



Charlotte City Council
Housing and Neighborhood Development Committee
Summary
April 8, 2015

COMMITTEE AGENDA TOPICS

- I. **2015 Housing Trust Fund Development Recommendations**

COMMITTEE INFORMATION

Council Members Present: Patsy Kinsey, Al Austin, John Autry, Ed Driggs, LaWana Mayfield

Staff Resources: Debra Campbell, Assistant City Manager
Pat Mumford, Neighborhood & Business Services
Pamela Wideman, Neighborhood & Business Services

Meeting Duration: 12:00 PM – 12:40 PM

ATTACHMENTS

1. Agenda Packet – April 8, 2015
2. Presentation – Housing Trust Fund Allocations

DISCUSSION HIGHLIGHTS

Kinsey: Called the meeting to order and introductions of attendees. We have one very important item on the agenda today and are requesting action.

Wideman: It is my pleasure to walk through our 2015 Housing Trust Fund (HTF) recommended allocations. I would like to provide some background on the HTF, remind you of our proposal process and evaluation criteria, walk through the two sets of tax credit requests, and talk to you about the next steps.

Presentation: Housing Trust Fund Background

Presentation: Request for Proposal Process

We will ask for Council approval at the City Council's May 11, 2015 meeting or sooner in an effort enable developers to get their final application to the state by the May 15, 2015 deadline.

Presentation: Key Proposal Evaluation Criteria

We traditionally look at how we want to leverage City funds and the City investment per unit. The state is now looking at that very differently. Traditionally we like to see higher leverage of City dollars, but if we are going to be competitive moving forward, we need to be open-minded and know we are not going to see as great a leverage as we have seen previously. The good news is that we have a local source of HTF dollars that help developers make up that gap.

Mayfield: Even though they may be looking at additional money, do we still have strict guidelines on qualifications? Are we making sure we do not have someone start a project and not be able to complete it?

Wideman: Yes.

Presentation: Key Proposal Evaluation Criteria (continued)

The state mandates that each of these proposed developments have a market study review.

Presentation: 2015 Tax Credit Development

Austin: How many projects does Mecklenburg normally receive?

Wideman: I will be addressing that.

Presentation: 2015 Tax Credit Development (continued)

Presentation: Low Income Housing Tax Credits

Presentation: Key Considerations

To address Mr. Austin's question, Charlotte has not received its fair share of tax credit allocations in the past. In 2011, Charlotte received two awards. In that same year, Wake County received four awards. In 2012, Charlotte received two awards and Wake County received four awards. In 2013, the same was true. Last year Charlotte received one award and Wake County received four. The state is awarding to developers who ask for fewer tax credits. The way to do that is to rely more heavily on your local source. The less money you ask for from the state, the better chance you have to receive an award.

Austin: Therefore, the requests we are seeing will be higher for the HTF. Of the ones being presented today, are those requests higher?

Wideman: Yes. They will be higher than you have seen in previous years.

Driggs: The applications we consider have to meet certain state criteria? They do not have to get an award from the state of tax funds? Trying to understand how some of these will not receive funding from the North Carolina Housing Finance Agency (NCHFA). Is that different from the tax awards you are talking about?

Wideman: No. I apologize. I am using those terms interchangeably .

Driggs: Are we saying that we might be funding from the HTF some items that do not receive funding from the NCHFA? Would some of the applications to the City of Charlotte not get awards from us because they did not get tax funds from the state?

Wideman: We will only fund requests that receive an award from the state. That is how we are leveraging your local HTF dollars with the state's dollars.

Kinsey: How does Raleigh fill that gap in their funding?

Wideman: They have some similar trust fund dollars and use some of their federal money as well. However, they have housing money just as we do. The Workforce Housing Loan Program replaces the State Tax Credit Program. You have a local source, which is your HTF dollars, and there is a state source. Because we are a large to medium size city, our developers do not get to compete in that pool.

Then you have your federal tax credits that the state awards. When you talk about tax credits, there are three primary sources. The State Tax Credit pool, that local developers in large to medium size cities do not get to participate in, provide 8-12% of the funding for these types of developments. Based on that information, I am going to present two categories: the 9% tax credit request and the 4% tax credit request. Keep in mind that 4% credits do not go as far as the 9% credits. That is why you see difference in the price tag.

Presentation: Multi-Family Rental (9% Tax Credits) New Construction
Baxter Street is in the Cherry Community. The neighborhood came to us and said they needed help. These are deeply subsidized, which is what the neighborhood said they were missing due to gentrification in the neighborhood. These units will remain affordable for 40 years (the norm is 30 years).

