Presentation to Charlotte City Council

Public/Private Housing Initiatives

Monday, January 28, 2019
Focus for Today

- A Way Home Housing Endowment Update
- Housing Opportunity Investment Fund Status
Private Sector Overview

• Concerned about perception of “ignoring” range of needs
• Private support for full array of strategies & systems approach
  – Shelter, transitional housing, supportive, “affordable”, market, etc.
  – Including pathways to homeownership where desired
• Almost every foundation includes focus area for:
  – Human Services
  – Housing
  – Critical Needs, etc.
• Today’s focus on only two bodies of work
  – Rental subsidies for working families
  – Private “gap” fund to catalyze new affordable housing developments
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PUBLIC/PRIVATE ENDOWMENT

City
$10 MM

Private
$10 MM

= $20 MM
In 2020

Plus
• Anonymous gifts
• Faith Community
A WAY HOME PROGRAM COMPONENTS

- Rental Subsidies
- Scattered Site Leases
- Support Services
- Targeted Prevention

Homeless families (under 50% AMI) in stable housing with a path to self-sufficiency
Criteria for Successful Completion: 24 months or less…

- Stable Housing
- Stable Income
- No new eviction
- Contact in last six months
Pilot Phase Completed: Metrics

• 114 families housed (all <50% AMI)
  – Salvation Army
  – Charlotte Family Housing
  – Renaissance West/Nurse Family Partnership

• 248 families avoid evictions
  – Crisis Assistance case workers

• Cost
  – Avg. time in program: 17 months
  – Avg. subsidy: $535/month
  – Avg. cost per family: $9,300 in subsidies
Pilot Phase Metrics

- Successful exit: 77%
- No contact: 11%
- Unstable housing/no income: 10%
- Evicted: 2%
- Total avg. cost: $14,300
  - Subsidy: ~$9,300
  - Mecklenburg County Social Worker: ~$5,000
Placements by Council District
The Endowment at Scale

• Total grants awarded through June 2018: $1,465,000
  – 82% to Salvation Army and Charlotte Family Housing
  – 12% to Crisis Assistance Ministry
  – 6% to Renaissance West

• Full funding for endowment expected by 2021
  – Reminder: pledges paid over years; spendable based upon 3 yr avg.
  – Projected spendable: ~$1,000,000 available per year
  – Supports approximately 100 families per year
2019 Program Overview

• Adding 49 families this year
• Begin expedited process to move families from SA shelter to CFH
• Provide flexibility to extend subsidy through end of school year
  – Reduces unintended consequence of mid-year leases
• Ass’t County Manager & Dep. City Manager join board
• Evaluating ways to address systems issues
  – Transportation, child care, mental health, past evictions or convictions
• Continue exploring ways to increase landlord geographic diversity
• Pilot promising recommendations from Chetty/Opportunity Insights
On behalf of the AWH Board…

Thank you!
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Historic Opportunity to Leverage Three Sectors

1) Public: Increase Housing Trust Fund from $15M to $50M
   - Passed in November
2) Private: Goal of exceeding $50M match
3) National partner & funding – $25M (neighborhood investments)

Combined Success:
$125M for affordable neighborhoods!
Affordable Housing Project: Sample Financing Structure (Conceptual)

- Construction Loan: $33 million
- Term Loan: $18 million @ 4.5%
- Tax Credit Equity Investment: $9 million

Gap = $6 million

Pre-development: 6 mos – 2 years
Construction: 2 years
Term financing: 15 – 30 years
Pre-development: 6 mos – 2 years
Construction: 2 years
Term financing: 15 – 30 years

Affordable Housing Project: Sample Financing Structure (Conceptual)

- Construction Loan $33 million
- Term Loan $18 million @4.5%
- Tax Credit Equity Investment $9 million
- Gap = $3 million
- Trust Fund support $3 million

