



Housing Funding Support Requests

City Council Action Review

March 25, 2019



BRIEFING OBJECTIVES

- Background
- Housing Trust Fund status
- Request summary
- Next steps





BACKGROUND

August 2018, City Council adopted the “Housing Charlotte Framework” which recommends:

- Supporting the development of 9% tax credit projects.
- Creating new rental housing opportunities, especially for households earning below 60% AMI.



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HOUSING TRUST FUND STATUS

Housing Trust Fund Balance	
Beginning Balance	\$50,000,000
Less 4% Tax Credit Projects	(\$9,524,000)
Less NOAH Project	(\$2,100,000)
Remaining Balance	\$38,376,000

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EVALUATION CRITERIA

I. City Policies:

- Number of years affordable
- Neighborhood displacement and revitalization

II. Development Strength:

- Number of affordable units
- Income: *60% or less Area Median Income (\$44,460)

III. Developer Experience:

- Developer track record
- Property Management

IV. Financial Strength:

- Leverage of city funds
- City investment per unit

Market Study Review:

- Proposed site
- Impact in the community
- Demand and capture rate

Community Engagement:

- Convene at least one neighborhood meeting to address proposed development

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MARKET CONDITIONS

- **Equity Market** - Current 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

Market Study Components	
Vacancy Rate	0%
Occupancy Rate	100%
Capture Rate*	3.3%
Absorption Rate to 93%	4 - 7 months
Waiting Lists	100%

*Capture Rate

Below 30% - Acceptable

Under 20% - Ideal

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FY2019 HOUSING TRUST FUND TIMELINE

Milestone	Dates
Preliminary Application	Jan. 2019
Final Application	May 2019
Credit Award	Aug. 2019
Close Financing	Sept. - Dec. 2019
Begin Construction	Jan. 2020
Substantial Completion	Dec. 2021



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FY 2019 HOUSING TRUST FUND REQUESTS

	<u>Developments (9%)</u>	<u>Leverage Ratio</u>	<u>Rents</u>	<u>Units</u>	<u>Funding Request</u>
1	Abbingdon Westside	1:6	\$417 - \$1,542	46	\$1,575,000
2	Brookwood Apartments	1:7	\$403 - \$1,151	60	\$1,525,000
3	Connelly Creek Apartments	1:6	\$417 - \$1,257	66	\$1,996,500
4	Mayfield at Square	1:6	\$417 - \$988	50	\$1,750,000
5	Parkside at Hickory Grove	1:8	\$416 - \$1,300	80	\$1,750,000
6	Rosewood Commons II	1: 17	\$417 - \$1,542	52	\$520,000
7	Sugar Creek Greene	1: 9	\$416 - \$1,540	72	\$1,368,000
8	The Park Seniors	1: 10	\$393 - \$941	80	\$1,360,000
	Total 9%	1:7		506	\$11,844,500

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UNIT AMI BREAKDOWN

9% Low Income Housing Tax Credit (LIHTC)		
AMI	# Units	%
< 30%	129	25%
31-50%	29	6%
51-60%	230	45%
61-80%	118	23%
Total Units	506	100%*

**reflects rounded percentages*

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HOUSING LOCATION SUMMARY

- All LIHTC preliminary applications received a perfect site score of 60 from the North Carolina Housing Finance Agency (NCHFA).
- 9% LIHTC deals are exempt from the City's Housing Locational Guidelines.

Charlotte's Housing Location Site Scoring:

	<u>Developments (9%)</u>	<u>Proximity</u>	<u>Access</u>	<u>Change</u>	<u>Diversity</u>	<u>Total</u>
1	Abbingtion Westside	5.0	3.5	7.0	7.9	23.4
2	Brookwood Apartments	2.0	6.2	9.2	3.5	20.9
3	Connelly Creek Apartments	2.0	6.2	3.5	4.4	16.1
4	Mayfield at Square	4.0	6.4	4.0	4.0	18.4
5	Parkside at Hickory Grove	1.0	4.5	7.9	3.4	16.8
6	Rosewood Commons II	4.5	3.3	7.5	8.8	24.1
7	Sugar Creek Greene	5.0	5.2	8.3	5.7	24.2
8	The Park Seniors	8.5	3.4	5.2	5.0	22.1
	Average	4.0	4.8	6.6	5.3	20.75

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NCHFA QAP SITE SELECTION EVALUATION

- A site can obtain a maximum of 60 points and must meet a minimum threshold of 45 points.
- Site scores are based on the following factors:
 - **Neighborhood Characteristics (10)**
 - * Well maintained vs. Blighted
 - **Amenities (38 Points)**
 - * Proximity to grocery stores, shopping, pharmacy, etc.
 - **Site suitability (12 Points)**
 - * Safe access, no incompatible uses (adult entertainment, prisons, etc.)