Magnolia Gardens units will remain affordable for 30 years and have a leverage ratio of 1:10.

Settler's Wood has an affordability period of 30 years, with a leverage ratio of 1:10.

Tall Oaks Redevelopment is also in the Cherry Community. They will need a waiver to your Locational Policy. This one is replacing the housing that is already there.

Austin: What is the waiver process? Does it come before the full Council?

Wideman: Your Housing Locational Policy says if in a Neighborhood Statistical Area (NSA) or Neighborhood Profile Area (NPA), as defined by our Quality of Life, the total number of assisted housing units exceeds 15%, the developer would have to request a waiver of that policy. One of the goals is to geographically disperse assisted housing throughout the city. They will be asking for the waiver at the same time they ask for funding.

Austin: Ultimately, it is presented to Council and we grant the waiver?

Wideman: Yes.

Presentation: Multi-Family Rental (9% Tax Credits) *(continued)*
Tuckaseegee is senior housing.

Mayfield: I thought there was more diversity in the unit breakdown. It seems like a jump of only eight units at 30%, but 56 units at 60%. Is up to 60% affordable? It would be good to have that clarified.

Wideman: It is up to 60%. We will go back and check our numbers.

Presentation: Multi-Family Rental (9% Tax Credits) *(continued)*

Weddington Road is the one you deliberated on a year ago. The Charlotte Mecklenburg Housing Partnership (CMHP) is the developer. They won a summary judgment. What we also heard from the Finance Agency, if the scores well in the state, they would award the credit. They are not holding it up anymore because of the litigation.

Driggs: You are saying that no action has been taken as a result of any of our past deliberations? It was simply on hold because of some of the legal challenges?

Wideman: Yes, that is correct.

Presentation: Multi-Family Rental (9% Tax Credits) *(continued)*

Mayfield: I am not seeing enough diversity in the breakdown.

Wideman: Thank you for bringing that up. We will go back and check those numbers.

Presentation: Multi-Family Rental (4% Tax Credits) New Construction

Allen Street is in the Belmont community (St. Paul Baptist Church). There was a Belmont Revitalization Plan approved in 2003. In 2009-2010 there was a rezoning request approved. This development is in support of all of that. The reason it is 4% rather than 9% is they tried previously as a 9%, but it does not score well at the state level because there is no grocery store. The way to get this done is with a 4% request.

Driggs: Is this the one that the grocery store is within one-tenth of a mile?

Wideman: That is correct. The request is \$4.3 million. The other thing I will point out is that the developer and the church have agreed to a longer affordability period. They have agreed to 40 years. They also agreed to set aside a percentage of the 112 units to support other city housing initiatives.

Presentation: Next Steps

Autry: Is the hope that the Committee will vote on entire package?

Wideman: Yes. We have said that we will support what the state will award. We know that the state will not award all of these developments. Based on history, we could get up to 200 units,

which equates to two or three developments. The 4% is not as competitive as the 9%. We ask that you vote to move the slate forward.

Autry: I do not mind voting on the package, but I would like to pull Settler's Wood for a separate vote.

Driggs: Do I remember correctly that last year we ended up doing about \$4 million of transactions like this? What was the final outcome last year?

Wideman: Last year we received one award, the Park & Marsh Seniors in Ms. Kinsey's district. It was a Housing Authority project. The amount of the award was approximately \$3.3 million. That was all that was approved, which is how you have enough money to move forward. The money was deposited back into your HTF account.

Driggs: How does the funding of the HTF fit into our budget conversation?

Wideman: This is bond money separate from your operating dollars. Voters approved \$15 million in housing bonds. We only appropriated half of that, so \$7.5 million is not included in the current HTF balance. Depending on the budget situation, it may be appropriated in July of this year.

Driggs: These are all proposals you are recommending . (Yes) You are asking the Committee to give a green light to all of these candidates provided the state comes up with the funding? (Yes) I would like to not include Weddington as well.

Kinsey: So we have Weddington and Settler's.

Austin: What is the trepidation around Settler's Wood?

Autry: The concentration of work force housing that we have in District 5. At last count, we had 14,000. Even though it is not in the locational policy zone, it is not more than a mile away.

Driggs: How many applications did we receive that did not make it on this list?

Wideman: The only one that did make it on the list , because it was withdrawn, was a supportive housing request for the Men's Shelter. They will come back later when they have more financing thought out.

