Strategy to Maximize Impact in Partnership
Charlotte City Council Retreat
January 28, 2019

Outline
• Desired Outcomes
• Fund Update
• Committees (Fund & Local Office)
• Proposed Fund Structure
• Fund Process
• Development Prototypes
• Open Discussion

Desired Outcomes
• Strategy for City Council Engagement
• Timelines for Funding
• Common Understanding of Fund and Charlotte LISC
### Charlotte Housing Funding To Date*

<table>
<thead>
<tr>
<th>Type of Investment</th>
<th>Charlotte Housing Opportunity Investment Fund</th>
<th>Philanthropic Investments</th>
<th>City’s Housing Trust Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>$6.0 million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land Donations</td>
<td></td>
<td>$9.75 million</td>
<td></td>
</tr>
<tr>
<td>Low Return Equity</td>
<td>$ 2.5 million</td>
<td>$50.0 million</td>
<td></td>
</tr>
<tr>
<td>Low Return Debt</td>
<td>$12.5 million</td>
<td></td>
<td>$50.0 million</td>
</tr>
<tr>
<td>Reduced Lending Rate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidy</td>
<td></td>
<td></td>
<td>$50.0 million</td>
</tr>
<tr>
<td>Other Housing Investments</td>
<td></td>
<td>$17.5 million</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$21.0 million</strong></td>
<td><strong>$77.25 million</strong></td>
<td><strong>$50.0 million</strong></td>
</tr>
</tbody>
</table>

* January 22, 2019
Strategy to Maximize Impact

As Funded
Two Deals (4% LIHTC)
Funding:
$9.7 million of City HTF
Output: 276 units

With CHOIF
Two Deals (4% LIHTC)
Funding:
CHOIF
$5 million of City HTF

This approach enables the City of Charlotte to produce almost twice the number of units and get twice as much for each dollar of HTF.
Our Leverage Capability

Over a 5-year time period in markets of similar size to Charlotte, the average LISC local investment is $1-2M per year.

We leverage that with outside grants and investments of $3-9M annually.

Local investment comes from philanthropy, businesses, nonprofits and other civic groups, government, Section 4 and fees earned on services.

The national leverage is from in kind support, lending and grant investments.
Local LISC Charlotte Office

Local Advisory Committee (LAC)
- ~15 funders & supporters
- Guide and advise local LISC staff on strategic direction
- Must have expertise in housing finance, economic, community & neighborhood development, education, health & policy
- Monthly meetings/sub-committee meetings

Grassroots Community Committee
- Community representatives, advocates and stakeholders
- Ensure LISC Charlotte is always in a position to hear from the broader community
- Meet several times a year
Charlotte Housing Opportunity Investment Fund

Investment Advisory Committee (IAC)

• This committee is advisory only and does not make funding decisions

• Comprised of fund investors, two City staff and LISC as the Fund Manager

• Ensure that the projects are aligned with the mission of the Charlotte Housing Opportunity Investment Fund

• Process pre-suppposes the City’s review and commitment of all public funds
Proposed Fund Structure

Private Funding from Institutional Investors $50 million
Public Funding $50 million

Charlotte Housing Opportunity Investment Fund ("CHOIF") $100 million

Investment Advisory Committee
Fund Manager: LISC

CHOIF OUTPUTS/ RESULTS:
- Mixed-Income, Multifamily Rental Projects
- New Construction/ Preservation
- Other Types of Housing Assets to be Considered i.e. Single Family, 4%, Workforce Housing

Additional $25M from LISC will be used for local comprehensive community development including investment and programs for economic and workforce development, nonprofit capacity building, community safety, and sports & recreation.
Charlotte Housing Opportunity Investment Fund: Proposed Process Map

Phase I: Origination of Investments

*Up to 30 days*

- **Intake:** Developer brings project to Fund Manager (FM)
- **Pre-Underwriting:** Feasibility, eligibility & community engagement assessed
- Investment Memorandum prepared
- **Underwriting:** FM completes underwriting and review of guidelines to confirm investment
- City reviews housing development, location and designation of funds, confirms City priorities & provides HTF commitment
- Investment Advisory Committee receives Investment Action Package (includes confirmation of conformity with CHOIF & HTF)
- FM prepares recommendation

Phase II: Investment Review

*10-15 days*

- Review of Investment Memorandum
- General discussion on fund process/ upcoming pipeline/ community engagement, etc.
Charlotte Housing Opportunity Investment Fund: Proposed Process Map

Phase III: Investment Funding
*Up to 5 days*

- Investment commitment is made
- Funding is processed

Phase IV: Construction & Monitoring

- Invitation to groundbreaking
- Rehab/construction begins
- Construction monitoring process
- Rehab/construction completion & approvals
- Invitation to ribbon cutting
- Resident occupies home
- City receives update report on HTF deployment
## Mixed Income, New Construction Example

<table>
<thead>
<tr>
<th>$50 Million Charlotte Housing Opportunity Investment Funding &amp; Leveraging</th>
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<tbody>
<tr>
<td>Development Scale</td>
</tr>
<tr>
<td>Average Investment Size</td>
</tr>
<tr>
<td>Area Medium Incomes Served</td>
</tr>
<tr>
<td>Leverage</td>
</tr>
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</table>
# Tax Exempt Bond & 4% LIHTC Example

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<tbody>
<tr>
<td><strong>$50 Million Charlotte Housing Opportunity Investment Funding &amp; Leveraging</strong></td>
<td></td>
</tr>
<tr>
<td>Development Scale</td>
<td>150-200 units</td>
</tr>
<tr>
<td>Average Investment Size</td>
<td>$2.9 million</td>
</tr>
<tr>
<td>Area Medium Incomes Served</td>
<td>30%-80% (assuming income averaging)</td>
</tr>
<tr>
<td>Leverage</td>
<td>$24.0 million per project</td>
</tr>
</tbody>
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### Naturally Occurring Affordable Housing Example

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