



Affordable Housing, Homelessness, & Housing Instability

March 26, 2019

Presentation Goals

Understand Issue Context

Homelessness and housing instability in Mecklenburg County

Current work to address homelessness and housing instability

Role of affordable housing in addressing homelessness and housing instability in Mecklenburg County

Explore Opportunities to Address Issue

Short-term actions for Mecklenburg County to consider as a leader in driving change

Need for a long-term strategy that integrates immediate actions into overall framework



Agenda



Policy Question

Define the Issue and the Causes



Issue Context:

Understanding Affordable Housing, Homelessness and Housing Instability



Current Work

What is the County currently doing



Manager's Recommendation

Receive the Board's input on options that are being considered



Next Steps



Policy Question

DEFINE THE ISSUE AND THE CAUSES





Policy Question

What is the County's role in addressing affordable housing issues?

- Expand our current role (housing supportive services)
- Step out of our swim lane (build & fund housing construction)
- Pursue land banking
- Offer rent subsidy to households at risk of homelessness
- Partner with the municipalities to create something new or join together on pre-existing initiatives
- Enhance existing and create new partnerships with community partners



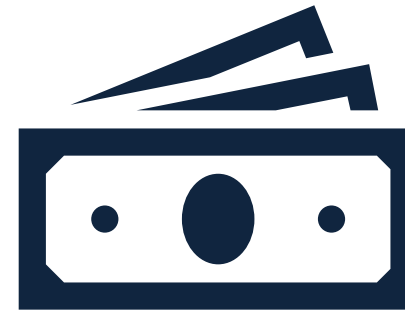


Policy Question



22,000
AFFORDABLE HOUSING
DEFICIT

There is a deficit of 22,000 units for individuals who are at or below 30% of AMI in the Charlotte area, as reported by the City of Charlotte.



\$6.8M
HOMELESSNESS SERVICES
INVESTMENT

Community Support Services invests a total of \$6.8M in funding for homelessness and housing instability services and have served 570 individuals.



ISSUE CONTEXT

DEVELOP A COMMON UNDERSTANDING OF THE PROBLEM
AND CURRENT ROLE OF MECKLENBURG COUNTY





Issue Context

WHAT DOES AFFORDABLE HOUSING MEAN?

Affordable housing: Housing for which occupant(s) is/are paying **no more than 30% of their pre-tax gross annual income on rent and utilities**. Annual household income is between 0% and 120% of area median income (AMI).

Affordable housing comes in all shapes and sizes and can exist in any zip code. The primary factor for the affordability of a unit is the value of the underlying real estate.





Issue Context

WHAT IS THE DIFFERENCE BETWEEN AFFORDABLE HOUSING AND WORKFORCE HOUSING?

Workforce housing refers to housing affordable to households **between** 80% and 120% of area median income (AMI).





Issue Context

WHAT DOES AREA MEDIAN INCOME (AMI) MEAN?

Area median income refers to income limits used by several programs within the US Department of Housing & Urban Development (HUD), including Housing Choice Voucher, Public Housing and others.

The limits are calculated based upon factors including the Fair Market Rent area and family size.





Issue Context

FY2018 AREA MEDIAN INCOME

FY 2018 Income Limit Area	Median Family Income	FY 2018 Income Limit Category	Persons in Family							
	Explanation		1	2	3	4	5	6	7	8
Charlotte-Concord-Gastonia, NC-SC HUD Metro FMR Area	\$74,100	Very Low (50%) Income Limits (\$) Explanation	25,950	29,650	33,350	37,050	40,050	43,000	45,950	48,950
		Extremely Low Income Limits (\$)* Explanation	15,600	17,800	20,780	25,100	29,420	33,740	38,060	42,380
		Low (80%) Income Limits (\$) Explanation	41,550	47,450	53,400	59,300	64,050	68,800	73,550	78,300

NOTE: Mecklenburg County is part of the **Charlotte-Concord-Gastonia, NC-SC HUD Metro FMR Area**, so all information presented here applies to all of the **Charlotte-Concord-Gastonia, NC-SC HUD Metro FMR Area**. HUD generally uses the Office of Management and Budget (OMB) area definitions in the calculation of income limit program parameters. However, to ensure that program parameters do not vary significantly due to area definition changes, HUD has used custom geographic definitions for the **Charlotte-Concord-Gastonia, NC-SC HUD Metro FMR Area**.

