

Housing Trust Fund + NEST Recommendations

JUNE 20, 2024
CEDC MEETING

City Affordable Housing Initiatives



Funding Sources:

- **Biennial voter-approved housing bonds**
- **Federal grants**
 - *Community Development Block Grant*
 - *HOME Investment Partnerships Grant*
 - *Emergency Solutions Grant*
 - *Housing Opportunities for Persons with Aids (HOPWA)*
- **Other local funds**
- **Transit-Oriented Development Density Bonus Program Fee-in-Lieu Program**

Housing Trust Fund (HTF)

- ▶ Created in 2001, the HTF is the City's primary tool to create and preserve affordable housing including rental, homeownership and supportive housing
- ▶ Funded by voter-approved Affordable Housing Bonds
- ▶ City investment is leveraged with private-sector funds through partnerships with developers
- ▶ Frequently includes developer application for North Carolina Low Income Housing Tax Credits



Housing Bonds in North Carolina

▶ **North Carolina General Statute 159-48**

- Capital costs of providing housing for the benefit of low- and moderate-income persons
- Construction, infrastructure, property and land acquisition
- The costs of doing any or all of the things mentioned...any other services, costs and expenses necessary

▶ **Restrictions: No rent subsidies shall be paid from bond proceeds**

▶ **From 2012 to 2022, collectively the six largest cities in North Carolina issued \$443.7 million in housing bonds, with a wide range of programmed uses**

Housing Bonds in North Carolina

	Charlotte \$180 M	Raleigh \$80 M	Fayetteville \$12 M	Greensboro \$55 M	Winston-Salem \$21.7 M	Durham* \$95M
Development Gap Financing	✓	✓	✓	✓	✓	✓
Multifamily Preservation	✓	✓		✓		✓
Shelter & Supportive Housing	✓	✓		✓		✓
Home Rehabilitation & Emergency Repair		✓	✓	✓	✓	✓
Site Acquisition	✓	✓				
Downpayment / Homebuyer Assistance		✓	✓	✓		✓
Revolving Loan Funds			✓	✓		
Administration, Technology, Housing Studies				✓	✓	

*Durham: Activities may include other funding sources

Housing Development Examples



Harmony Place Seniors at Grier Heights
2931 Marney Ave.
Laurel Street Residential

Number of Units	72
HTF Request	\$3,450,000
Total Cost	\$9,918,443
Affordability Period	40 Years
Leverage Ratio	1:3



Mezzanine on Freedom
2615 Freedom Drive
DreamKey Partners / Covenant Presbyterian

Number of Units	185
HTF Request	\$4,500,000
Total Cost	\$29,991,522
Affordability Period	30 Years
Leverage Ratio	1:7

HOUSING: STORY

Traditional Focus on Housing Unit Production



More Holistic Focus on Resident Outcomes



Residential Stability



Neighborhood Affordability



Economic Mobility

NEST Commission

Commission Charge:

The Charlotte Neighborhood Equity and Stabilization Commission is established for a 3-year period beginning in 2022 and is charged with reviewing and recommending specific anti-displacement strategies and tools for protecting residents of moderate to high vulnerability of displacement.

NEST Recommendations

▶ **Anti-Displacement Strategy**

- Developed and delivered to Council Committee June 2023

▶ **Programmatic Recommendations**

- NEST Commission advanced programmatic recommendations to City Council, consistent with the Anti-Displacement Strategy

City Council allocated \$5.9 million in ARPA funds to advance those recommendations

▶ **Sustainable Funding**

- Increase the biennial Affordable Housing Bonds to \$100 million, inclusive of a specific allocation of \$25 million for Anti-Displacement efforts, beginning with the 2024 referendum
- Increase the TOD Affordable Housing Density Bonus Program Fee-in-Lieu (FIL) payment amount from \$4.75 per bonus square foot, to \$7.00 per bonus square foot, direct those funds to various anti-displacement activities, and evaluate the FIL amount every two-years thereafter

