



**City-Owned Land Disposition Policy
for Affordable Housing**

Housing & Neighborhood Development Committee
December 19, 2018

Briefing Objectives

- ▶ Proposed Policy
 - ▶ Statement
 - ▶ Purpose
 - ▶ Applicability and Use
 - ▶ Common Set Asides
 - ▶ Disposition Assessment
- ▶ Next Steps



Policy Statement

- ▶ It is the intent to prioritize use of available City-owned property for development of affordable housing when possible and does not conflict with other City priorities.
- ▶ The City-Owned Surplus Property Disposition Policy is designed to leverage federal, state and local resources by monetizing real property assets to increase the supply of affordable housing.
- ▶ Additionally, the use of publicly-owned land is noted as a national best practice for expanding the supply of quality diverse price point housing, and is identified as a tool in the City Council approved *Housing Charlotte Framework*.

Purpose

This policy is intended to:

1. Establish criteria, clarity, and reflect desired outcomes relative to the donation, sale, or long-term lease of City-owned land with the overall goal of expanding the supply of affordable and workforce housing
2. Provide an orderly and uniform approach for the disposal of surplus property assets for the expansion of affordable housing
3. Provide for fixed asset control documentation to properly account for any reuse or disposal of City-owned property
4. Prohibit disposition of City-owned property in a manner to avoid actual or perceived conflicts of interest

General Applicability

- ▶ Applies to any City-owned land identified by the Engineering & Property Management Department as surplus and deemed appropriate for affordable and workforce housing to be placed in:
 - ▶ Transit Station Areas and existing or proposed transit services
 - ▶ Center City and other areas of high opportunity
 - ▶ Areas zoned or planned for future development
 - ▶ Near commercial and employment centers
 - ▶ Neighborhoods experiencing change (gentrification)
 - ▶ Areas that support the City's revitalization efforts
 - ▶ Areas that promote diverse, inclusive neighborhoods

Utilization

Surplus land will be used to:

1. Create mixed-income and inclusive neighborhoods
2. Monetize City assets to increase the supply of affordable and workforce housing
3. Leverage, reduce, or eliminate the need for Housing Trust Fund requests
4. Leverage other public and private sources, including Opportunity Zones, to increase the supply of affordable and workforce housing
5. Provide affordable and workforce housing in Charlotte through innovative, public-private partnerships with a new model for supporting affordable housing
6. Increase the City's long-term deed restricted affordable housing supply

Common Set Asides

- ▶ Generally, cities with inclusionary zoning require 10% - 35% set asides, with 10% - 20% and below being the most common
- ▶ Most programs serve multiple AMI levels, with the most common being 50% - 80% AMI
- ▶ 10 to 30 year deed restrictions are common, often with right-to-renew covenants
- ▶ Set asides can be based on % of units, or % of square footage

Common Set Aside Examples

| City | Applicability | Set Aside Requirements | Deed Restriction |
|---------------|-------------------------|---|---|
| New York | 10+ units, or 12,500 sf | <ul style="list-style-type: none"> • Option 1: <ul style="list-style-type: none"> • 25% set aside @ avg. of 60% AMI; minimum 10% @ 40% AMI • Option 2: <ul style="list-style-type: none"> • 30% set aside @ avg. of 80% AMI • Option 3: <ul style="list-style-type: none"> • 20% set aside @ avg. of 40% AMI • Option 4 : <ul style="list-style-type: none"> • 30% set aside @ avg. of 115% AMI; minimum 5% @ 70% AMI, and 5% @ 90% AMI | <ul style="list-style-type: none"> • Permanent affordability |
| Washington DC | 10+ units | <ul style="list-style-type: none"> • 8%-10% of development project floor area @ 60% AMI (rental) or 80% AMI (for-sale) | <ul style="list-style-type: none"> • Not clearly defined |
| Boston | 10+ units | <ul style="list-style-type: none"> • 13% set aside @ 70% AMI | <ul style="list-style-type: none"> • Initial 30-years, with right to renew for 20-years, maximum of 99 years |
| Cambridge | 10+ units, or 10,000 sf | <ul style="list-style-type: none"> • 20% set aside based on floor area • AMI varies for rental units – generally reflect 65% AMI; must be 90% AMI for for-sale units | <ul style="list-style-type: none"> • Permanent affordability |
| Newark | 30+ units | <ul style="list-style-type: none"> • 20% set aside for 40-80% AMI <ul style="list-style-type: none"> • 5% @ 40% AMI; 5% @ 60% AMI; 10% @ up to 80 AMI | <ul style="list-style-type: none"> • 30-years |

Disposition Assessment

- ▶ When determining the disposition or lease of surplus land, each transaction will be based on its unique deal structure including the number of units and mix of incomes
- ▶ The following should be considered to determine how the land is used to support the development of affordable housing:

| Sale at Appraised Value | Sale at Reduced Price or Long-Term Lease |
|--|--|
| <ul style="list-style-type: none"> • Goal to achieve a minimum of 10% affordable units* • Minimum 15-year affordability period <p><i>*Affordable units refers to those serving households earning 80% or less of AMI</i></p> | <ul style="list-style-type: none"> • In the City's inventory for 3 or more years • Valued at \$500,000 or less • Goal to achieve minimum of 51% affordable units*, with at least 20% serving households earning 30% of AMI • Minimum of 30-year affordability period on deed restricted units • In high-opportunity area with high real estate values • Use of surplus land further leverages, reduces, or eliminates other public or private funding requests • Reduced sales price calculation could consider current average per-unit HTF contribution |

Nest Steps

- ▶ Continue the discussion with the Committee at the next meeting
- ▶ Brief City Council at a future Strategy Meeting