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 (HWEP); 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)

<table>
<thead>
<tr>
<th>Type of Investment</th>
<th>Housing Opportunity Investment Fund</th>
<th>Philanthropic Investments</th>
<th>City’s Housing Trust Fund (HTF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>$6 million</td>
<td></td>
<td></td>
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<tr>
<td>Land Donations</td>
<td></td>
<td>$9.75 million</td>
<td></td>
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<tr>
<td>Low Return Equity</td>
<td>$ 2.5 million</td>
<td></td>
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<tr>
<td>Low Return Debt</td>
<td>$12.5 million</td>
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<tr>
<td>Reduced Lending Rate</td>
<td></td>
<td>$50 million</td>
<td></td>
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<tr>
<td>Subsidy</td>
<td></td>
<td></td>
<td>$38.3 million**</td>
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<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 million</strong></td>
<td><strong>$77.25 million</strong></td>
<td><strong>$38.3 million</strong></td>
</tr>
</tbody>
</table>

*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)**
- **Intake:** Developer brings project to City staff and Fund Manager
- **Underwriting:** FM underwrites project per City's established investment guidelines
- **Fund Manager reviews other committed financing sources to coordinate with HTF
- **City staff / City Council reviews and approves HTF (if applicable)
- **Fund Manager prepares Investment Memorandum

**Phase II: Investment Review (10-15 days)**
- **Review of Investment Memorandum
- **Investment decision made

**Phase III: Investment Funding (Up to 5 days)**
- **CHOIF and/or HTF joint commitment issued to developers

**Phase IV: Construction & Monitoring**
- **Invitation to groundbreaking
- **Rehab or construction on property begins
- **Construction monitoring process
- **Rehab/ construction completion and approvals
- **Invitation to ribbon-cutting
- **Resident occupies home
- **City/City Council receives update report on HTF commitment and performance review (if applicable)
- **Ongoing monitoring and asset management

*LISC - Fund Manager
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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