

Guidelines for Evaluation and Disposition of City Owned Land for Affordable Housing

Purpose

The use of publicly-owned land for Affordable Housing is noted as a national best practice for expanding the supply of quality diverse price point housing, and is identified as a tool in the Housing Charlotte Framework. It is the City's intent to prioritize use of available City-owned Real Property for development of Affordable Housing whenever possible. These guidelines and procedures establish a uniform process for the evaluation, use, reuse and/or disposition of City-owned Real Property, excluding airport property, for Affordable Housing and are intended to:

- Set forth the criteria, provide clarity and reflect desired outcomes relative to the evaluation, use, reuse or disposition of City-owned Real Property with the overall goal of affirmatively furthering the availability of fair housing choices for all residents while expanding the supply of affordable and workforce housing.
- Provide for fixed asset control documentation to properly account for any use, reuse or disposition of City-owned Real Property for affordable housing.
- Utilize a transparent disposition process of City-owned property for the purpose of affordable housing in a context or by a method which avoids an allegation of a conflict of interest.

Summary

Each parcel of City-owned Real Property shall be reviewed regularly and in accordance with the City's policies and portfolio management procedures, including the City-Owned Real Estate and Facilities Policy. This review includes the consideration of the development of Affordable Housing, while considering developments that include other current or future municipal uses such as municipal parking, in an effort to leverage all City-owned Real Property to its fullest potential for Affordable Housing while balancing other City priorities. If a parcel(s) is determined to be suitable for Affordable Housing, the City should seek to partner with an appropriate non-profit or for-profit housing entity to develop it as Affordable Housing. If the property is deemed to no longer have a municipal use and is also deemed unsuitable for Affordable Housing or other City priorities, it may be disposed of following the City's existing statutory procedures. In such cases, the City reserves the right to allocate a portion of the proceeds from the sale, unless encumbered by state or federal guidelines, of such property to a City housing fund to further the development of Affordable Housing. All City departments and agencies are subject to these procedures and guidelines.

Guiding Principals

- To every extent possible, while balancing City priorities, City-owned Real Property shall be used for Affordable Housing to:
 - Create mixed-income and inclusive neighborhoods,

- Monetize City assets, unless encumbered by state or federal guidelines, to increase the supply of affordable and workforce housing,
 - Leverage, reduce or eliminate the need for Housing Trust Fund or other City funding requests,
 - Leverage other public and private sources, including Opportunity Zone funding, to increase the supply of affordable and workforce housing,
 - Provide Affordable Housing through innovative, public-private partnerships with a new model for supporting Affordable Housing, and
 - Increase the City's long-term deed restricted Affordable Housing supply.
- It is the intent of the City to utilize Real Property strategically to further the City's goals for Affordable Housing by prioritizing use of available City-owned Real Property for the development of such projects while balancing other City Council objectives and priorities.
 - Staff evaluations and recommendations for the use, reuse or disposition of Real Property should reflect assessment for the potential use of the property consistent with City priorities to increase the supply of Affordable Housing, and other priorities reflected in adopted City policies or plans.
 - When authorizing the use of Affordable Housing, the City desires to maximize the number of affordable units developed at or below 80 percent of Area Median Income (AMI), including increasing the production of housing for households from zero to 30 percent of AMI. The City will consider models that achieve these goals through partnerships with non-profit or for-profit housing developers. Such models could include the use, reuse, disposition or alternatively the long-term lease of City-owned Real Property, so long as Affordable Housing is guaranteed for a period of time that aligns with City priorities, typically a minimum of 20-30 years with a preference for longer terms, through recorded deed restrictions or any other such legal agreements required by the City. See the Goals section of this document for additional information.
 - Long term lease of City-owned Real Property for Affordable Housing may often be preferred over other forms of disposition, such as the sale or donation of property.
 - Decisions regarding the use, reuse or disposition of the City-owned Real Property for Affordable Housing should be made on a case-by-case basis based upon the unique characteristics of each property and development proposal, and in accordance with City priorities, policies and plans.
 - Except as otherwise delegated by ordinance or Council policy, final decisions regarding the disposal of Real Property rights shall be made by the City Council.

Goals

It is the City's intent to prioritize use of available City-owned Real Property for development of Affordable Housing to every extent possible while balancing other City priorities. While each potential Affordable Housing use will be evaluated on the unique characteristics of the property and development

proposal, the following goals are hereby established to serve as guidelines for evaluation. Preference will be given to development scenarios that help the City meet and surpass these goals, with an emphasis given to developments that help surpass these goals.