Driggs: Is this a sign that most people who prepare these know what they are doing, as opposed to us not being very selective?

Wideman: Correct. We have smart and experienced affordable housing developers.

Mayfield: How do they identify the breakdown of units? We clearly have a goal to identify more affordable housing around workforce development. I am concerned with the numbers.

Wideman: It really gets down to financing and the debt the project can sustain. The more of the deeper targeted units, the 30%, call for more money. In order for them to perform well

given the finance, you also have to have the higher income units, the 60%. The state wants developers at 60% or below. Developers do not get credits for any units above 60%.

Driggs: The Baxter Street and Allen Street both have a 1:3 leverage ratio.

Wideman: Baxter Street only has 30 units to spread the cost.

Driggs: Are we getting the same bang for the buck?

Wideman: Yes. Another thing about Baxter Street is that you are targeting the deeper subsidies of thirty, forty, and fifty percent because that is what the neighborhood said they were losing due to gentrification. The developer has agreed to compensate for that with the longer affordability period.

Driggs: We do not have to prioritize these requests because the amount is going to be approved by the state. Correct? (Yes)

MOTION Motion by Council member Mayfield to approve requests with an amendment to remove the requests for Settler's Wood and Weddington for a separate vote. Motion seconded by Council member Driggs.

VOTE Motion passed 4-0 (Austin, Autry, Driggs and Mayfield)

MOTION Motion made by Council member Autry to deny the Settler's Wood request. Council member Austin seconded the motion.

VOTE Motion passed 4-0 (Austin, Autry, Driggs and Mayfield)

Mumford: Procedurally I think what happens is that we forward the entire list to the full Committee noting that Committee majority did not support it.

MOTION Motion made by Council member Driggs to deny the Weddington request. Motion seconded by Council member Mayfield.

VOTE Motion failed 1-3 (Yes: Driggs; No: Austin, Autry and Mayfield)

Autry: Can we note on the list our action for the agenda? (Yes)

Meeting adjourned.

City Council

Housing and Neighborhood Development Committee

Wednesday, April 8, 2015

12:00 p.m.

Charlotte-Mecklenburg Government Center

Room – 280

Committee Members:

Patsy Kinsey, Chair
Alvin “Al” Austin, Vice Chair
John Autry
Ed Driggs
LaWana Mayfield

Staff Resource:

Ann Wall, Assistant City Manager
Pamela Wideman, Assistant Director, Neighborhood & Business Services

AGENDA

I. 2015 Housing Trust Fund Development Recommendations (Action Required)

Staff will provide an overview of the 2015 Housing Trust Fund Development Recommendations.

Requested Action:

- The Committee will be requested to approve funding recommendations from the Housing Trust Fund, for the 2015 Housing Trust Fund Tax Credit multi-family rental housing developments to leverage the North Carolina Housing Finance Agency Tax Credit Awards.

Distribution:

Mayor/Council
Ron Carlee, City Manager
City Executive Team
Corporate Communications
Anna Schleunes- City Attorney’s Office
Charlotte-Mecklenburg Coalition
for Housing

Holly Eskridge
Randy Harrington
Phyllis Heath
Fulton Meachem
Fred Dodson
Julie Porter
Kim Graham
Chief Rodney Monroe

