

AFFORDABLE HOUSING INNOVATION : ACTIVATING BOLD IDEAS

APRIL 7, 2025 – HOUSING, SAFETY AND COMMUNITY COMMITTEE

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Affordable Housing Innovation

Council Priority Alignment

- ▶ Great Neighborhoods; Affordable Housing

Purpose

- ▶ To review and discuss opportunities to activate bold ideas and advance affordable housing innovation

Key Takeaways

- ▶ Review current approaches to innovation everyday
- ▶ Preview upcoming opportunities to pilot new approaches
- ▶ Provide guidance to staff in activating on Innovation Pilot Fund

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Affordable Housing Innovation

Previous Council Communication

- ▶ **September 2024: Council adopts Affordable Housing Funding Policy**

Future Council Action

- ▶ **Based on committee feedback, staff will bring Innovation Pilot Fund opportunities forward for review and consideration**
- ▶ **May 2025: Council will be asked to adopt the Housing and Community Development Consolidated Plan and Annual Action Plan, inclusive of ideas shared today**

\$100 M Housing Bond Implementation

Investment Category	Goal	Implementation Plan
Rental Housing Production	\$35 M	<ul style="list-style-type: none"> • Housing Trust Fund RFP – First round recommendations April 14, 2025
Homeownership	\$25 M	<ul style="list-style-type: none"> • Housing Trust Fund RFP • House Charlotte – New guidelines • ARR Revolving Loan Fund
Rental Housing Preservation	\$14 M	<ul style="list-style-type: none"> • Rolling NOAH RFP • Small Landlord Retrofit Program
Supportive Housing & Shelter	\$9 M	<ul style="list-style-type: none"> • Housing Trust Fund RFP
Housing Rehab and Emergency Repair	\$5 M	<ul style="list-style-type: none"> • RFP for Partners • CiviForm application for Emergency Repair
Innovation Pilot Fund	\$5 M	<ul style="list-style-type: none"> • HSC Committee to provide guidance, staff will cultivate future opportunities and bring forward for consideration
Site Acquisition	\$5 M	<ul style="list-style-type: none"> • TOD Land Acquisition RFP
Administration & Evaluation	\$2 M	<ul style="list-style-type: none"> • Partner Contracts for Evaluation and Services
Total	\$100 M	

Policy Guidance: Innovation

Activate bold ideas with potential to scale

- ▶ Priority will be given to proposals that reflect innovative approaches to affordability or test new ideas to address emerging and unique community needs
- ▶ Focus on ideas that may be repeatable and scalable, and serve to advance other city priorities
- ▶ Example models may include innovative models of homeownership, new/underutilized housing typologies, development overlay options, new construction techniques, and building designs and strategies that lower costs of construction and/or maintenance costs for residents

Our Approach: Innovation Everyday

- ▶ Cultivating new approaches
- ▶ Working together with partners to solve problems and remove barriers
- ▶ Creating new programs and products that are responsive to emerging conditions
- ▶ Examples and pilot opportunities:
 - New Planning, Development & Land Use Strategies
 - Catalyzing Academic & Industry Partners
 - Expanded Financing Tools



Planning, Development & Land Use Strategies

Mixed Purpose Development

- ▶ **Developing processes & strategies to create mixed use projects that achieve multiple city goals**
- ▶ **Currently exploring collaboration opportunities including:**
 - Housing + Fire/Police Stations
 - Housing + Learning Communities
 - Housing + Mobility + Sustainability



Expanded Land Development Strategies

City-owned Land Request for Proposals

- The city releases pre-identified, city-owned parcels suitable for affordable housing under an open RFP process, allowing developers to propose projects.
- Works best for sites intended solely for affordable housing development.

City-owned Land Directed Development

- City pre-tests design concepts before releasing an RFP tailored to the preferred plan
- Works best for sites that can meet multiple city objectives, or a specific build type is requested

Land Acquisition and Development

- City supports land acquisition or directly purchases sites that meet strategic objectives
- Works best for sites where direct city investment will ensure development achieves a council requested outcome

Planning and Zoning Approaches

► Zoning for Partner Institutions

- Affordable Housing Rezoning Pilot Program for affordable housing developments participating in the Housing and Neighborhood Services Faith-in-Housing Initiative

► Tree Bank

- Program that would allow affordable housing projects to use an off-site tree mitigation bank in lieu of on-site tree save. Approach maintains tree canopy commitments while allowing up to 15% more of the site to be developed to make affordable housing projects more feasible

► Pattern Book

- A planning resource providing design guidance and examples, used to encourage development that activates on UDO flexibilities and promotes a community affirmed vision

Catalyzing Academic & Industry Partners

Measuring Impact

Policy Guidance: Measuring the impact of the city's housing investments and services is an integral component of the funding policy

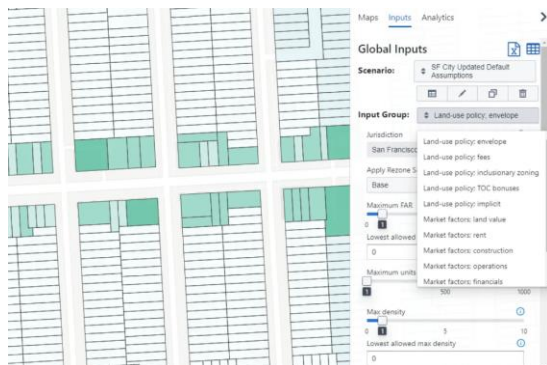
- ▶ Established relationship with UNC Charlotte Urban Institute to implement evaluation plan
- ▶ Research team is working to develop and track outcome measures for residents and households supported by city housing investments
- ▶ Researchers will assess how Housing Trust Fund investments have created measurable benefits for residents and recommend improvements to maximize the effectiveness of future funding investments