- The City desires to achieve the highest number of affordable units serving households earning between 30 and 80 percent of the AMI, with an emphasis on units serving households earning 30 percent or below of the AMI.
- Deed restrictions/terms of affordability for a period of time that aligns with city priorities, typically 20-30 years with a preference for longer terms, through recorded deed restrictions or any other such legal agreements required by the City.
- Developments where the use of City-owned Real Estate further leverages, reduces, or eliminates other public or private funding requests, including but not limited to City funding sources such as the Housing Trust Fund.
- Developments that allow affordable and workforce housing to be placed in or near:
 - Transit Station Areas and existing or proposed transit services
 - Center City and other areas of high opportunity
 - Areas zoned or planned for future development
 - Near commercial and employment centers
 - Neighborhoods experiencing change (gentrification)
 - Areas that promote diverse, inclusive, complete neighborhoods
 - Areas that support other City priorities

Periodic Review

- Engineering & Property Management-Real Estate Department will regularly review all City-owned Real Property to consider the suitability for its current use, and to consider its use, reuse or disposition for the development of Affordable Housing.
- Properties characterized as Fully Utilized should be evaluated every five years or less to consider opportunities for Affordable Housing, and those characterized as Underutilized, Interim, Unused or Surplus should be evaluated annually for the use of Affordable Housing, including the opportunity to incorporate Affordable Housing with other municipal uses.
- When new land is acquired by the City for municipal purposes, the initial review will take place at the time of acquisition and/or project planning.
- In addition to Affordable Housing uses, periodic reviews will also consider uses for other City priorities, such as public safety and economic development. Balancing all City priorities, including Affordable Housing, will be considered as part of these periodic reviews.
- The Mayor, City Council or staff may request that a specific property be reviewed at any time.

Criteria for Assessing Suitability for Affordable Housing Development

- In determining if a property is suitable for development as Affordable Housing, the following criteria, among others, will be used:
 - Current and planned use, including the opportunity for a more intensive use
 - Zoning or rezoning opportunities, including the opportunity for a more intensive use
 - Size and site configuration
 - Topography
 - Presence of contamination/hazardous materials
 - Infrastructure
 - Presence of existing City facilities
 - Location
 - Opportunity and access
 - Current or projected neighborhood change
 - Alignment with City priorities
 - Originating fund source/restriction on use; and
 - Ability to create mixed use developments
- Housing & Neighborhood Services and Engineering & Property Management- Real Estate departments, along with other departments as necessary, will assist in evaluating the use of City-owned Real Property for Affordable Housing development.
- On an annual basis, staff will review the properties held for development of Affordable Housing to update the timeline for development of such property.

Definitions

- **Affordable Housing:** Housing that is predominantly affordable to low and very low-income households at or below 80 percent of Area Median Income (AMI), as published from time to time by the U.S. Department of Housing and Urban Development (HUD).
- **Deed Restrictions:** Recorded agreements that restrict the use of the real estate and are referenced in the deed.
- **Disposition:** The donation, trade or sale of real property to a non-City entity.
- **Fully Utilized:** City-owned property that is actively being used for municipal purposes to the fullest capacity possible under any required restrictions to its municipal use.
- **Interim Use:** The use of property for a non-municipal uses(s) on a short-term basis during the period of time prior to its being used for its proposed future municipal use.
- **Long-term Lease** – Generally refers to a long-term lease transaction up to 50-years or more.

- Mixed Use Development: A development that includes Affordable Housing and other uses, including but not limited to other public services.
- Municipal Use: Active or passive use of real property to carry out general purposes of the City or to accomplish City goals and objectives.
- Real Property: Fee-owned land and appurtenances to land, including buildings, structures, fixtures, fences and improvements erected upon or affixed to the same.
- Reuse: The use of an unused or underutilized property, after review and assessment of the property's potential uses.
- Sale: the conveyance to a non-City entity of all or a portion of a parcel of real property for consideration.
- Surplus Property: Excess property designated as not needed to carry out any recognized goal or policy of the City.
- Underutilized Property: Property that could support additional and/or more intensive uses without interfering with the primary use of the property.
- Unused Property: Property not currently in municipal use.