Overview of Affordable Housing Progress and Strategies

City Council
Special Meeting on Affordable Housing
August 28, 2017

Key Messages

‣ The lack of affordable housing is not unique to Charlotte

‣ Housing Policies are Evolutionary

‣ Best Practices are Being Used

‣ Public/Private Partnerships and Resources are Essential
Community Letter Overview

On October 3, 2016, Charlotte City Council issued a letter to the community outlining goals for policing, housing and jobs to address issues and concerns expressed following the Charlotte demonstrations.

This Community Letter is about everyone working together — across all communities — to make Charlotte the best city for all.

For City Council, that means four things in particular:
1. Trust in community policing
2. Quality, affordable housing
3. Good jobs and the skills to get them
4. Other opportunities: the community letter is just the beginning

Winning City Traits

Affordable

Spaces

Meeting the rising demand for affordable housing

Beyond Borders

Advancing collaboration across and outside the region

Open Book

Being transparent and a proactive communicator

Shared Story

Advancing a seamless narrative; Why we're unique

Millennial

Magnet

Being a hot spot for young professionals

Open Mind

Being creative, innovative, and accepting of new ideas

15-Minute

Livable Communities

Investing in diverse neighborhoods

Workforce Dynamics

Advancing large-scale training and re-skilling

Big Tent

Being a welcoming and inclusive community

Positive Buzz

Inspiring and scaling positive word of mouth
Affordable Housing Crisis is Not Unique to Charlotte

‣ “Not a single U.S. county has enough affordable housing” (Fortune.com, 2015)

‣ “Every major metropolitan area in the US has a shortage of affordable and available rental homes…” (National Low Income Housing Coalition, 2017)

‣ Charlotte’s housing issues are substantially similar to those of many cities experiencing growth…” (ULI Terwilliger report 2017)

Who Needs Affordable Housing


Source: NC Department of Commerce, prepared for the Charlotte-Mecklenburg Workforce Board.
The City is Growing

- 44 new residents per day
- 1.2 million people by 2040
- Senior population is expected to nearly double by 2030

Affordable housing is intrinsically linked to:

- Good paying jobs
- Safe neighborhoods and business districts
- Quality education
- Other City Services (i.e.: Transportation)

The work of affordable housing is evolutionary
Recommendations for increasing affordable and workforce and housing

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>Opportunity Task Force</th>
<th>Terwilliger</th>
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<tbody>
<tr>
<td>Support City’s goals of creating or preserving housing units</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Pursue new and/or dramatically expanded sources of public funding to support affordable housing development</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Engage private, nonprofit and public developers in new conversations to create innovative strategies to address locational and financial barriers to affordable housing.</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Encourage and support more place-based initiatives that include affordable housing as part of neighborhood revitalization efforts</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Ensure mixed income housing is always considered when planning new residential or mixed used development</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Act on the recommendations outlined in the Charlotte-Mecklenburg Strategies for Affordable Housing Development Report</td>
<td>X</td>
<td>X</td>
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Charlotte Currently Uses Best & Innovative Practices

**FINANCIAL**
- Housing Trust Fund
- House Charlotte Down Payment Assistance
- Targeted Rehabilitation
- Tenant-Based Rental Assistance
- Partnerships

**REGULATORY**
- Density Bonus

**PROCESS IMPROVEMENTS**
- Use of City Owned Property
- Greater collaboration across City departments
Production Update

- Goal: 5,000 units in three years
- Accomplishments: January 1, 2016 – August 15, 2017

Comprehensive Strategic Housing Plan

- Long-Term Plan
- Analysis of existing conditions
- Overall Production and Housing Needs
- Best Practices
- Next Steps
Summary of Key Messages

**Market**
- higher rents and an insufficient supply of rental units affordable to low income households
- potential loss of more than 1,000 subsidized units with expiring federal subsidies

**Need**
- at least **21,195** rental units for extremely and very low-income residents to meet the existing need

**Production**
- incentives could also support housing production without allocating additional funding
- unawarded tax credit projects represent an unfunded pipeline of affordable housing projects

**Financing**
- federal funding has fluctuated significantly, decreasing from year to year
- Additional and varied local financing tools are needed

**Policy**
- several policy tools are in place, however additional tools are required to reduce cost or increase production of affordable housing
**Project Approach & Key Milestones**

1. **Existing Conditions Analysis**
   - Quantify local housing needs, opportunities, and challenges
   - Review of existing plans, policies and programs
   - Interviews with local stakeholders
   - Presentation on summary of existing conditions to Housing & Neighborhood Development Committee (April 2017)

2. **Financial Modeling and Analysis**
   - Review of LIHTC pipeline
   - Evaluation of tools and policies to support existing pipeline
   - Preparation of financial models to apply financing mechanism and tools

3. **Strategy Development**
   - Review of best practices and local and state context
   - Conducting stakeholder focus groups (May 2017)
   - Presentation of draft production plan framework to Housing & Neighborhood Development Committee

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**Overall Housing Production**

**Change in households and housing units (share) (2000-2015)**

Charlotte, NC

- Growth in low-income households has outpaced production of housing units affordable to them.
Current Need

Total affordable rental units by income level
Charlotte, NC

21,195 unit gap
for very & extremely low-income households

Number of renter households
Number of units affordable at specified income level

Extremely low income (<30% AMI)
31,474
9,934

Very low income and below (0-50% AMI)
56,807
35,612

Low income and below (0-80% AMI)
89,180
119,682

Key Findings

Existing conditions analysis
Need for more, diverse funding tools
Importance of incentives to support development
Barriers related to the development review process
Emphasis on place & opportunity

Stakeholders
Interest equity, loan guarantees, and low-interest debt products
Vetted tax relief incentives, density bonuses, locational policy, etc.
Need for better coordination and streamlined processes
Keep place and opportunity as drivers of City’s production goals

Focus Groups
Prioritize equity and low-interest loan products
Expand incentives for market rate developers to build affordable housing
Reduce barriers for affordable housing development
Leverage assets and incentives to promote access to opportunity
For Housing, we seek to accelerate funding for housing, with the goal of creating 5,000 workforce and affordable housing units in three years so those who work in our City can live in our City.

