



Charlotte City Council
Housing and Neighborhood Development Committee
Summary
January 16, 2018

COMMITTEE AGENDA TOPICS

- I. City-Owned Land Disposition Policy for Affordable Housing (Action)
- II. Naturally Occurring Affordable Housing (Information only)
- III. 2019 Committee meeting schedule (Information only)

COMMITTEE INFORMATION

Committee Members Present: LaWana Mayfield (Chair), Ed Driggs, Larken Egleston, Justin Harlow, Matt Newton

Other City Council Members

Present: Tariq Bokhari, James Mitchell, Braxton Winston

Committee Members Absent: n/a

Staff Resources: Sabrina Joy-Hogg, Deputy City Manager
Pamela Wideman, Housing & Neighborhood Services

Meeting Duration: 12:00 PM – 1:40 PM

Meeting Video: <https://www.youtube.com/watch?v=k32U21zt2gA>

ATTACHMENTS

- 1. Presentation – City-Owned Land Guidelines and Procedures Evaluation & Disposition for Affordable Housing
- 2. Presentation – Preserving Naturally Occurring Affordable Housing (NOAH)

DISCUSSION HIGHLIGHTS

Council member Mayfield called the meeting to order and asked everyone in the room to introduce themselves.

City-Owned Land Disposition Policy for Affordable Housing

Sabrina Joy-Hogg advised that the goal of the meeting is to complete the discussion on this topic and vote on the proposed guidelines. Pamela Wideman reminded the committee that they have been discussing this topic since October.

Based on committee feedback, Ms. Wideman shared that the concept of a policy has shifted to creating guidelines and procedures to evaluate all city-owned land (not just surplus land) to fully-leverage all available opportunities for affordable housing development. This will include evaluating land for more intensive uses, such as incorporating affordable housing along with a municipal use. Ms. Wideman walked the committee through the proposed goals for affordable units including deed restrictions and length of affordability periods.

The committee had a lengthy discussion about how to achieve the longest possible affordability period for housing developments involving city-owned land. Chair Mayfield expressed her belief that this needs to be required for a minimum of 20-years. Council member Harlow shared that it should be 30-years to, among other things, ensure the city is helping those who need it. Council member Driggs shared that the city should operate within the constraints of the private funding market to ensure that we have a workable policy. As an example, he reminded the committee that the density bonus was created with the intention of creating more affordable housing and has never been used because it is not in tune with market conditions.

Chair Mayfield asked Dionne Nelson with Laurel Street, an affordable housing developer, to share her industry expertise about affordability periods. Ms. Nelson shared that the question of the affordability period limits how developers finance and structure deals. If there is a required 30-year minimum affordability period, she believes almost every transaction will become a 4% tax credit deal, which also demands the largest Housing Trust Fund (HTF) requests and is counter to the goal of reducing such requests. She further shared that the city has been asking developers to be creative and a 30-year requirement would significantly limit the ability to do this. She informed the committee that she has not seen a private equity investor that would be willing to do a 20-year deal, let alone a 30-year deal. If the city requires long-term affordability periods, it must be prepared to offer significant additional financial support in addition to the land. In closing, she shared that she believes that flexibility will bring the city more transactions and more people served, whereas narrowing what comes to the table by shutting developers out is not in the best interest of anyone.

After hearing the expert opinion of Ms. Nelson, Council member Harlow became more comfortable with a preferred 20-year minimum affordability period and withdrew his original motion (see below). He did express his interest in allowing Council to see more of the deal structures, to which Ms. Wideman explained that she would welcome more guidance on how much Council wants to utilize staff. Chair Mayfield suggested that this begins to get into identifying Council's role versus the role of staff, and that this should be discussed at the upcoming Council retreat.

MOTIONS AND VOTE. Motion made by Council member Harlow and seconded by Council member Mayfield to approve the proposed Guidelines and Procedures for the Evaluation and Disposition of City-Owned Land for Affordable Housing with a required 30-year affordability period. This motion was subsequently withdrawn by Council member Harlow (see above). A second motion was made by Council member Driggs and seconded by Council member Harlow to approve the proposed Guidelines and Procedures for the Evaluation and Disposition of City-Owned Land for Affordable Housing as proposed by staff. The vote was unanimous in favor of this motion.

Naturally Occurring Affordable Housing (NOAH)

Pamela Wideman reminded the committee that the development of a preliminary NOAH policy was referred to the committee on January 7. This is a key recommendation of the Housing Charlotte Framework to preserve affordable rental housing options. Most of Charlotte's existing affordable rental options, particularly options for households earning 60-80% of AMI, are large-scale NOAH developments.

Ms. Wideman advised the committee that, to ensure that the city has a robust tool box for NOAH reservation, they may want to also consider a property tax reimbursement program to complement any NOAH guidelines that are developed.

The committee discussed the importance of knowing what the current rental mix is of a NOAH property for which a request for city funding is being made, and that rents after rehabilitation should be comparable. The committee also expressed interest in exploring if financial support could be used to help an existing NOAH property owner renovate their property in return for placing deed restrictions on the property.

The committee will continue discussing this topic at their next meeting.

2019 Committee Meeting Schedule

The committee will meet on the 1st and 3rd Wednesday of the month at noon, with the 3rd Wednesday being the primary meeting date. The schedule will be adjusted as needed.

Meeting adjourned at 1:40 pm.