Adopted FY 2025 budget includes \$100 million housing bond and \$6.00/sf FIL

Anti-Displacement Strategy

GOAL 1

SUPPORT RESIDENTS

Enhance housing stability at both the household and neighborhood levels

GOAL 2

STRENGTHEN COMMUNITIES

Preserve social capital and help communities advocate and plan for future needs

GOAL 3

FOSTER INCLUSIVITY

Build trust and transparency; ensure diverse participation in decision-making about displacement

GOAL 4

EMPOWER BUSINESSES

Retain legacy businesses and support local entrepreneurship



NEST Recommendations

**Acquisition, Rehab,
Resale (ARR)**

House Charlotte Plus

**Accessory Dwelling
Units (ADUs)**

**Rehab/preserve
small NOAH
Communities (10-50
units)**

**Small Landlord
Investments**

**Reduce Barriers to
Programs and
Information**

**Resource/Referral
Services**

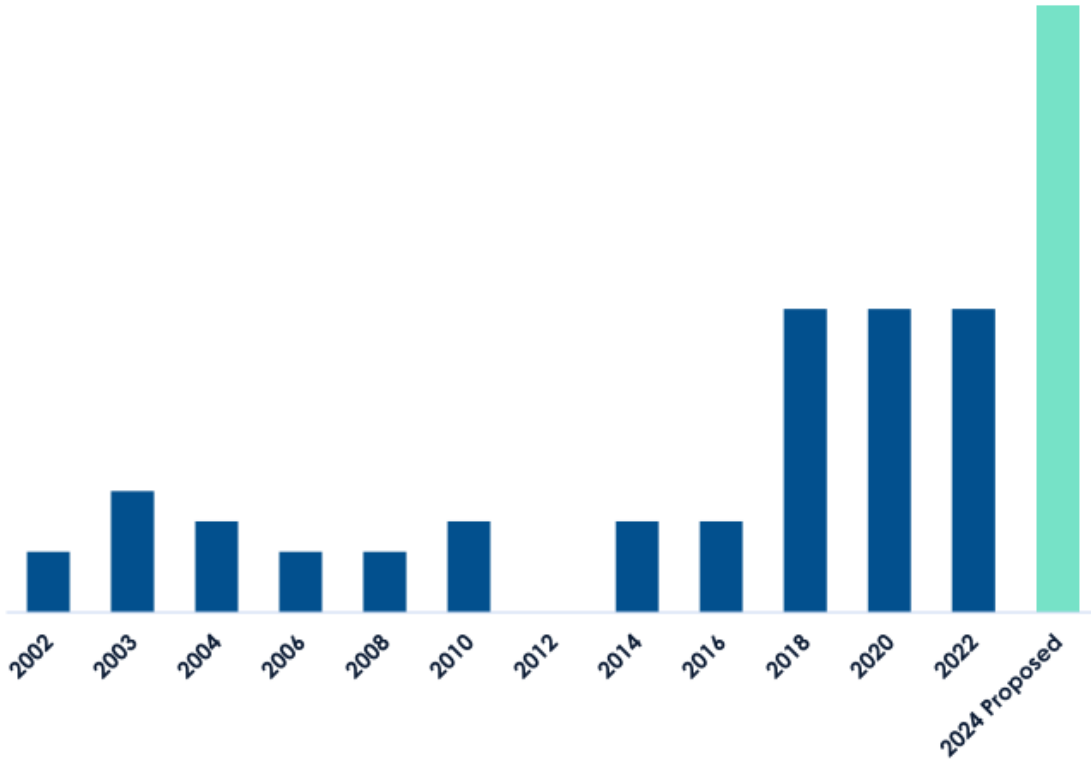
**Innovative Shared
Ownership Pilot**

**Anti-Displacement
Funding**

Generational Housing Investment



\$100m Housing Bond Proposed in 2024



- Homeownership
- New Multi-Family
- NOAHs
- Rehab and Repair
- Shelter and Supportive Housing
- Collaboration

Next Steps

▶ **Policy Referral**

- Housing, Safety & Community Committee will make a recommendation to City Council on the utilization of the proposed \$100 million housing bond

▶ **Pro Housing Application**

- Dedicated Development Center Team

▶ **Bond Referendum**

- Bonds will be part of the ballot in November 2024 elections

▶ **NEST Commission Concludes**

- Final recommendations to City Council November 2024

▶ **The work continues...**

QUESTIONS!!!