

Charlotte LISC Update

March 4, 2019



Local LISC Charlotte Office Update

- Opened office at 201 South Tryon Street
- Hired two staff: Executive Director and Senior Program Officer
- Executive Director introductory event hosted in April
- Finalizing Local Advisory Committee membership
- Investing \$25 million
 - In 2019, up to \$1 million in community development resources, including technical assistance and trainings
 - Raising national funding to support local Charlotte programmatic activity

Local Engagement

- Government: Mayor and City Council, City Manager and County Manager
- Funders: Foundations, Banks, Private Investors
- Developers
- Community/ Advocates

Targeting the First Charlotte Neighborhood

- Beginning work in the Historic West End to preserve affordable housing and support small businesses
- First capacity building grant for Historic West End Partners (HWEPP); working with Knight Foundation and Charlotte Center City Partners
- Opportunity Zone convening with:
 - ✓ Historic West End community
 - ✓ Federal Reserve Bank of Richmond
 - ✓ Johnson C. Smith University
 - ✓ Knight Foundation

Charlotte Housing Opportunity Investment Fund (CHOIF)

- Raised \$21M to date
- Initial mission is to focus on mixed income, multifamily housing for people making 30- 120% AMI
- Partnership between the City, the funding community, a number of investors, and others
- LISC serving as the fund manager



Charlotte Housing Funding To Date*

(Fund closing scheduled for March 31)

Type of Investment	Housing Opportunity Investment Fund	Philanthropic Investments	City's Housing Trust Fund (HTF)
Grants	\$6 million		
Land Donations		\$9.75 million	
Low Return Equity	\$ 2.5 million		
Low Return Debt	\$12.5 million		
Reduced Lending Rate		\$50 million	
Subsidy			\$38.3 million**
Other Housing Investments		\$17.5 million	
Total	\$21 million	\$77.25 million	\$38.3 million

*March 4, 2019

**Shows balance remaining of \$50M after deals approved by City Council. Anticipate reserving portion for usual 9% deal.

Strategy to Maximize Impact Example

As Funded

Two Deals (4% LIHTC)
Funding:

\$9.7M
City HTF

\$9.7 million

With CHOIF

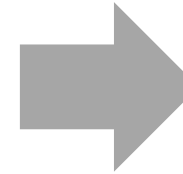
Two Deals (4% LIHTC)
Funding:

\$5M
City HTF

\$4.7M
CHOIF

\$9.7 million

Saved \$4.7 million in HTF



This approach enables the City of Charlotte to:

- Produce nearly twice the number of units
- Get twice as much for each dollar of HTF

Comprehensive Review, Input & Approval Process- Phase 1

30- 45 days

Intake:

City and LISC,
review requests
for 4%, 9% and
NOAHs

Council notified
deal is being
reviewed

Pre-Underwriting:

Financial feasibility,
CHOIF/HTF eligibility,
community
engagement, leverage
ratio, AMI, rent
subsidy, affordability
terms, city housing
goals, etc. verified

City staff & LISC
inform Council of
recommendation
(conforming/
nonconforming)

Underwriting:

Fund
Manager
underwrites
project per
City's
established
investment
guidelines

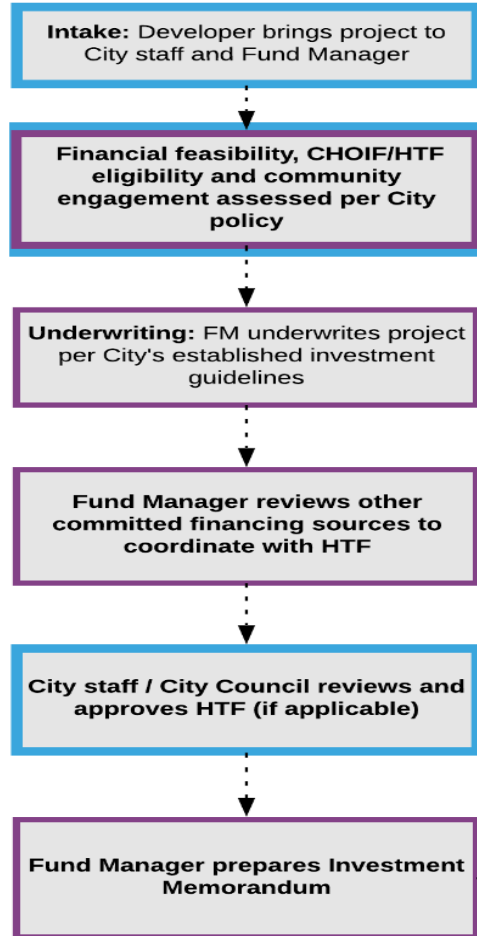
Fund
Manager
reviews other
committed
financing
sources to
coordinate
with HTF

