

# CITY SUPPORTED AFFORDABLE HOUSING UPDATE

NOVEMBER 14, 2022



## BRIEFING OBJECTIVES

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- SUMMARY OF OCTOBER 24, 2022 ACTION REVIEW
- PENDING PROJECTS EVALUATION CRITERIA
- UPDATED FUNDING REQUESTS SINCE OCTOBER 24<sup>TH</sup>
- SUMMARY OF FUNDING OPTIONS
- NEXT STEPS





## SUMMARY OF OCTOBER 24, 2022 ACTION REVIEW

1. City of Charlotte currently has 17 previously approved Housing Trust Fund projects that have not yet closed on financing [i.e., “pending projects”]
2. City initiated an RFP process in September 2022 to consider new gap funding requests for pending projects
3. 11 pending projects submitted requests to address new funding gaps since the original HTF award, for an aggregate amount of approximately \$32 million
4. City of Charlotte Housing Trust Fund has an available balance of \$6.7 million\*
5. City is not contractually obligated to provide additional gap funding to pending projects
6. Staff agreed to return to Council with funding options and recommendations

*\* Excludes the recently approved \$50 million Housing Bond, for which funds will become available in February 2023 timeframe*



## EVALUATION CRITERIA FOR FUNDING REQUESTS

### 1. Cost-related factors

- ❖ Increase in Total Development Costs since previous City award
- ❖ Strategies implemented by the developer to reduce the new gap funding request
- ❖ Revised cost per unit [reflecting previous City award plus new funding request]

### 2. Construction readiness

### 3. Other considerations

- ❖ AMI mix, with emphasis on households at 60% AMI or below
- ❖ Affordability period
- ❖ Project location [e.g., in/near Corridors of Opportunity or near existing/future transit]



## ILLUSTRATIVE EXAMPLE OF COST-RELATED FACTORS

### • Fairhaven Glen Apartments [140 affordable units]

	Original Proposal*	Revised Proposal*	Difference
<b>Total Development Costs</b>	<b>\$26.8m</b>	<b>\$35.8m</b>	<b>\$9m</b>
<b>Sources of Funds:</b>			
- First mortgage	\$14.1m	\$17.2m	\$3.1m
- Tax credit equity	\$10.4m	\$14.8m	\$4.4m
- HTF Request	\$2m	\$3.2m	\$1.2m
- Deferred developer fee	\$300k	\$600k	\$300K
<b>Total Sources</b>	<b>\$26.8m</b>	<b>\$35.8m</b>	<b>\$9m</b>

#### Observations

- TDC increased 34%, driven primarily by increased construction cost estimate
- Incremental HTF request represents 13% of the \$9m TDC increase
- City cost per unit increased from \$14,300 to \$22,500 (i.e., a 57% increase)

\* Original proposal received in early 2021. Revised proposal received in October 2022.



## GAP FUNDING REQUESTS FOR PENDING PROJECTS

Development	Type	Affordable Units	Previous City Award (A)	New Funding Request (Oct. 24, 2022)	New Funding Request (Nov. 14, 2022) (B)	Total Investment (A+B)	Revised City Cost Per Unit	Revised Affordability Commitments
Fairhaven Glen	4%	140	\$2,000,000	\$1,150,000	\$1,150,000	\$3,150,000	\$22,500	40 years
Ovata at Reedy Creek	9%	78	\$480,000	\$2,295,000	\$2,000,000	\$2,480,000	\$31,795	40 years
Galloway Crossing	4%	78	\$2,496,000	\$1,560,000	\$1,000,000	\$3,496,000	\$44,821	40 years
Bishop Madison Homes	Homeownership	9	\$288,000	\$372,000	\$250,000	\$538,000	\$59,778	15 years
Grounds for Change	4%	104	\$2,000,000	\$5,759,556	\$4,500,000	\$6,500,000	\$62,500	60 years
Ballantyne Seniors	4%	82	\$4,000,000	\$1,400,000	\$1,400,000	\$5,400,000	\$65,854	40 years
Evoke Living @ Morris Field	4%	132	\$3,700,000	\$5,900,000	\$5,500,000	\$9,200,000	\$69,697	40 years
The River District	Non-LIHTC	124	\$2,500,000	\$6,150,000	\$0	\$0	\$0	-
Lakewood Apartments	HUD HOME	36	\$2,250,000	\$800,000 *	-	-	-	-
South Village Apartments	4%	82	\$3,000,000	\$4,705,245	\$4,705,245	\$7,705,245	\$93,966	60 years
Easter Home	Supportive Housing	21	\$630,000	\$1,937,873	\$1,937,873	\$2,567,873	\$122,280	30 years
<b>Total of New Gap Funding Requests</b>				<b>\$32,029,674</b>	<b>\$22,443,118</b>			

\* Funding request to be evaluated separately, based on available federal funding sources

= updates since October 24<sup>th</sup> Action Review



## HOUSING TRUST FUND BALANCE

Housing Trust Fund Balance	
HTF balance as of October 24, 2022	\$6,700,000
HTF <u>replenishment</u> associated with River District project	\$2,500,000
HTF <u>expiration</u> associated with South Village project	\$3,000,000
HTF balance as of November 14, 2022 *	\$12,200,000

\* Housing bonds approved by voters on November 8, 2022 will result in an additional \$50 million of "new HTF" funds in the February 2023 timeframe