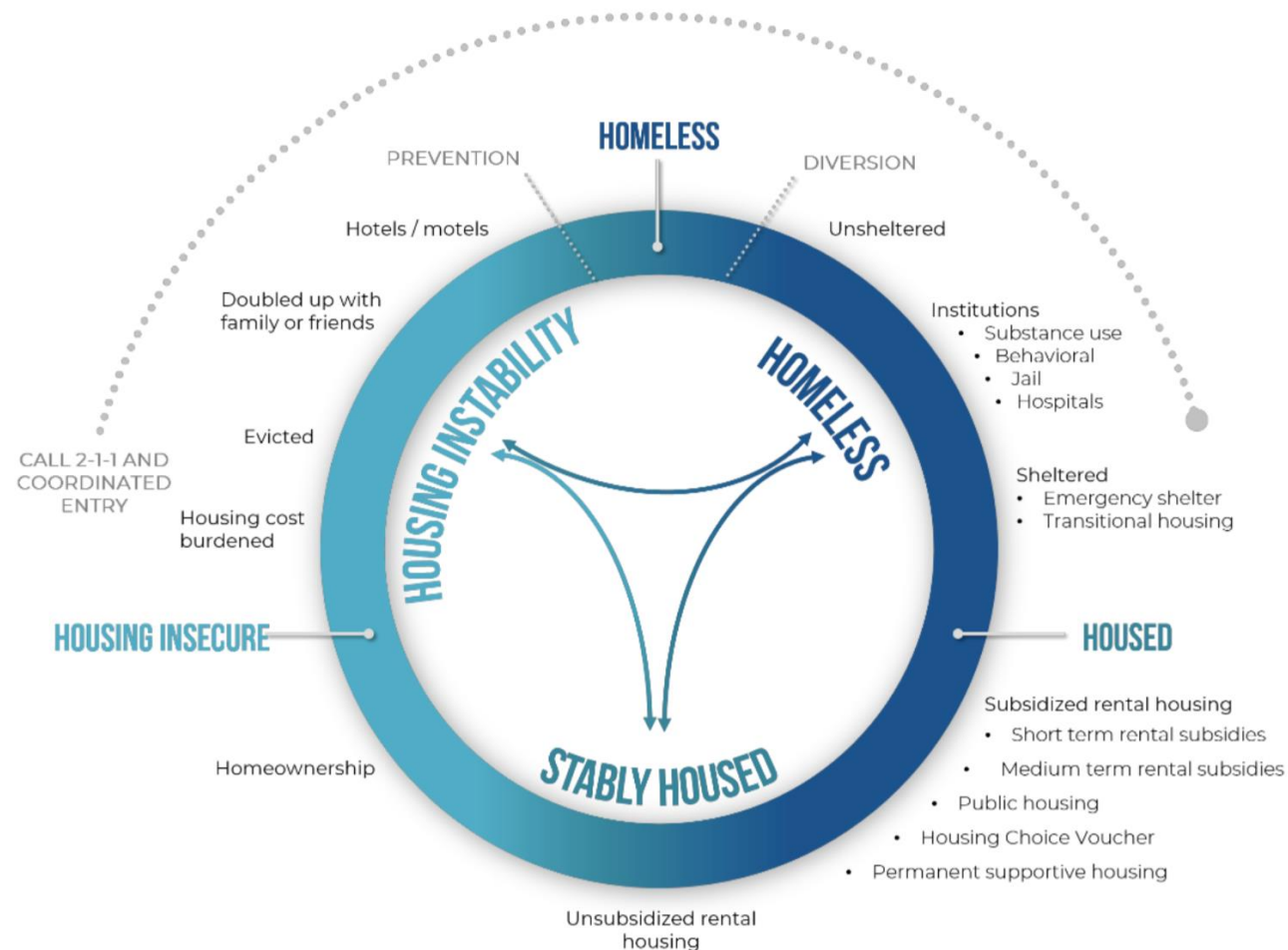




Issue Context

WHO NEEDS AFFORDABLE HOUSING?

