



Housing Funding Support Requests

Housing & Neighborhood Development Committee
August 28, 2017

Briefing Objectives

- ▶ Winning Cities Traits/Community Letter/Council Priority
- ▶ Progress towards 5,000 units Goal
- ▶ Increase Supply of Affordable Housing Recommendations
- ▶ HTF Background, Process and Evaluation Criteria
- ▶ Key Considerations and Market Conditions
- ▶ FY2018 Funding Requests
- ▶ Next Steps

Winning City Traits

Beyond Borders

Advancing collaboration across and outside the region

Open Book

Being hyper-transparent and a proactive communicator

Shared Story

Advancing a seamless narrative; Why we're unique

Affordable Spaces

Meeting the rising demand for affordable housing

Millennial Magnet

Being a hot spot for young professionals

Open Mind

Being creative, innovative, and accepting of new ideas

15-Minute Livable Communities

Investing in diverse neighborhoods

Workforce Dynamics

Advancing large-scale training and re-skilling

Big Tent

Being a welcoming and inclusive community

Positive Buzz

Inspiring and scaling positive word of mouth

 Community Letter

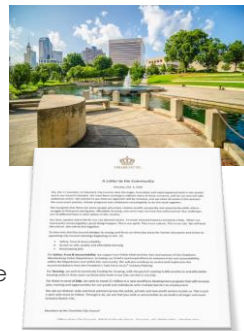
Community Letter Overview

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



 Community Letter

Who Needs Affordable Housing

Customer Service



\$15

Health Aides



\$10

Retail Sales



\$10

Food Prep



\$8

Laborers



\$11

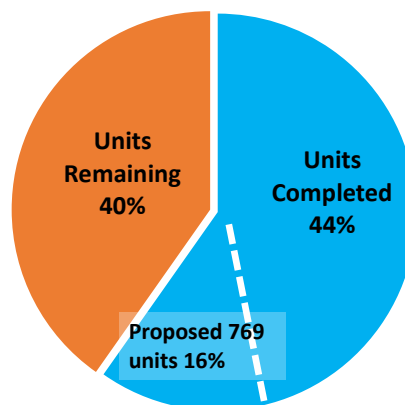
Median wages for forecasted high-growth occupations in Charlotte, 2010-2020.

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

 Community Letter

Progress Towards 5,000 units Goal

► Accomplishments: January 1, 2016 – August 15, 2017



 Community Letter

Increasing Workforce and Affordable Housing

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

- Bring new public and private resources to creating supply (Financial):
 - 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

 Community Letter

Charlotte-Mecklenburg
Department of
Public Works

Housing Funding Requests



4% TAX CREDIT Housing Developments Funding Requests



 Community Letter

Charlotte-Mecklenburg
Department of
Public Works

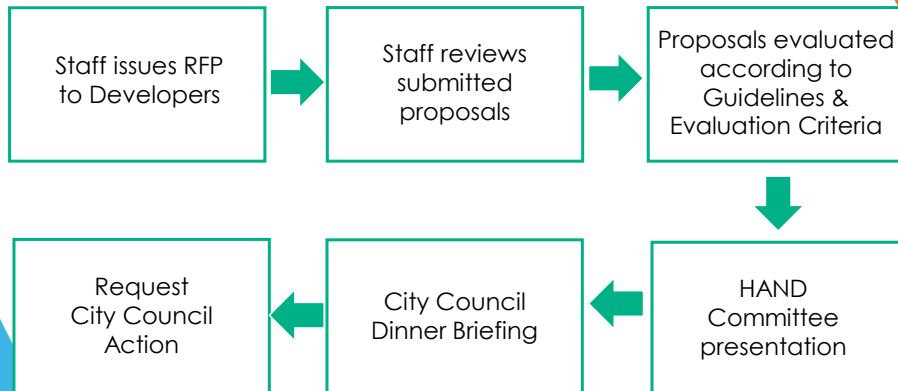
Housing Trust Fund

- **Established in 2001 to provide gap financing to affordable housing developers** through a competitive Request for Proposal process.
- **To date:**
 - Financed 6,028 affordable housing units
 - Completed 5,010 housing units
 - Total Development - \$587 million
 - Funds Committed/Spent - \$102 million
 - 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 RFP process for developers twice a year** in response to recommendations and community letter.