Harnessing Industry and Academic Expertise

- ▶ **Develop opportunities for business and academic partners to advance new solutions and demonstrate new products and technologies**
 - Building techniques
 - Construction materials
 - Funding solutions
- ▶ **Exploring conferences, hackathons and design challenges**

Implementing a Housing Policy Simulator

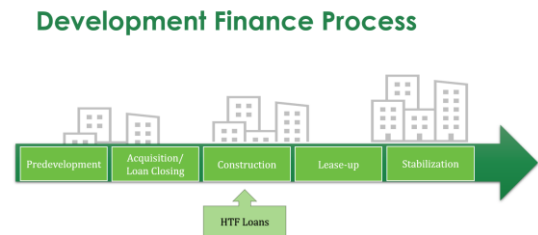
- ▶ **Interactive zoning & financial feasibility tool**
- ▶ **Allows for detailed data-driven decision making**
- ▶ **Adjusts key variables such as construction costs, rent levels, and subsidies to reflect local conditions**



Expanded Financing Tools

Expanded Financing Tools

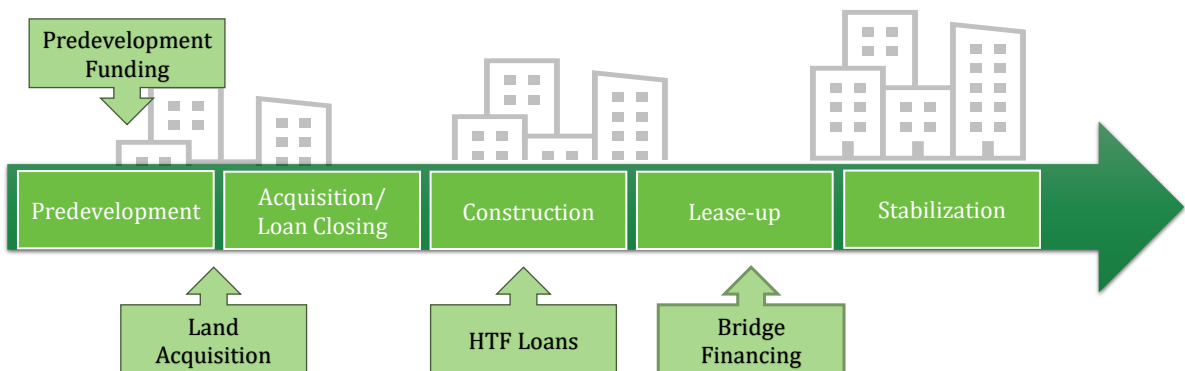
- ▶ Charlotte currently offers long-term deferred loans to secure extended affordability periods
- ▶ Loans are gap funding and act as a “but for” funding tool that allow developments to “pencil out”
- ▶ Developments require multiple funding sources and loan types to complete a development
- ▶ Current tools target projects of larger scale



Expanded Financing Tools

- ▶ Exploring new financial products and financing tools that support other development cycle needs and smaller-scale projects
- ▶ Blending funding sources to create sustainability and flexibility
- ▶ Leveraging other funding sources in new ways to further extend the city's investment

Piloting New Finance Tools



Small Landlord Retrofit Loan Program

- ▶ Pilot program will support affordability preservation in partnership with existing landlords
- ▶ The loan product will allow for property repairs that support tenant safety, affordability and health. Types of improvements: code violation mitigation, heating and cooling, accessibility and mobility upgrades
- ▶ Eligibility will include long-term ownership, smaller properties (under 50 units) and affordability commitments
- ▶ Pilot will run for one year and report back outcomes and recommendations

Bridge Loan Product

- ▶ Short term (5-7 year) loan product leveraging federal HOME funds
- ▶ Interest bearing & amortizing
- ▶ Payments returned to funding source for future Council allocation
- ▶ Advantages:
 - Allows developers to unlock additional loan sources
 - Stabilizes projects for long term outcomes
 - Allows for recycling of funds

Pilot Opportunity: Albemarle Landing

- ▶ **5800 Albemarle Road (District 5)**
- ▶ **128 Unit Development**
 - 30 @ 50% AMI
 - 68 @ 60% AMI
 - 30 @ 70% AMI
- ▶ **The developer has expressed interest in a \$1m HOME bridge loan**
- ▶ **Extending affordability from 30 to 40 years**
- ▶ **7-year repayment at 3% Interest**



Community Impact Revolving Loan Fund (Section 108)

- ▶ **The Section 108 Loan Guarantee Program (Section 108) provides Community Development Block Grant (CDBG) recipients with the ability to leverage their annual CDBG grant allocation to access low-cost, flexible financing**
- ▶ **The City of Charlotte seeks to secure a \$25 Million loan guarantee from HUD to establish the Community Impact Revolving Loan Fund**
- ▶ **The Fund will finance projects including property acquisition, rehabilitation, infrastructure improvements, and innovative homeownership models to expand affordable housing and economic opportunities**
- ▶ **Activities will be incorporated into the city's Consolidated Plan and Annual Action Plan (Public Hearing on April 14, 2025, and Council Action in May)**
- ▶ **Council will be requested to accept the funding at a future council meeting**

Innovation Pilot Fund

Innovation Pilot Fund

- ▶ **\$5 Million reserved within the housing bond for an Innovation Pilot Fund**

- ▶ **For Committee Discussion:**
 - What does affordable housing innovation look like to you?
 - What ideas have you seen or heard that you would like staff to explore for feasibility in Charlotte?
 - What are your priorities for the Innovation Pilot Fund?