



Charlotte City Council  
Great Neighborhoods Committee  
Summary  
March 28, 2022

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**COMMITTEE AGENDA TOPICS**

- I. Homeownership Programs (Informational)
- II. Source of Income Recommendations: Rental Subsidy Requirements in City-supported Housing (Action)

**COMMITTEE INFORMATION**

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<b>Committee Members Present:</b>	Victoria Watlington (virtual), Malcolm Graham (CMGC); Renee’ Johnson (virtual); Matt Newton (virtual), Greg Phipps (virtual)
<b>Committee Members Absent:</b>	n/a
<b>Guests:</b>	Kim Graham, Greater Charlotte Apartment Association Mark Ethridge, Ascent Real Estate
<b>Staff Resources:</b>	Shawn Heath, City Manager’s Office Rebecca Hefner, Housing & Neighborhood Services Warren Wooten, Housing & Neighborhood Services Todd DeLong, Economic Development Anna Schleunes, City Attorney’s Office
<b>Meeting Duration:</b>	12:00 – 1:20 PM
<b>Video available online:</b>	<a href="https://www.youtube.com/watch?v=q1HHOYWFXjE">https://www.youtube.com/watch?v=q1HHOYWFXjE</a>

**MEETING MATERIALS**

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All meeting materials are available online at [https://charlottenc.gov/CityCouncil/Committees/Pages/Neighborhood\\_Development.aspx](https://charlottenc.gov/CityCouncil/Committees/Pages/Neighborhood_Development.aspx)

- 1. Presentation : Homeownership Programs
- 2. Presentation: Rental Subsidy Requirements in City-supported Housing

**DISCUSSION HIGHLIGHTS**

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Council member Watlington called the meeting to order and asked everyone to introduce themselves. Shawn Heath provided an overview of the meeting agenda.

**Homeownership Programs**

Warren Wooten provided an overview of the City’s current homeownership programming including the House Charlotte down payment assistance program, the Community Heroes down payment assistance program, the Acquisition, Rehabilitation and Resell Program, leveraging City-owned land and Housing Trust Fund support for homeownership. He also shared current trends in the housing market including investor/corporate buyers, reviewed recent updates to the City’s homeownership programs, and discussed new strategies to expand homeownership opportunities for residents. The new strategies are proposed to create sustainability, help the City continue to invest in the homeownership market, and help new homebuyers access the market at affordable prices.

Rebecca Hefner shared that success for a program like House Charlotte or the Acquisition, Rehab, Resale Program can be based on a number that can be attained with a given amount of funding, and also can include what is

occurring in any given neighborhood if renters are successful in transitioning to homeownership, such as the Staying in Place Pilot Program communities. Based on the current market dynamics, there is low utilization in some of the programs like House Charlotte. The new strategies seek to provide flexibility in the programs. With this, we hope to see program utilization increase and can also explore broader marketing to help residents be more aware of the programs. The new strategies will help to increase participation and sustainability of programs so greater outcomes can be achieved with any given Council investment. Additionally, this year staff will undertake an analysis of the Housing Trust Fund and believes there will continue to be increased emphasis on homeownership in that program as well.

The new strategies include:

- Updating the City's down payment assistance programs for today's market, including increasing funding, per-unit maximums, and extending affordability periods.
- Expanding the use of the Acquisition, Rehabilitation and Re-sell Program through a revolving loan fund. This will allow the City through its partners to secure more single-family homes so that homebuyers are not competing with investors or others that are able to purchase homes at above-market, and also so that buyers can have access to for-sale housing options.
- Expanding resources for new home construction, such as optimizing the use of federal funding for home construction and associated infrastructure expenses to increase the availability and affordability of homeownership housing units.
- Implementing additional tools, including:
  - Restrictive covenants on homeownership projects to, among other things, prevent resale of a participating home to an investor for rental purposes.
  - Right of first refusal, to allow the City or its partners to purchase the participating home when it is put up for-sale, at fair market value for resale to a qualifying household, thus maintaining affordability of the unit.
  - Shared equity model to create new funding sources. This would occur when the City makes an affordability investment and then participates in the gain (or loss) of equity in the home during the period of affordability. At the sale of the unit by the homeowner, the City would receive its principal investment back, plus a portion of the appreciated equity that would then be reinvested into future affordable home purchase transactions.

Staff will refine the new strategies in collaboration with community partners, including lenders/financial institutions, and will then apply them to the City's homeownership program toolbox. As new programming is rolled out, staff will work with communications on a comprehensive marketing campaign, especially to reach first-time home buyers, City employees, front-line/essential workers, and residents in rapidly changing neighborhoods.

### **Rental Subsidy Requirements in City-supported Housing**

Shawn Heath provided background on the topic. At the February meeting, the Committee received the Source of Income Ad Hoc Advisory Committee recommendations for increasing the acceptance of rental subsidies. The Ad Hoc Committee made three recommendations that Council discussed at the March 7, 2022 Strategy Session. Mr. Heath shared the recommendations for including source of income protections in for-rent residential developments receiving City financial support of any kind. He also shared that Mecklenburg County is monitoring what action the City will take as they may consider a comparable policy action.

This proposed policy states that: Prospective tenants in City-supported housing developments will not be disqualified from renting a unit based on refusal to consider any lawful source of income.

- The policy is not intended to require terms that prevent a property owner or manager from determining, in a commercially reasonable and non-discriminatory manner, the ability of a housing applicant to afford to rent a property.
- Landlords can decline renting to a potential tenant. However, it cannot be because of a lawful source of income.
- The policy will apply to all City-supported developments receiving awards after the policy is approved.

Developments receiving City support would be in violation of the policy if the sole reason for denying the applicant is because of the applicant's lawful source of income. The Community Relations Committee would be responsible for investigating complaints. Staff is still developing an enforcement approach.

Currently, developments receiving Housing Trust Fund support are already subject to this requirement. The policy as considered by Committee would apply to all other sources of City support for developments that include a for-rent residential component, such as Community Development Block Grants, HOME funds, local PAYGO and Innovative Housing Fund resources, City-owned land, and tax increment grants (TIGs).

Todd DeLong shared considerations for applying the policy to market rate housing that is proposed as part of a TIG. Program flexibility is essential to the negotiation process of TIGs, and any policy that reduces flexibility could impact the ability to influence a development proposal and maximize public benefits.

MOTION AND VOTE. Council member Newton made a motion to recommend the policy as presented with applicability to all City funding sources and move it forward to full Council for discussion. Council member Johnson seconded the motion. The vote was unanimous in favor of the motion. Council will have the opportunity to discuss the policy at a future meeting.

**Next Meeting**

The next meeting will occur on April 25, 2022.

Meeting adjourned at approximately 1:50 pm.