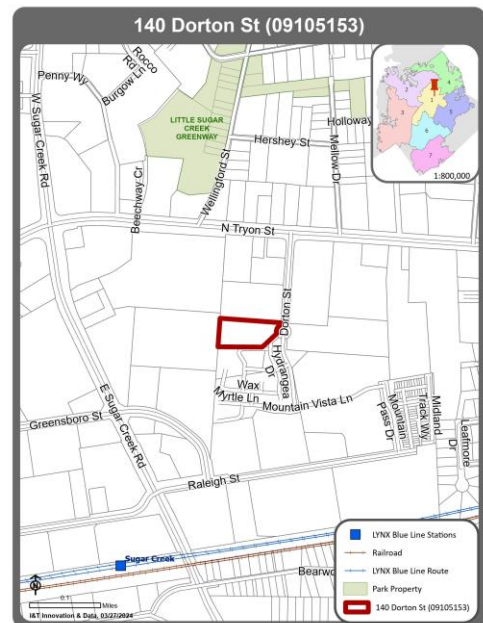
Description:

- Acquisition of a 1.85-acre site
- Proposed Affordable Housing development
- Estimated yield of 200-225 Units
- Exact yield and AMI tbd

Zoning: TOD - TR

Site Score:

Proximity	Access	Change	Diversity
9.2	4.5	7.3	3.1



TOD Development Schedule



Questions