MECKLENBURG COUNTY CONTINUUM OF HOUSING INSTABILITY & HOMELESSNESS



Current Work

WHAT IS THE COUNTY CURRENTLY DOING?





Current Work

DASHBOARD

Utilizing a data-driven approach to inform policy, funding and programmatic change.





Current Work

REPORT SERIES: ALL ABOUT EVICTIONS

Used Report Series to create multiple opportunities for the community to learn about and support the work of preventing and reducing evictions.





Current Work

CHANGE POLICY

Provided support to inform county policy to support the creation of affordable housing in the community.





Current Work

POINT-IN-TIME COUNT

Lead the community effort to count the number of people experiencing homelessness and the capacity to house them on one night in January.





Current Work

SUPPORTIVE SERVICES

Fill gap by providing supportive services funding to community agencies to help individuals and families obtain and sustain permanent, affordable housing.





Current Work

MECKFUSE

Provide rental subsidy and supportive services for homeless individuals with behavioral health issues and who have been frequent users of Mecklenburg's jail, streets, camps and shelters.





Current Work

EVICTIION PREVENTION

Funding to Legal Aid of North Carolina (LANC), to provide eviction prevention assistance in Mecklenburg County. LANC is a statewide, nonprofit law firm that provides free legal services in civil matters to low-income households to ensure equal access to justice and to remove legal barriers to economic opportunity.





Current Work

SOCIAL WORK & SUPPORTIVE SERVICES

Provide supportive services and social work as well as general and emergency assistance to residents across the community.





Current Work

INFORM FUNDING

Partnered with United Way Central Carolinas to produce a community shelter capacity assessment and report.





Current Work

INFORM UNDERSTANDING

Partnered with UNC Charlotte Urban Institute to develop community ecosystem to define and describe housing and homelessness partner landscape.

Prevention

Diversion

Street Outreach

Temporary Housing

- Emergency Shelters
- Transitional Housing

Permanent Housing Subsidies

- Rapid Re-housing
- Permanent Supportive Housing

Permanent Rental Housing without Subsidies

Homeownership





Current Work

Mecklenburg County Code Enforcement

- Up to 20% discount on construction value in estimating plan review fees
- No cost for preliminary plan review meetings
- Dedicated plan review team including project manager
- Priority plan review for superior performing teams
- Streamlined plan approval process
- Dedicated project manager and inspection team
- Field approval of minor changes to approved plans
- No cost final walk through to ensure timely Certificate of Occupancy (CO)



Manager's Recommendations

OPTIONS THAT THE MANAGER IS CONSIDERING





Increase Funding for Supportive Services

EXPAND MECKFUSE

Increase funding for the evidence-based program that pairs housing with supportive services to individuals experiencing homelessness who have high utilization rates of hospitals and jails. Explore opportunities to apply model components with other populations experiencing homelessness.

Option for the County: Invest more in rental assistance and supportive services

- FY2019 Funding = \$867,000
- FY2019 Number of individuals served to-date: 50





Increase Funding for Supportive Services

RENTAL SUBSIDY TRUST FUND

Ensure rent is affordable by providing rental subsidy whether directly or through an agency or agencies.

Option for the County: establish a dedicated funding stream to support rental subsidies—setting aside proceeds in a trust fund where income on the fund could be used to provide rental subsidies.





Rental Subsidy Trust Fund

Funding Source

- When the County issues debt, there can be market driven one-time premiums—where the market will pay a premium over the face value of the bond, in exchange for a higher interest rate.
- Similarly, the County can also achieve savings through refinancing older, high-interest debt at a lower rate.
- These premiums and savings are market driven and determined at the point of sale—therefore they are not budgeted. However, they do provide additional funds for capital projects, or can be used to pay down debt.
- Amounts of the premiums or savings can be significant—the last \$150 million bond sale yielded net premiums of \$11 million.





Rental Subsidy Trust Fund

So how can it be applied to affordable housing?

- While neither premiums or savings can be directly allocated for rental subsidies, the County could utilize these amounts for eligible capital costs—substituting premiums or savings for planned Pay Go funding for eligible projects, and then apply the Pay Go to rental subsidies.
- Therefore, the BOCC could direct a budget transfer from fund balance to a rental subsidy trust fund an amount equal to premiums or savings applied to capital projects in lieu of Pay Go—redirecting the Pay Go funds to provide rental subsidies.