Willie Ratchford
Ledger Morrissette
Patrick Mumford
Pamela Wideman
Tom Warshauer



Housing Trust Fund Allocations

Housing & Neighborhood Development Committee

April 8, 2015



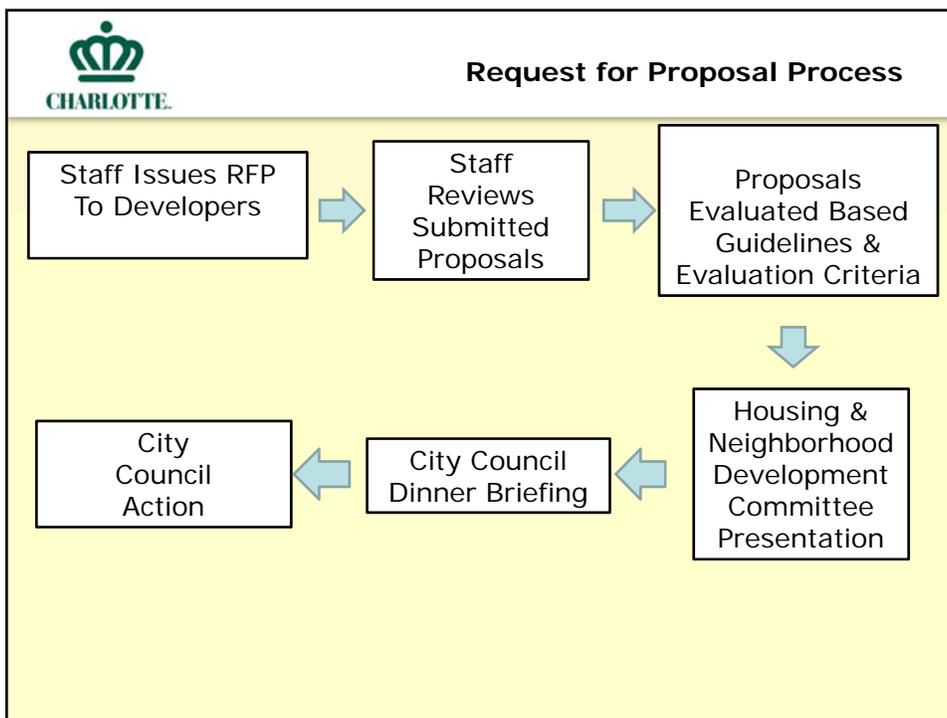
Housing Trust Fund Briefing Objectives

- Background
- Request for Proposal Process
- Proposal Evaluation Criteria
- FY2015 Development Recommendations
 - Tax Credits (9% and 4%)
- Next Steps



Housing Trust Fund Background

- Established in November 2001 to provide gap financing to affordable housing developers through a competitive Request for Proposal Process
- Financed 5,122 affordable housing units since 2002
- Completed 4,448 housing units
- Total Development - \$483 million
- Funds Committed/Spent - \$84 million
- Leverage Ratio of 1:6



	<h3>Key Proposal Evaluation Criteria</h3>
<p>I. City Policies:</p> <ul style="list-style-type: none"> - Number of years affordable - Neighborhood Revitalization and gentrification <p>II. Development Strength</p> <ul style="list-style-type: none"> - Number of Affordable Units - Income: - Council priority *60% or less Area Median Income (\$40,320) <p>III. Developer Experience</p> <ul style="list-style-type: none"> - Developer Track Record - Property Management <p>IV. Financial Strength</p> <ul style="list-style-type: none"> - Leverage of City Funds - City Investment per Unit 	<p>Bonus Points:</p> <ul style="list-style-type: none"> - Housing Efficiency - Proximity to Transit - Proximity to Amenities and Services - Mixed Income Development <p>Market Study Review:</p> <ul style="list-style-type: none"> - Proposed Site - Demand and Capture Rate <p style="text-align: right; font-size: small;">* 2015 Mecklenburg County Area Median Income for a family of four - \$67,200</p>

	<h3>2015 Tax Credit Development</h3>
<ul style="list-style-type: none"> • Housing Trust Funds are available for developers receiving North Carolina Housing Finance Agency (NCHFA) Tax Credit award for New Construction and Rehabilitation • This provides local alignment with State supported projects and allow greater local leverage of tax credit awards • Funds are made available according to the ranking of NCHFA and final site score • Development must meet the current Housing Locational Policy or request a waiver • Developers are required to inform Council representatives and convene at least one neighborhood meeting to address proposed development 	



Low Income Housing Tax Credits

- Nine developments applied to the City of Charlotte for HTF gap financing, all developments met the submission criteria
- Not all proposed developments will receive funding from North Carolina Housing Finance Agency
- NCHFA will announce Tax Credit awards in August 2015



Key Considerations

- Charlotte is one of the fastest growing cities in the Country
- Growth is occurring in low to moderate income households that need support
- Less funding is available through the State
- In previous years, Charlotte has not received it's fair share of tax credit allocations



Key Considerations

- State Tax Credit is replaced by a Workforce housing loan program that excludes medium to large size cities, which decreases available gap funding for Charlotte
- Historically, State Tax Credit provided 8-12% of the total development cost which ensured greater funding and deeper income targeting for the construction of new affordable housing



