

Housing Trust Fund Tune-up

HOUSING, SAFETY & COMMUNITY COMMITTEE MEETING
DECEMBER 5 2022

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Presentation Agenda

1. Housing Trust Fund (HTF) History & Current Program
2. HTF Eligible Uses
3. Purpose of HTF Tune-Up
4. Economic Assessment & Developer Feedback
5. Future Approaches Under Consideration
6. Tune-up Process

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History

- ▶ **Established by Council in 2001; first investment made in 2002**
- ▶ **The HTF has invested \$218,000,000 in affordable housing development over the last 20 years**
 - 10,869 affordable housing units
 - 3,690 units at 30% AMI
 - 888 shelter beds

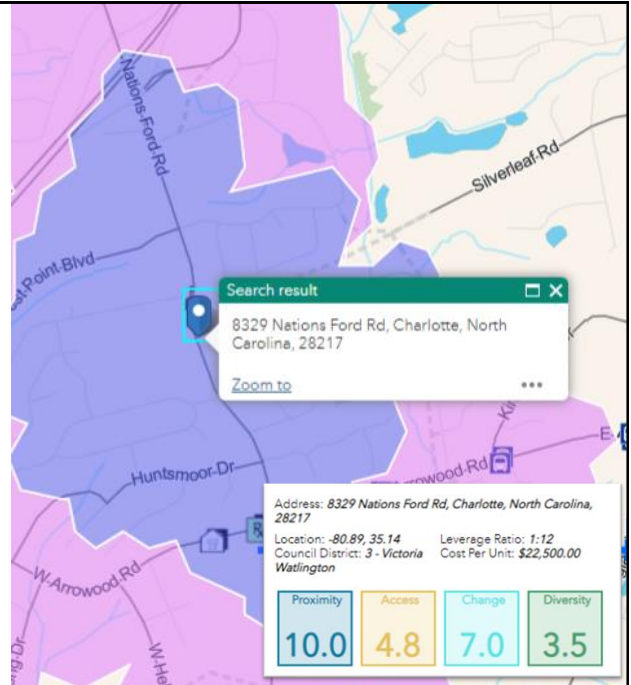


Current Program At-A-Glance

- ▶ **Provides gap funding for a variety of single and multifamily affordable housing development**
- ▶ **Two rounds of proposals each year**
- ▶ **Funded developments provide housing for households at 30%-80% AMI for a minimum of thirty years (15 years for homeownership)**
- ▶ **Charlotte recognized for national best practices**

Housing Location Scoring

- ▶ Allows Council to assess goals of job accessibility, equity, diversity, and preserving great neighborhoods
- ▶ Provides a better understanding of the relationship of a site to the surrounding community
- ▶ Creates a “level playing field” to assess proposed development sites
- ▶ Exemptions include 9% LIHTC, senior, and supportive housing developments



Housing Trust Fund - Eligible Uses

- ▶ State statute establishes that housing bonds must be used for “*capital costs to provide housing projects for the benefit of persons of low and moderate income.*”
- ▶ Based on state statute, the below table represents examples of HTF eligible uses:

| Use | Eligible? |
|---|--------------|
| Gap funding for multifamily rental or homeownership developments | Yes |
| Purchase and conversion of hotel into affordable housing (i.e., shelter, transitional housing, permanent supportive housing or conventional affordable housing) | Yes |
| Direct acquisition of land or funding for third-party land acquisition (w/required use for affordable housing) | Yes |
| Acquire, Rehab and Resell Program | Yes |
| Down payment assistance (House Charlotte) | Questionable |
| Financial support (e.g., rental assistance, application fees, security deposits, etc.) for residents impacted by displacement events | No |
| Rental subsidies | No |
| Supportive services | No |
| Housing navigation services | No |

Housing Trust Fund Tune-up - Purpose

- ▶ Identify process improvements
- ▶ Affirm or improve evaluation criteria
- ▶ Clarify funding priorities
- ▶ Evaluate new approaches