City staff &
City Council
reviews &
provides HTF
commitment
(if applicable)

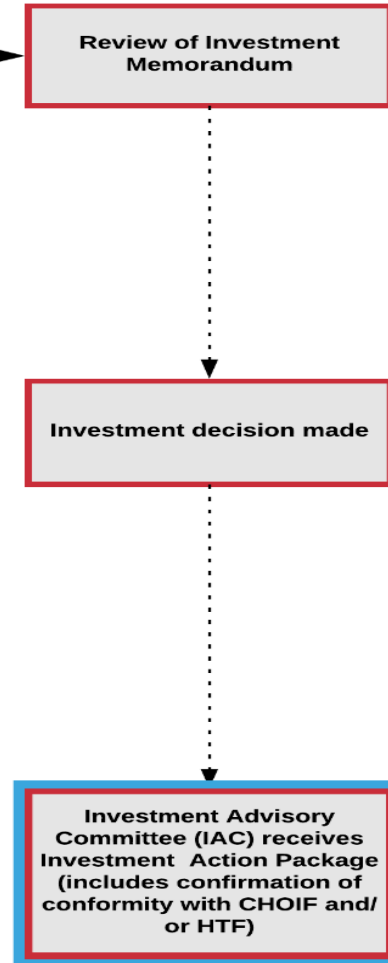
FM prepares
Investment
Memorandum

Charlotte Housing Opportunity Investment Fund ("CHOIF") Proposed Investment Process Map

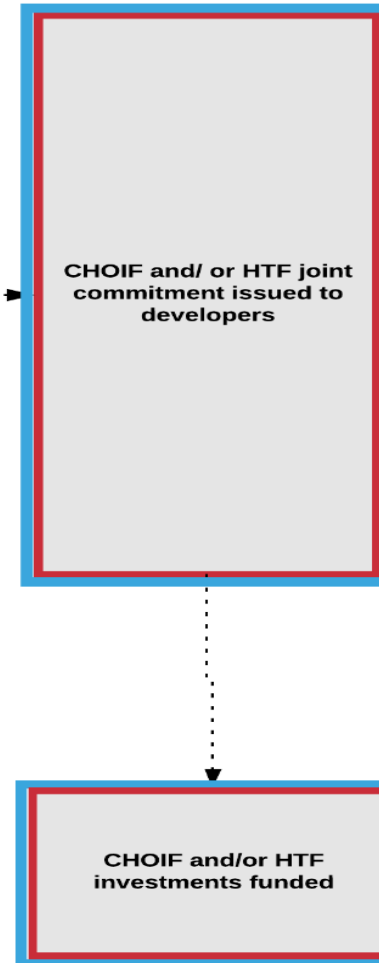
Phase I: Origination of Investments (30-45 days)



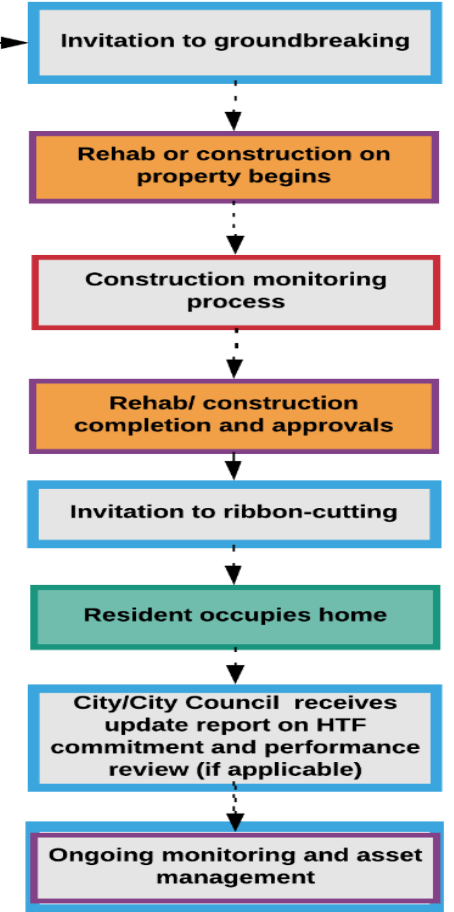
Phase II: Investment Review (10-15 days)



Phase III: Investment Funding (Up to 5 days)



Phase IV: Construction & Monitoring



LISC - Fund Manager
The Fund



The City of Charlotte
(City/ City Council)



Developer/ Construction Contractor



Resident

Next Steps

- Finalize operating agreement between LISC and the City to manage the CHOIF
- Currently vetting deals for funding approval in May



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