Multi-Family Rental (9% Tax Credits) New Construction

Developments	Type	Council District	All units @ ≤ 60%	Units @ ≤ 30%	Funding Request	Housing Locational Policy
Baxter Street	Family	1	30	6	\$1,450,000	Waiver Request
Magnolia Gardens	Elderly	2	82	17	\$1,000,000	Permissible
Rodden Square	Elderly	2	98	20	\$1,200,000	Permissible
Settler's Wood	Family	5	67	14	\$730,000	Permissible
Tall Oaks Redevelopment	Family	1	81	18	\$1,215,000	Waiver Request
Tuckaseegee	Elderly	3	64	8	\$1,280,000	Permissible
Weddington Road	Family	7	70	15	\$1,400,000	Permissible
Whitehall Crossing	Family	3	96	0	\$1,440,000	Permissible
Total (9% requests)			588	98	\$9,715,000	



Multi-Family Rental (4% Tax Credits) New Construction

Developments	Type	Council District	All units @ ≤ 60%	Units @ ≤ 50%	Funding Request	Housing Locational Policy
*Allen Street	Family Elderly	1	112	12	\$4,350,000	Waiver Request
Total (4% request \$4,350,000)			112	12	\$4,350,000	

Developments	Type	Council District	Total Units	Funding Request
Total (4% & 9% requests)			700	\$14,065,000



Multi-Family Rental Development Recommendation



- Units: 30
- AMI: 6 units 30%
14 units 40%
10 units 60%
- Trust Fund: \$1,450,000
- Total Cost: \$ 4,956,750
- Affordability: 40 Years
- Leverage : 1:3

Baxter Street
1798 Baxter Street
District 1



Multi-Family Rental Development Recommendation



- Units: 82
- AMI: units 17 30%
units 26 50%
units 39 60%
- Trust Fund: \$1,000,000
- Total Cost: \$10,347,177
- Affordability: 30 Years
- Leverage: 1:10

Magnolia Gardens
5233 Beatties Ford Road
District 2



Multi-Family Rental Development Recommendation



- Units: 98
- AMI: units 20 30%
units 6 50%
units 72 60%
- Trust Fund: \$1,200,000
- Total Cost: \$12,218,392
- Affordability: 30 Years
- Leverage: 1:10

Rodden Square
6520 Mallard Creek Road
District 2



Multi-Family Rental Development Recommendation



Front Elevation
Building Type 1
The Settler's Woods
Charlotte, NC

- Units: 67
- AMI: units 14 30%
units 13 50%
units 40 60%
- Trust Fund: \$ 730,000
- Total Cost: \$ 7,337,573
- Affordability: 30 Years
- Leverage: 1:10

Settler's Wood
7700 Harrisburg Road
District 5



Multi-Family Rental Development Recommendation



Tall Oaks Redevelopment
Cherry Heights Area
Charlotte, NC

CHA neighboring
communities

- Units: 81
- AMI: units 18 30%
units 14 50%
units 49 60%
- Trust Fund: \$ 1,215,000
- Total Cost: \$ 11,491,366
- Affordability: 30 Years
- Leverage: 1:9

Tall Oaks Redevelopment
Cherry Community
District 1



**Multi-Family Rental
Development Recommendation**



- Units: 64
- AMI: units 8 30%
units 56 60%
- Trust Fund: \$ 1,280,000
- Total Cost: \$ 7,966,816
- Affordability: 30 Years
- Leverage : 1:6

Tuckaseegee Seniors
5915 Tuckaseegee Road
District 3



**Multi-Family Rental
Development Recommendation**



- Units: 70
- AMI: units 15 30%
units 55 60%
- Trust Fund: \$ 1,400,000
- Total Cost: \$ 9,658,712
- Affordability: 30 Years
- Leverage: 1:7

Weddington Road
3924 Weddington Road
District 7





Multi-Family Rental Development Recommendation



Whitehall Crossing
2600 West Arrowood Road
District 3

- Units: 96
- AMI: units 20 50%
units 76 60%
- Trust Fund: \$ 1,440,000
- Total Cost: \$ 13,546,074
- Affordability: 30 Years
- Leverage: 1:9



Multi-Family Rental Development Recommendation



Allen Street Residences
1321 Allen Street
District 1

20% of the 112 units in the Allen Street will be set aside to support other City Housing initiatives

- Units: 112
- AMI: 12 units 50%
100 units 60%
- Trust Fund: \$ 4,350,000
- Total Cost: \$15,206,967
- Affordability: 40 Years
- Leverage: 1:3





Next Steps

- On April 27, 2015, staff will provide a briefing to City Council
- On May 11, 2015, City Council will consider:
 - Approval for 2015 Housing Trust Fund Requests and Housing Locational Policy waiver requests
- Developers must submit final applications to the North Carolina Housing Finance Agency by May 15, 2015