$ million

< $1 million

Construction 2 years

Term financing 15 – 30 years

Pre-development 6 mos – 2 years
Private Sector “Lanes” for Support

- Philanthropic Grants
- Land Donations
- Low Return Equity
- Low Return Debt
- Reduced Lending Rates
- Reduced Developer Profits
- Other Housing Investments
  - Down payment assistance
  - Neighborhood development, etc.
Housing Opportunity Investment Fund Activity

• May 2018 launch – seeded with $5M from FFTC
• Other announcements to date
  – Wells Fargo
    • $5M grant to fund; $15M add'l housing supports
  – Crescent Communities: $2.5 million land contribution
  – Ally, Bank of America & Barings
    • $10M to low return debt
    • $1M in grant funding
    • $50M in additional low interest rate loans
    • $7.25M in land donations
  – Miscellaneous unsolicited donations frequently received!
Progress towards $50M: As of Today…

<table>
<thead>
<tr>
<th>Private Sector Investments</th>
<th>Housing Opportunity Investment Fund</th>
<th>Philanthropic Catalytic Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philanthropic Grants</td>
<td>$6.0M</td>
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<tr>
<td>Land Donations</td>
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<td>$9.75M</td>
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<tr>
<td>Low Return Equity</td>
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<tr>
<td>Low Return Debt</td>
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<tr>
<td>Reduced Lending Rate</td>
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<td>$50.0M</td>
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<tr>
<td>Other housing investments</td>
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<td>$17.5M</td>
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<tr>
<td>Totals</td>
<td>$21.0M of $50M target</td>
<td>$77.25M</td>
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Equivalent to additional $40M in grants!
Pre-development: 6 mos – 2 years

Construction: 2 years

Term financing: 15 – 30 years

Construction Loan: $33 million

Term Loan: $18 million @4.5%

Tax Credit Equity Investment: $9 million

Gap = $3 million

Trust Fund support: $3 million

Affordable Housing Project: Sample Financing Structure (Conceptual)
Charlotte Community Members & Earned Income

Area Median Income (Family of 4)

<table>
<thead>
<tr>
<th>0-30%</th>
<th>31-50%</th>
<th>51-80%</th>
<th>80-100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $21,200 (0-$530 monthly rent)</td>
<td>$21,201 - $35,350 ($550-$884 monthly rent)</td>
<td>$35,351 - $56,550 ($884-$1,414 monthly rent)</td>
<td>$56,551 - $70,700 ($1,414-$1,767 monthly rent)</td>
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THEY MAKE & CAN PAY:

- Army Private
- Teacher Aide
- Retired
- Restaurant Workers
- Bank Teller
- Day Care Employee
- Grocery Cashier
- Nursing Assistant
- Accountant
- Architect
- Police Professionals
- Teachers
- Academic Advisors
- Building Inspector
- Claims Adjuster
- Medical Technologist
Public/Private Partnership Expected Community Impact

- **Leverage:**
  $400 million

- **Total Investments:**
  20 projects

- **Total Units Projected:**
  2,000+

- **AMI Range**
  30-120%

- **Average Investment:**
  $2 million

Brightwalk - Charlotte
Key Issues to Address in Coming Months

• Other ways City & County can help
  – Reduced fees, streamline permitting, etc.
• Project matrix/scorecard
  – Factors under consideration:
    • Location Policy & Housing Framework
    • Term of affordability
    • AMI mix & number at targeted levels
    • Neighborhood amenities (or proposed improvements)
    • Population served (veterans, families, voucher holders, etc.)
    • Transportation
    • Healthcare
    • Schools, day care, etc.
    • Overlay with Opportunity Insights findings
Next Steps

• LISC office opens in first quarter 2019
  – Assist with ED onboarding
  – Creation of local advisory board and credit committee
  – Finalize fund’s corporate structure

• January – March: Complete prioritization matrix

• January – June
  – Complete private sector fundraising

• Spring/summer 2019 – begin project evaluation/approval