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HOUSING TRUST FUND RECOMMENDATION



**Abbingtion Westside
District 3
2230 Township Road
Rea Ventures Group, LLC**

Number of Units	46
HTF Request	\$1,575,000
Total Cost	\$9,362,562
Affordability Period	30 Years
Leverage Ratio	1:6
Rent (1-2-3 BR)	\$417 - \$1,542

AMI	# Units
< 30%	12
31-50%	0
51-60%	34
61-80%	0
Total Units	46

Proximity	Access	Change	Diversity	Total
5.0	3.5	7.0	7.9	23.4

9% LIHTC deals are exempt from the Housing Locational Guidelines

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HOUSING TRUST FUND RECOMMENDATION



Brookwood Apartments
District 4
2313 Newell-Hickory Grove Rd.
Outlook Development LLC

Number of Units	60
HTF Request	\$1,525,000
Total Cost	\$10,692,074
Affordability Period	30 Years
Leverage Ratio	1:7
Rent (1-2-3 BR)	\$403 - \$1,151

AMI	# Units
< 30%	15
31-50%	0
51-60%	45
61-80%	0
Total Units	60

Proximity	Access	Change	Diversity	Total
2.0	6.2	9.2	3.5	20.9

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HOUSING TRUST FUND RECOMMENDATION



Connelly Creek Apartments
District 3
4350 Connelly Circle
The Housing Partnership

Number of Units	66
HTF Request	\$1,996,500
Total Cost	\$13,182,219
Affordability Period	30 Years
Leverage Ratio	1:6
Rent (1-2-3 BR)	\$417 - \$1,257

AMI	# Units
< 30%	17
31-50%	10
51-60%	22
61-80%	17
Total Units	66

Proximity	Access	Change	Diversity	Total
2.0	6.2	3.5	4.4	16.1

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HOUSING TRUST FUND RECOMMENDATION



Mayfield at Sugaree
District 4
726 W. Sugar Creek Road
The Housing Partnership

Number of Units	50
HTF Request	\$1,750,000
Total Cost	\$9,919,172
Affordability Period	30 Years
Leverage Ratio	1:6
Rent (1-2-3 BR)	\$417 - \$988

AMI	# Units
< 30%	13
31-50%	7
51-60%	25
61-80%	5
Total Units	50

Proximity	Access	Change	Diversity	Total
4.0	6.4	4.0	4.0	18.4

9% LIHTC deals are exempt from the Housing Locational Guidelines

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HOUSING TRUST FUND RECOMMENDATION



Parkside at Hickory Grove
District 5
4728-4800 Shamrock Drive
The SCG Development Partners

Number of Units	80
HTF Request	\$1,750,000
Total Cost	\$14,461,474
Affordability Period	30 Years
Leverage Ratio	1:8
Rent (1-2-3 BR)	\$416 - \$1,300

AMI	# Units
< 30%	20
31-50%	12
51-60%	21
61-80%	27
Total Units	80

Proximity	Access	Change	Diversity	Total
1.0	4.5	7.9	3.4	16.8

9% LIHTC deals are exempt from the Housing Locational Guidelines

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HOUSING TRUST FUND RECOMMENDATION



Rosewood Commons II
District 2
6405 West Sugar Creek Road
Greenway Residential Development, LLC

Number of Units	52
HTF Request	\$520,000
Total Cost	\$8,598,018
Affordability Period	30 Years
Leverage Ratio	1:17
Rent (1-2-3 BR)	\$417 - \$1,542

AMI	# Units
< 30%	13
31-50%	0
51-60%	26
61-80%	13
Total Units	52

Proximity	Access	Change	Diversity	Total
4.5	3.3	7.5	8.8	24.1

9% LIHTC deals are exempt from the Housing Locational Guidelines

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HOUSING TRUST FUND RECOMMENDATION



Sugar Creek Greene
District 2
6130 Bisaner Street
The Woda Group, Inc.

Number of Units	72
HTF Request	\$1,368,000
Total Cost	\$12,822,379
Affordability Period	30 Years
Leverage Ratio	1:9
Rent (1-2-3 BR)	\$416 - \$1,540

AMI	# Units
< 30%	19
31-50%	0
51-60%	26
61-80%	27
Total Units	72

Proximity	Access	Change	Diversity	Total
5.0	5.2	8.3	5.7	24.2

9% LIHTC deals are exempt from the Housing Locational Guidelines

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HOUSING TRUST FUND RECOMMENDATION



**The Park Seniors
District 2
5915 Beatties Ford Road
Laurel Street Residential**

Number of Units	80
HTF Request	\$1,360,000
Total Cost	\$13,793,190
Affordability Period	30 Years
Leverage Ratio	1:10
Rent (1-2-3 BR)	\$393 - \$941

AMI	# Units
< 30%	20
31-50%	0
51-60%	31
61-80%	29
Total Units	80

Proximity	Access	Change	Diversity	Total
8.5	3.4	5.2	5.0	22.1

9% LIHTC deals are exempt from the Housing Locational Guidelines

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HOUSING TRUST FUND UPDATE

Housing Trust Fund	
Beginning Balance:	\$50,000,000
Less 4% Tax Credit Projects:	(\$9,524,000)
Less NOAH Project:	(\$2,100,000)
Less 9% Tax Credit Projects*:	(\$7,071,500)
Estimated Remaining Balance:	\$31,304,500

*Amount is projected based on the four largest HTF requests, and will change when LIHTC awards are announced in August, 2019.

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NEXT STEPS

- City Council considers approval of the eight requests
(contingent upon their receiving 9% tax credit awards)



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End of Presentation



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