 Community Letter

 Community Letter

Request for Proposal Process



 Community Letter

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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: *80% or less Area Median Income (\$56,560)

III. Developer Experience:

- Developer Track Record
- Property Management

IV. Financial Strength:

- Leverage of City Funds
- City Investment per Unit

 Community Letter

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Market Conditions

- **Equity Market** – Anticipated 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	1.2% - 8.2%
Absorption Rate	3 - 11 months
Waiting Lists	4 - 24 months

***Capture Rate**

Below 30% - Acceptable
Under 20% - Ideal

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FY2018 Proposals

- **Five developments applied for funding.**
- **Awards will be announced in January 2018.**
- Approval of proposed developments **will add a total of 769 units** towards housing goal.
- **Each supported development is expected to receive a tax credit allocation** from the North Carolina Housing Finance Agency (NCHFA).



 Community Letter

FY2018 Housing Trust Fund Proposals

- After NCHFA award, in 2018 **City Council will be requested to adopt a resolution** authorizing The Charlotte Housing Authority or another entity to issue multi-family housing revenue bonds as part of the financing requirement.

Milestone	Dates
Preliminary Application	Jul. 2017
Final Application	Oct. 2017
Credit Award	Jan. 2018
Close Financing	Sept. - Dec. 2018
Begin Construction	Jan. 2019
Substantial Completion	Jan.-Mar. 2020



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FY2018 Housing Trust Fund Proposals

Developments	Leverage	Target	Units	Funding
	Ratio	Population		Request
1 Grier Heights Seniors	1:3	Elderly	72	\$3,450,000
2 Movement on Freedom	1:7	Family	185	\$4,500,000
3 Old Concord at Blue Line	1:6	Family	204	\$5,100,000
4 Vibrant Ashley Park	1:7	Family & Elderly	108	\$2,160,000
5 West Tyvola	1:6	Family & Elderly	<u>200</u>	<u>\$5,600,000</u>
Total			769	\$20,810,000
Remaining Balance				\$1,468,000
Per Unit/Funding Request				\$27,061

 Community Letter

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CITY OF CHARLOTTE
2017-2018

Multi-Family Rental Development Recommendation



Grier Heights Seniors
2931 Marney Ave.
Laurel Street Residential

Number of Units	72
HTF Request	\$3,450,000
Total Cost	\$9,918,443
Affordability Period	40 Years
Leverage Ratio	1:3

AMI	# Units
< 30%	0
31-50%	19
51-60%	53
61-80%	0
> 80%	0
Total Units	72

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CITY OF CHARLOTTE
2017-2018

Multi-Family Rental Development Recommendation



TYPICAL BUILDING ELEVATION

Movement on Freedom
2615 Freedom Drive
The Housing Partnership

Number of Units	185
HTF Request	\$4,500,000
Total Cost	\$29,991,522
Affordability Period	30 Years
Leverage Ratio	1:7

AMI	# Units
< 30%	19
31-50%	19
51-60%	72
61-80%	19
> 80%	56
Total Units	185

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Multi-Family Rental Development Recommendation



Old Concord Apartments at the Blue Line

Old Concord at The Blue Old Line
5625/5635 N. Tryon
The NRP Group, LLC

Number of Units	204
HTF Request	\$5,100,000
Total Cost	\$31,250,685
Affordability Period	30 Years
Leverage Ratio	1:6

AMI	# Units
< 30%	0
31-50%	0
51-60%	204
61-80%	0
> 80%	0
Total Units	204

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Multi-Family Rental Development Recommendation



Vibrant Ashley Park Seniors & Family
2200 Ashley Road
CAPROCK, LLC

Number of Units	108
HTF Request	\$2,160,000
Total Cost	\$14,305,038
Affordability Period	30 Years
Leverage Ratio	1:7

AMI	# Units
< 30%	0
31-50%	0
51-60%	108
61-80%	0
> 80%	0
Total Units	108

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Multi-Family Rental Development Recommendation



West Tyvola
2349 West Tyvola Rd.
Laurel Street Residential

Number of Units	200
HTF Request	\$5,600,000
Total Cost	\$31,063,790
Affordability Period	15-30 Years
Leverage Ratio	1:6

AMI	# Units
< 30%	0
31-50%	0
51-60%	80
61-80%	61
> 80%	59
Total Units	200

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Multi-Family Rental Development Recommendation

AMI Summary

AMI	# Units	%
< 30%	19	3%
31-50%	38	5%
51-60%	517	67%
61-80%	80	10%
> 80%	115	15%
Total Units	769	100%

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Affordable Housing Examples



The McNeel



Cherry Garden Senior Apartments



The Park at Oaklawn



Renaissance West

Affordable Housing Examples



Renaissance West

Next Steps

- City Council will consider approval of FY2018 Housing Trust Fund Requests on September 25, 2017.