--- Charlotte City Council in a letter to Charlotte residents, October 3, 2016

Current Progress

Path to 5,000

**GOAL:** Create 5,000 workforce and affordable housing units in three years.

Increase housing production. Expand funding and financing tools. Streamline internal policies and processes to create more flexibility.

Flexible funding mechanism Expanded Housing Trust Fund Below-market or donated land

Expedited development review Housing overlay Property tax grants Land disposition policy Modified density bonus

 SOURCE: City of Charlotte, June 2017. *Includes both constructed and committed units. 
Best Practices

- Flexible Funding Mechanisms
- Expanded Housing Trust Fund
- Below-market or donated land
- Expedited Development Review
- Housing Overlay
- Property Tax Relief/Grants
- Land Disposition Policy
- Density Bonus

West: Portland, OR  Seattle, WA  San Francisco, CA
Central: Chicago, IL  Denver, CO  Phoenix, AZ
East: Atlanta, GA  Charlotte, NC

Strategy Framework

ACCELERATE
Strategies that can be accomplished through internal changes or through key partnerships within a short period of a time. These strategies are intended to remove existing barriers to affordable housing development or support short-term approaches to ongoing local work.

SUSTAIN
Strategies that institutionalize short-term changes intended to accelerate housing production within Charlotte, so that the City creates a robust environment to support a consistent housing pipeline over time.

ADVANCE
Strategies that connect the City’s housing-related work to other sectors and levels of governance to ensure housing acts as a platform to advance economic opportunity.
### Strategy Framework: ACCELERATE

**ACCELERATE**

*Strategies that can be accomplished through internal changes or through key partnerships within a short period of time. These strategies are intended to remove existing barriers to affordable housing development or support short-term approaches to increase production.*

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<th>Funding &amp; financing</th>
<th>Production</th>
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<tbody>
<tr>
<td>• Establish development incentives and related zoning overlays.</td>
<td>• Establish a separate fund or financing mechanism to target unfunded 9% and 4% tax credit transactions.</td>
<td>• Create program to solicit projects under new funding mechanisms.</td>
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<tr>
<td>• Align development incentives with the City’s Assisted Multifamily Housing at Transit Station Areas and Mixed Housing Development housing policies.</td>
<td>• Align capital improvement funds to support projects financed with HTF dollars.</td>
<td>• Work with local anchor institutions and large employers to fund affordable housing.</td>
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<tr>
<td>• Revise Housing Locational Policy as a barrier and related waiver requests.</td>
<td>• Continue to use Section 108 funding to finance mixed-income and mixed-use developments.</td>
<td>• Pilot a tax relief program to encourage market developers to partner with nonprofit developers.</td>
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<td>• Strengthen program criteria and selection process for Housing Trust Fund dollars.</td>
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<td>• Support additional affordable housing opportunities through accessory dwelling units and surplus land inventory.</td>
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### Strategy Framework: SUSTAIN

**SUSTAIN**

*Strategies that institutionalize short-term changes intended to accelerate housing production within Charlotte, so that the City creates a robust environment to support a consistent housing pipeline over time.*

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<td>• Develop a unified affordable housing policy that creates consistent goals for housing opportunities.</td>
<td>• Establish an acquisition fund to strategically acquire projects for new construction and preservation.</td>
<td>• Support a Community Land Trust to acquire property in stronger markets.</td>
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<tr>
<td>• Integrate housing goals and tools into Unified Development Ordinance update.</td>
<td>• Create dedicated preservation resource with partner agencies.</td>
<td>• Build small contractor capacity to support rehabilitation and single-family new construction.</td>
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<td>• Expand the Housing Diversity Program to include an opportunity framework.</td>
<td>• Pursue residential Property Assessed Clean Energy (PACE) legislation and program.</td>
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<td>• Use code enforcement to target existing rehabilitation programs to substandard properties.</td>
<td>• Develop an NRSA to use federal funding in more flexible ways and target resources more effectively.</td>
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8/28/2017
# Strategy Framework: ADVANCE

**ADVANCE**

Strategies that connect the City’s housing-related work to other sectors and levels of governance to ensure housing acts as a platform to advance economic opportunity.

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<td>• Develop a common set of criteria to evaluate projects in relation to opportunity.</td>
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<tr>
<td>• Educate the general public about the benefits of affordable and workforce housing.</td>
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<tr>
<td>• Develop and adopt a preservation ordinance to require right-of-first-refusal.</td>
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<td>• Broaden affordable housing bond referendum to cover a longer-term commitment.</td>
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<tr>
<td>• Grow or expand separate fund mechanism to prioritize projects that promote access to opportunity.</td>
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<td>• Evaluate preservation, acquisition and equity fund mechanisms to ensure they are aligned and make adjustments as necessary.</td>
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<td>• Create process to transfer publicly controlled properties to an intermediary.</td>
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## Charlotte’s evolving housing strategy

- **Path to 5,000**
  Sets the foundation to accelerate, sustain, and advance Charlotte’s housing production.

- **Comprehensive Housing Plan**
  Establishes long-term housing strategy and policy objectives.

- **Communities of Opportunity**
  Charlotte residents have access to affordable housing in communities that provide access to opportunity.