## SUMMARY OF FUNDING OPTIONS

	Option 1	Option 2	Option 3
<b>Description</b>	<b>Fund projects within historical HTF guidelines</b>	<b>Fund all projects with a cost per unit under \$63K and closing date by 3/31/23</b>	<b>Fund all projects with a cost per unit under \$70K and closing date by 3/31/23</b>
<b>Funded projects</b>	Fairhaven Glen; Ovata at Reedy Creek; Bishop Madison	Projects from Option 1, plus Galloway Crossing and Grounds for Change	Projects from Options 1 and 2, plus Ballantyne Seniors and Evoke Living
<b>Funding source(s):</b>			
- Existing HTF funds	\$3,400,000	\$8,900,000	\$12,200,000
- ARPA or new HTF	-	-	\$3,600,000
<b>Total</b>	<b>\$3,400,000</b>	<b>\$8,900,000</b>	<b>\$15,800,000</b>
<b># of affordable units</b>	<b>227</b>	<b>409</b>	<b>623</b>

Refer to slides 9-11 for depictions of options 1 through 3



## FUNDING OPTION #1

Development	Previous City Award (A)	New Funding Request (Nov. 14, 2022) (B)	Total Investment (A+B)	Revised City Cost Per Unit	Revised Affordability Commitments
Fairhaven Glen	\$2,000,000	\$1,150,000	\$3,150,000	\$22,500	40 years
Ovata at Reedy Creek	\$480,000	\$2,000,000	\$2,480,000	\$31,795	40 years
Galloway Crossing	\$2,496,000	\$1,000,000	\$3,496,000	\$44,820	40 years
Bishop Madison Homes	\$288,000	\$250,000	\$538,000	\$59,778	15 years
Grounds for Change	\$2,000,000	\$4,500,000	\$6,500,000	\$62,500	60 years
Ballantyne Seniors	\$4,000,000	\$1,400,000	\$5,400,000	\$65,854	40 years
Evoke Living @ Morris Field	\$3,700,000	\$5,500,000	\$9,200,000	\$69,697	40 years
The River District	<del>\$2,500,000</del>	\$0	\$0	\$0	-
Lakewood Apartments	\$2,250,000	-	-	-	-
South Village Apartments	\$3,000,000	\$4,705,245	\$7,705,245	\$93,966	60 years
Easter Home	\$630,000	<u>\$1,937,873</u>	\$2,567,873	\$122,280	30 years
Option 1: Total New Funding		\$3,400,000			

= funded projects under Option 1 scenario



## FUNDING OPTION #2

Development	Previous City Award (A)	New Funding Request (Nov. 14, 2022) (B)	Total Investment (A+B)	Revised City Cost Per Unit	Revised Affordability Commitments
Fairhaven Glen	\$2,000,000	\$1,150,000	\$3,150,000	\$22,500	40 years
Ovata at Reedy Creek	\$480,000	\$2,000,000	\$2,480,000	\$31,795	40 years
Galloway Crossing	\$2,496,000	\$1,000,000	\$3,496,000	\$44,820	40 years
Bishop Madison Homes	\$288,000	\$250,000	\$538,000	\$59,778	15 years
Grounds for Change	\$2,000,000	\$4,500,000	\$6,500,000	\$62,500	60 years
Ballantyne Seniors	\$4,000,000	\$1,400,000	\$5,400,000	\$65,854	40 years
Evoke Living @ Morris Field	\$3,700,000	\$5,500,000	\$9,200,000	\$69,697	40 years
The River District	<del>\$2,500,000</del>	\$0	\$0	\$0	-
Lakewood Apartments	\$2,250,000	-	-	-	-
South Village Apartments	\$3,000,000	\$4,705,245	\$7,705,245	\$93,966	60 years
Easter Home	\$630,000	<u>\$1,937,873</u>	\$2,567,873	\$122,280	30 years
Option 2: Total New Funding		\$8,900,000			

= funded projects under Option 2 scenario



## FUNDING OPTION #3

Development	Previous City Award (A)	New Funding Request (Nov. 14, 2022) (B)	Total Investment (A+B)	Revised City Cost Per Unit	Revised Affordability Commitments
Fairhaven Glen	\$2,000,000	\$1,150,000	\$3,150,000	\$22,500	40 years
Ovata at Reedy Creek	\$480,000	\$2,000,000	\$2,480,000	\$31,795	40 years
Galloway Crossing	\$2,496,000	\$1,000,000	\$3,496,000	\$44,820	40 years
Bishop Madison Homes	\$288,000	\$250,000	\$538,000	\$59,778	15 years
Grounds for Change	\$2,000,000	\$4,500,000	\$6,500,000	\$62,500	60 years
Ballantyne Seniors	\$4,000,000	\$1,400,000	\$5,400,000	\$65,854	40 years
Evoke Living @ Morris Field	\$3,700,000	\$5,500,000	\$9,200,000	\$69,697	40 years
The River District	<del>\$2,500,000</del>	\$0	\$0	\$0	-
Lakewood Apartments	\$2,250,000	-	-	-	-
South Village Apartments	\$3,000,000	\$4,705,245	\$7,705,245	\$93,966	60 years
Easter Home	\$630,000	<u>\$1,937,873</u>	\$2,567,873	\$122,280	30 years
Option 3: Total New Funding		\$15,800,000 *			

= funded projects under Option 3 scenario

\* As indicated on slide 8, this funding scenario is enabled through a combination of \$12.2 million of HTF funds and \$3.6 million of ARPA or "new HTF" funds



## NEXT STEPS

- Pending tonight's discussion and feedback, Council to vote on pending HTF funding recommendations at the November 28, 2022 Business Meeting
- Evaluate timing of the standard Housing Trust Fund Request for Proposals process for new affordable housing projects
  - ❖ The "Winter RFP" for the Housing Trust Fund is typically released in the December timeframe