

\$50 MM Housing Bond Spending Objectives

We urge the Charlotte City Council to commit the upcoming \$50 million housing bond to address critical goals for our community: *stem the loss* of affordable units in neighborhoods facing *displacement* (or “*gentrification*”) and create new units for households facing the *greatest shortage* of affordable housing. These goals have been previously articulated by the City Council Housing & Neighborhood Development Committee in the new *Housing Charlotte Framework*, but *about 40%* of the housing bond funds are already committed to new construction, with only *16% of those units* for the poorest among us.

We the undersigned propose two objectives for spending housing bond funds:

1. Allocate \$25 million for preserving *Naturally Occurring Affordable Housing (NOAH)* at *risk of displacement or deterioration*, *protecting 2,000 units at half the cost* of new construction. *Permanently deed restrict the land* to ensure that when the building is redeveloped, an equal or greater number of units remain affordable.
2. “*Hold 30% for 30%.*” Require all housing bond projects to set aside 30% of the units for those earning *under 30% of Area Median Income*, through units either subsidized by the builder or subsidized by accepting *Section 8 vouchers* or a *third party rental subsidy*.

These objectives better leverage public funds with an average bond subsidy *30% lower per unit of housing* than the previous bond cycle. Allocating funds and units in this way *fulfills two key goals* of the City’s Housing Charlotte Framework. We collectively advocate for these objectives, recognizing that this is one piece of the puzzle among *other important initiatives* of public policy and public/private funding to address the affordable housing crisis, including greater community participation and oversight of implementation.

We pledge to support the passage of a \$50 million housing bond referendum with the passage of a new City housing policy that commits to meeting these two objectives in this upcoming bond cycle.

To endorse this platform, email your consent to TARNEYD@queens.edu.

- Endorsing organizations, please include your organization name, and your title that authorizes you to speak for the group (e.g. clergy, board chair, executive director).
- Individuals, please include your full name, ZIP code, and City Council district. If you do not know your district, please include your street address.

(Note: *italicized words* are explained on the reverse side)

7.17.2018

NOTES

Housing Charlotte Framework: Proposal by the HAND Committee in June 2018, available on charlottenc.gov/CityCouncil [insert link here] includes two new goals of 1) spending more than 41% on preservation for the two year bond cycle and two City budget years, and 2) targeting 25-35% of units for under 30%AMI.

stem the loss: The HAND Housing Charlotte Framework (June 2018) estimated 28,000 housing units affordable for 80% or lower AMI households were lost between 2013-2017.

displacement (or "gentrification"): Gentrification is an influx of wealthier people with an associated rise in renovation, rents and property values. Displacement is the impact of this shift on the existing neighborhood of poorer people, usually people of color.

greatest shortage: City Council reports that there is a shortage of 19,500 units for under 30% AMI households, the largest gap by far among all income groups.

Housing & Neighborhood Development (HAND) Committee of City Council set goals for the two-year bond cycle at its April 20, 2018 retreat: (1) Spend more funding preserving NOAH than on new construction; (2) Increase the proportion of units for under 30% AMI households to 25-35% of the total units financed;

about 40%: In 2018 City Council approved \$9.5 million for two 4% *low income housing tax credit* (LIHTC) projects. Nine candidates for 9% LIHTC projects were also approved, of which three will be selected by the State, requiring \$4-6 million. Another \$4-6 million in 9% LIHTC projects is expected in 2019. Totals \$18-22 million, or 36-44% of \$50 million.

low income housing tax credits (LIHTC): a government program that provides credits against Federal taxes for building affordable housing.

16% of those units: The 9% LIHTC projects are required to allocate 25% of their units to households earning under 30% AMI, or 100-125 out of 400-500 units over two years. The 276 units in 4% LIHTC projects already approved include no 30% AMI units.

Naturally Occurring Affordable Housing (NOAH): The HAND Housing Charlotte Framework (June 2018) estimated 80,000 units of housing are affordable to 80% AMI households or below, of which about 66,000 are "NOAH" -- not subsidized nor income-restricted.

protecting 2,000 units: 1,200 units to avoid displacement (\$12,900 each) and 800 units at risk of loss from deterioration (\$12,300 each).

at half the cost: The average housing bond subsidy for 4% LIHTC projects is \$34,500/unit; for 9% LIHTC it is \$21,300/unit; the combined bond cost of these is \$26,000/unit. Preserving NOAH costs under \$13,000/unit in bond funding.

Permanently deed restrict the land: While NOAH buildings may have only 10-20 years of useful life remaining, permanent deed restrictions on the land ensure that redevelopment after demolition includes at least the same number of affordable units.

30% of Area Median Income (AMI): AMI is \$74,100/year for a family of four. 30% of AMI for a family of four is \$22,250. For a family of three, 30% AMI is under \$19,000/year.

Hold 30% for 30%: At the April 2018 HAND retreat, 60% and 80% AMI units were described as "subsidy-friendly." Holding 30% of units for under 30% AMI households avoids relying on tenants with subsidies to be first in line to lease. This plan would create about 560 additional units for under 30% AMI tenants, without adding to developers' building costs.

Section 8 voucher: The tenant pays with a subsidy issued by the Charlotte Housing Authority, often on a permanent basis.

30% lower per unit of housing: This proposal costs less than \$18,000 per unit vs \$26,000 per unit in the last bond cycle.

third party rental subsidy: The tenant pays a portion of the rent and the balance is paid by a third party such as a homeless shelter, usually on a temporary basis.

fulfills two key goals: *The Housing Charlotte Framework seeks 41% of spending on preservation vs 40% on expansion across one bond cycle and two City budget years, funding 25-35% of units for under 30% AMI.* The Greenspon objectives combined with the expected \$18-22 million of LIHTC marginally exceed these goals.

other important initiatives: Also among these are transit corridors, land banking, new construction, eviction, project scorecards, and excess public land.