Denver Model

What is LIVE DENVER?

- LIVE (Lower-Income Voucher Equity) Denver, is a 2-year pilot Initiative formed through a public-private partnership to provide immediate affordable housing to working Denverites
- The goal is to fill vacancies at premium level apartments by providing a rent buy-down for workforce individuals & families, including teachers, customer service reps, entry-level tech employees, health care provider support staff & nurses

How Does It Work?

- Renter Payment: Participants in LIVE will contribute 35% of their income towards their rent payment
- Rent Buy-Down: The rent buy-down will pay the balance of rent and is funded by the City of Denver, private employers, and foundations.
- Participant Qualification: To qualify for LIVE, HealthOne employees must meet two criteria
 1. One person in the household must be working full time; and
 2. Household income levels must be within the targeted 40 to 80% AMI (Area Media Income).





Increase Funding for Services

EVICTIION ASSISTANCE

Expand the funding for legal assistance, staffing and resources to ensure tenants have legal representation during eviction proceedings.

Option for the County: Expand funding for Legal Aid of North Carolina to provide eviction assistance services. Also, identify available County space to meet the growing demand for the service.

- FY2019 Legal Aid funding: \$309,000
- Additional clients served by Legal Aid: 250





Property Tax Relief Programs

LANDLORDS & HOMEOWNER TAX GRANT PROGRAM

Create a homeowner grant program designed to pay the “increase” on property taxes resulting from the revaluation.





Property Tax Relief Program

Examples of NC Municipal Grant Programs

- **City of Charlotte Aging in Place Program:**
 - Provide grants to offset the taxes of qualifying homeowners
 - Reduces homeowner costs enabling them to retain their homes
- **City of Durham Longtime Homeowner Program:**
 - Designed to assist homeowners that have experienced an increase in their property taxes due to revitalization efforts





Revitalization: The Smithville Project:

The Smithville revitalization program attempts to address four key objectives:

- Eliminate displacement of current primarily low-income residents of Smithville
- Eliminate blight and create value for the remaining homeowners in Smithville
- Connect Smithville to the town of Cornelius
- Reposition Smithville as an emerging mixed-income, mixed-tenure, and multi-ethnic neighborhood of the future, primarily occupied by households making less than 80% of the AMI

How can the County assist: provide funding to assist with the revitalization of the neighborhood

- Smithville has requested a \$3 million grant to acquire land
- Consider funding technical assistance to advance planning efforts



Critical Home Repair



CRITICAL HOME REPAIR

The Critical Home Repair program addresses major safety concerns in homes by making necessary repairs at a subsidized rate, allowing homeowners to remain in their homes and preserving Charlotte's dwindling affordable housing stock.

Option for the County: Invest in providing a low cost way for seniors, those with disabilities or low income circumstances to repair or modify their homes so that they can continue to live safely and independently, prevent falls and age in place.





County Owned Land

COUNTY OWNED LAND

Donate, repurpose, lease below market county owned land with restrictions so that it remains affordable.





County Land Purchase Policy & Impact

- **Affordable Real Estate Housing Policy:**
 - Use of private sale authority when 10% of housing units will be affordable at or below 80% Area Median Income (AMI)
- **4th & Graham:** A minimum of 40 (15%) of the housing units will be affordable at or below 80% AMI
- **Brooklyn Village:**
 - A minimum of 114 (10-12%) of housing units will be affordable
 - A minimum of 35 of the affordable units will be provided for those households earning up to 60% AMI
 - The remaining affordable units will be between 61% and 80% AMI and/or Seniors at 30% AMI (with a maximum of 60 affordable senior units)
- **7th & Tryon:**
 - 30% of residential units will be affordable (132 affordable units proposed)
 - 30% of affordable units will be at 30% AMI (40 units)





Billingsley Site: Tom Ray & Carlton Watkins Centers

- Location: corner of Ellington Street & Wheatley Avenue (adjacent to the Grier Heights Neighborhood)
- Acreage: +/- 14 acres (+/- 9 acres are developable)
- Disposition Method: Request for Qualifications(RFQ)/Request for Proposal(RFP)
- Timeline: Preparation of the RFQ/RFP can commence upon approval of concept
- Ground lease - \$1/year (no property taxes except on improvements & reduces overall development cost)
- A mix of income based housing will be factored as part of the RFP
- Billingsley Site: the remainder of the property can be redeveloped for affordable housing after the completion of all community resource centers (8-10 years)





County Owned Property

RESIDUAL COUNTY-OWNED PROPERTY

Make edge conditions available for low cost lease or sale to close the funding gap in any County owned real estate.