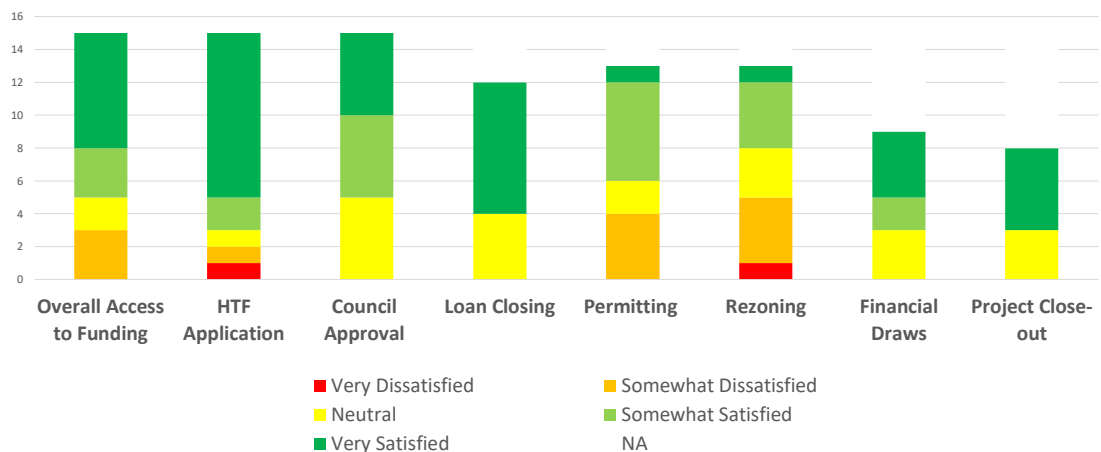


Economic Assessment & Developer Feedback

Economic Assessment & Outlook

- ▶ Continued challenges in credit and equity markets
- ▶ Construction cost increases of 15% year over year by the end of 2022
- ▶ More normalized construction costs anticipated in 2023

Developer Survey Results



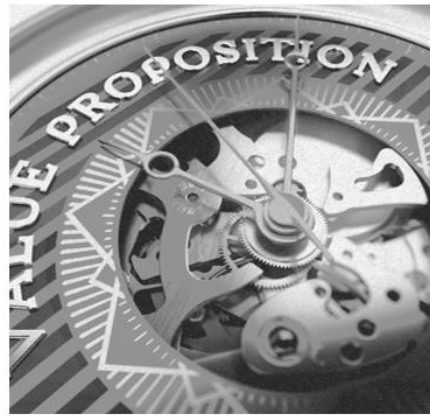
Future Approaches Under Consideration

Enhance Application & Clarify Funding Priorities

- ▶ Streamline application to request less documentation
- ▶ Clarify HTF investment goals
- ▶ Communicate specific council development priorities through the request for proposal process
- ▶ Continue with two HTF rounds per year
- ▶ Issue rolling RFP for NOAH preservation opportunities requiring quick action
- ▶ Provide resources for land acquisition to protect affordable housing opportunities in strategic locations

Strengthen Value Proposition of HTF Investments

- ▶ Incentivize nonprofit ownership or rights of first refusal
- ▶ Analyze proposed developments with a cost per unit per year framework



Funding & Zoning Integration

- ▶ Allow developers to apply for multiple funding types through one application
 - HTF
 - CDBG
 - HOME
 - Rental Subsidies
- ▶ Integrate zoning bonuses into application design
- ▶ Partner with other funders on a joint RFPs
- ▶ Partner with INLIVIAN to include project-based vouchers
- ▶ Layer HTF with non-housing economic mobility investments (e.g., household supports related to jobs, childcare, transportation, etc.)

Teamforce Housing

- ▶ Housing units developed in partnership with large employer
- ▶ Employer invests in multifamily development
- ▶ Qualified Employer team members have access to housing units
- ▶ Affirms housing/ jobs approach



Tune-up process

- ▶ Council clarifies housing & jobs priorities at the upcoming summit
- ▶ Staff propose HTF updates
- ▶ Developers review and provide feedback
- ▶ Council votes on / approves final HTF updates
- ▶ Approved changes included in Summer RFP

Questions & Feedback