

Source of Income Recommendations - Rental Subsidy Requirements in City-supported Housing

GREAT NEIGHBORHOODS COMMITTEE

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Presentation Objectives

- ◀ Review background of Source of Income Discussions
- ◀ Recap Source of Income Ad Hoc Advisory Committee recommendations
- ◀ Discuss proposed policy for source of income protections in City-supported housing, including market-rate housing considerations
- ◀ Identify path forward


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Source of Income Background

◀ Staff presented four recommendations to City Council on February 22, 2021:

1. **Adopt a policy requiring mandatory acceptance of Housing Choice Vouchers (HCV) and other forms of rental subsidy in all City supported housing**
2. Encourage and monitor changes to the HCV Program at the Federal level with the new administration
3. **Create a Council appointed ad hoc Advisory Group to develop program enhancements and process improvements to the HCV program**
4. Considering amending the Fair Housing Ordinance if the Ad Hoc Committee recommendations are not successful



City Council approved recommendations #1 and #3 in February 2021. Great Neighborhoods discussed recommendation #1 in June and August 2021; discussions were then paused to allow the Ad Hoc Advisory Committee to finalize its recommendations

Ad Hoc Advisory Committee Charge

◀ The Ad Hoc Advisory Committee has fulfilled its charge to:

Develop recommendations for program enhancements and process improvements that will increase the acceptance of all forms of rental subsidies, including Housing Choice Vouchers (HCVs), the largest source of rental subsidies in our community.

Ad Hoc Advisory Committee Timeline

- Formed: March – April 2021
- Meetings: May – December 2021
- Recommendations: December 2021
- Presentation to Great Neighborhoods Committee: February 2021

Ad Hoc Advisory Committee Recommendations

- 1. City and County should include source of income protections for any for-rent residential housing developments receiving public financial support of any kind**
 - Includes both affordable and market-rate housing developments receiving Tax Increment Grants and other types of public financial support
- 2. City, County, private and philanthropic sectors should provide new or expanded funding to increase capacity of existing local organizations(s) to create greater rental housing provider participation in the Housing Choice Voucher (HCV) and other rental subsidy programs in areas of moderate to high opportunity**
 - Emphasis on increased housing navigator capacity
 - Aligns with HOME-ARP RFP recommendations
 - Committee will be updated on opportunities for this at a future meeting
- 3. City or County should offer property tax reimbursements for new rental housing developments in high-opportunity areas that set aside at least 5% of their units for 30% AMI and below households with a voucher or rental subsidy**
 - State statute prohibits tax reimbursements of this nature
 - Staff is exploring options including discussion with Mecklenburg County staff

Note: recommendations above were discussed at the February 28, 2022 Great Neighborhoods Committee meeting

Policy Discussion: Source of Income Protections in City-Supported Housing

Proposed Source of Income Policy

Prospective tenants in City-supported housing developments will not be disqualified from renting a unit based on a 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.
- ◀ Will apply to all City-supported developments receiving awards after policy is approved.
- ◀ Will apply for the term of the affordability period.

Implementation Summary

◀ The table below illustrates how the proposed policy would expand the City’s mandatory acceptance of HCVs and other rental subsidies for City-supported for-rent residential housing developments

Current State	Future State [i.e., policy implementation)
Housing Trust Fund	Housing Trust Fund
	CDBG
	HOME
	Land Conveyance (City-owned land for affordable housing)
	Tax Increment Grants (that include for-rent housing)

Note: LIHTC supported developments require mandatory acceptance of HCVs, regardless of City support

Market-Rate Housing Considerations

◀ Tax-Increment Grant (TIG)

- Used to encourage public private partnerships
- Opportunity to influence development program (scale, type, form, etc.)
- Maximize private investment opportunities AND public benefits
- Reimbursable public improvements include:
 - *Public infrastructure*
 - *Public parking*
 - *Public assets/buildings*
- Provision of affordable housing can be a negotiation tool

◀ History of TIGs and Affordable Housing

- Eight of nine TIGs approved since 2005 that included residential development also included affordable housing terms
- Since 2018, River District, Ballantyne Reimagined, and Eastland all included commitments to affordable housing (10-15% of total units)
 - *Developments receiving LIHTC or HTF support must accept vouchers*



Market-Rate Housing Considerations

◀ Market rents often exceed thresholds required by Housing Choice Voucher or other voucher programs

- These units would not be accessible to households with vouchers even if landlords accept them

◀ Considerations for including all City-supported housing (TIGs) in rental subsidy policy:

- Reduces flexibility in negotiations for TIGs (flexibility is imperative to effective partnerships)
- Discourages inclusion of residential uses in larger multi use developments



Implementation

- ◀ Developers will be in violation of this policy if the sole reason for denying the applicant is because of the applicant's lawful source of income.
- ◀ Residents who believe they have been denied access to housing solely based on a violation of the policy may initiate a complaint with the City by calling 311 or the Community Relations Committee.
- ◀ Investigations will be conducted by the Community Relations Committee.
- ◀ Tiered enforcement/discipline approach to be developed

Next Steps

- ◀ **Policy discussion with City Council in April-May timeframe**
- ◀ **If policy is approved by Council, staff will**
 - Incorporate policy into all applicable City contract language
 - Ensure developers and their respective property managers understand the policy
 - Educate tenants of their rights at City-supported developments