Residual County-Owned Property

- **Make Edge Conditions available for low cost lease or sale to close the funding gap**
 - County real estate, especially parks, sometimes have residual property available around the perimeter that could be utilized for housing pads. Where parking, utilities, etc. already exist, the cost to construct the housing is reduced; this in turn increases opportunity for affordability. Additionally, ground leasing these edge conditions or conveying them below market also help the developer pro forma.
- **Firestone Park**
 - Located between NC-16 and Beatties Ford Road
 - Could allow for 43 single family homes with 5 acres of active recreation space
 - Creates “eyes” on wooded section of the park



Residual County-Owned Property

County real estate, especially parks, sometimes have residual property available around the perimeter that could be utilized for housing pads





County-Owned Property

- **Tax Foreclosure – The Tax Collector forecloses on property with delinquent taxes**
 - Property must meet the criteria of law and the Office of the Tax Collector (OTC) foreclosure policy
 - Property must be sold to the highest bidder
 - Consider a policy change permitting the County to bid against others at tax sale
 - When the County is the highest bidder, the property can be used or sold as determined by the BOCC
- **Property Acquisition – Select distressed properties for negotiated or judicial (non-foreclosure) acquisition**
 - Identify tax distressed properties that are not in foreclosure to determine if they can be used for affordable housing
 - Approach the owner with an offer to purchase
 - Seek acquisition through condemnation proceedings
 - Use acquired property for affordable housing purposes





Affordable Housing Financing

CONDUIT FINANCING

Issue bond debt for specific projects related to affordable housing.





Conduit Financing

- Under conduit financing, the County would issue bonds under its name and tax-exempt status, and provide proceeds to an eligible non-profit developer to construct affordable housing & responsible for repaying the debt
- The conduit issuer is only obligated to make payments on the bonds to the extent it receives funds for that purpose, for example from the conduit borrower
- Therefore, the issuer's credit is not part of the transaction and the issuer is not a "real party in interest" to the economic substance of the transaction.
- Rather, the conduit issuer's role is to provide tax-exemption, tax credits related to the bonds, or to otherwise provide the borrower access to the municipal bond market.
- The most common structure involves the conduit issuer loaning the bond proceeds to the conduit borrower pursuant to the loan agreement.
- The right to receive payment under the loan agreement is collaterally assigned by the conduit issuer to the bondholders to secure and provide for the repayment of the bonds.





Conduit Financing

So how does it work?

- Requirements:
 - The organization requesting the financing must be a 501(c)(3) & the amount of financing must be at least \$10,000,000
 - Must be backed by a credit from a bank or other financing institution with at least an A-credit rating
 - A sound business plan in line with the policy goals set by the County is required
- The developer is the borrower and responsible for repaying the debt
 - Conduit financing does NOT require a voter referendum
 - The financing amount would not count against the County's debt limit, or credit
 - The County is only obligated to make payments to the extent it receives funds for that purpose from another party—for example, the conduit borrower, or another third-party
- Steps to County Conduit Financing
 - An interested private/non-profit developer would request financing and propose a deal
 - The City of Charlotte and the Charlotte Housing Authority would each have to approve any County conduit financing
 - The State Treasurer's Office Local Government Commission also has to approve the financing
- Financing arrangements can be complex and could take close to a year from proposal to issue





Permit Fees

Permit Fees

- Explore opportunities for reduced or no-fee plan review and inspections for only the affordable housing units in any development.
- Formalize validation process of “affordable housing projects” to ensure delivery of promised units



Next Steps

THE MANAGER WILL FACTOR FEEDBACK





Affordable Housing, Homelessness, & Housing Instability

March 26, 2019