



Implementing Solutions

Report from the Housing Charlotte 2007 Planning Committee

A Community Forum on
Affordable Housing

Keeping The Economic Engine Running
Solutions for Tomorrow

May 14, 2007

www.HousingCharlotte2007.org

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INTRODUCTION

The Housing Charlotte 2007 Planning Committee wants to thank City Council, presenters, participants, and sponsors for contributing to the affordable housing forum held on February 22, 2007. Over 400 hundred people attended the one-day event, which produced a treasure trove of recommendations to preserve and increase the supply of affordable housing in Charlotte.

The forum focused on three areas of affordable housing – *financing, regulatory and community*. The goals were to bring together the best ideas and solutions from across the country in these areas and engage in public discussion about the merits of the ideas and recommendations.

The Planning Committee believes the *Housing Charlotte 2007 Affordable Housing Forum*¹ was successful and accomplished its goals. However, the next steps to implement some of the solutions from the forum will require further study and work on the part of the community.

Below are some recommendations from the Planning Committee on a process, structure and priority solutions for further study. References to specific tools or techniques discussed in the priority solutions are only for explanatory purposes and not intended to suggest a specific course or direction at this time. Making those recommendations will be the work of the Implementation Committee.

RECOMMENDATIONS FOR IMPLEMENTATION PROCESS

The Housing Charlotte 2007 Planning Committee is recommending that it be dissolved and a new *Housing Charlotte Implementation Committee* established to further develop and refine these recommendations for implementation. The goal of the new committee is to present recommendations to local government, the public or other appropriate entities as soon as they are ready for consideration.

The structure of the new committee is a three-member steering committee with a 21-member implementation committee that includes an appointed chair. The implementation committee should be equally represented by individuals from business, non-profit and neighborhood interests. Over 60 people who attended the Housing Charlotte 2007 event indicated an interest in working on defining the recommendations coming out of the event. The Housing Charlotte 2007 Planning Committee would like to present a list of candidates for the Steering Committee and the Implementation Committee for the City Council support.

The Committee should engage available community resources and institutions to conduct research and obtain feedback on proposed recommendations being developed. The time limit for the

¹ The event and all of the solutions brought forward by presenters and participants are chronicled in a proceedings report, which can be found on the HousingCharlotte2007.org website. The site also contains presentations, video and pictures from the event.

EXECUTIVE SUMMARY

This report provides recommendations from the Planning Committee on a process, structure and priority solutions for further study on recommendations coming out of the Housing Charlotte 2007 Affordable Housing Forum.

The Planning Committee is proposing the establishment of a 24-member implementation committee. The Committee will bring forward solutions for public consideration as they are completed over a 12-month period.

The recommended priority solutions for further development, refinement and implementation are:

- Education, Outreach & Advocacy
- Rental Housing Subsidy
- Acquisition Strategy
- Dedicated Funding Source
- Incentive-Based Inclusionary Housing Policies

These recommendations provide the high leverage opportunities to preserve and increase the supply of affordable housing.

committee's performance should be no longer than 12 months. The Committee should provide periodic reports to the City Council and public on its progress.

As in any endeavor, staff support and in-kind resources are critical to the project's success. The Planning Committee was satisfied with the level of support provided by the City for the production of the affordable housing forum and asked that the City commit resources to this next phase to assist in coordination, committee staffing, research and report preparation.

RECOMMENDATIONS FOR FURTHER STUDY

In many respects, holding the forum, which had its own set of challenges, was the easy part for the community. Which recommendations from the forum that the community should invest additional time and resources is a major challenge. After considerable debate and dialogue, the Planning Committee recommends the solutions which merit additional development, refinement and implementation for Charlotte are:

- Education, Outreach and Advocacy
- Rental Housing Subsidy
- Acquisition Strategy
- Dedicated Funding Source
- Incentive-Based Inclusionary Housing Policies

In making its recommendations, the Planning Committee reviewed the proceedings report and other materials produced from the forum. The Planning Committee not only considered the consensus opinions reached by the participants, but also the ideas and recommendations offered by the experts presented at the event. Some of the recommendations by the experts may be controversial locally, but merit discussion if the community is really serious about addressing affordable housing.

The Planning Committee recommends these solutions because they represented high leverage opportunities to create more affordable housing, encompassed a number of recommendations identified at the forum and represented a manageable number of solutions that can be addressed in a short time frame. However, these recommendations do not preclude the Implementation Committee from studying other ideas from the forum not listed in this report.

The description of each recommendation area and how it can help further affordable housing in Charlotte are discussed below:

Education, Outreach and Advocacy – This recommendation promotes ways to make affordable housing information available to consumers, producers and the general public. Armed with good information, better informed individual and community decisions can be made about housing products, choices and strategies. To provide this information, it takes some institution(s) dedicated to helping consumers, producers and the public better understand, measure and track the need for affordable housing.

For the affordable housing consumer, there is a lot of information available today about housing choices and options; however, much of that information is not reaching the consumers that could benefit from that information. For producers or developers of affordable housing, there is a lot of information regarding best practices about building, management and community relations. It is essential that all producers embrace these best practices. In the general public, there is often fear and misunderstanding about the impacts of affordable housing on neighborhoods. Separating myths from reality is an ongoing communication challenge. Nevertheless, it must be done for affordable housing to be accepted throughout the community.

Rental Housing Subsidy – This recommendation provides rental housing subsidies to the very low-income families. Modeled after a similar program in Toronto, Canada, this program brings together the private sector, volunteers, philanthropic and/or faith community and government to provide cash payments to landlords of market-rate apartments with vacancies to house

these families. The program would limit the number of subsidies (i.e., no more than 15 percent) at any one apartment complex and be administered by a local non-profit. The number of subsidies provided by the program will be based on government support and fundraising among the partners and agreements with apartment owners.

This program addresses an area of critical housing shortage in Charlotte, families that earn less than 24 percent of the area median income (\$16,000 based on a family of four). The most recent affordable housing projections call for a shortfall of over 17,000 units for these families by 2010. The program also takes advantage of current demand/supply imbalances in the local apartment market.

Acquisition Strategy – This recommendation seeks ways to produce affordable housing through:

- Preserving existing housing developments.
- Acquiring or reserving land for future housing development.
- Creating a resource pool and mechanism to purchase existing properties for preservation and construction.
- Pursuing the reservation of government owned land for the production of housing in conjunction with other public uses.

Two major challenges in Charlotte are finding suitable housing sites and having the resources available to acquire and hold the properties until development. For major multi-family developments, properties may have to be held 12-24 months before the development process starts. Also, locating housing on properties owned or acquired by units of local government represents significant opportunities to produce more affordable housing.

Dedicated Funding Source - This recommendation searches for a more permanent funding source. Many communities across the country have established alternative ways to pay for affordable housing to offset the loss of federal funds or reduce impacts on the local property tax base. Some recommendations discussed at the forum as alternatives were:

- Recording fee
- Transfer tax
- Incentive-based option-out fees from inclusionary zoning regulations
- Sales tax
- Interest on security deposit forwarded to State Housing Trust Fund

Over the years, funding sources for affordable housing at all levels – federal, state and local – have been reduced or faced increased pressure from other competing community priorities. Charlotte has experienced a \$3.2 million reduction in federal funding over the past three years, which could have been used for housing preservation and construction. Although Charlotte has been successful with three housing bond initiatives since 2002 with approval ratings between 55-60 percent of the voters, the level of bond funding in each successive round was reduced. Having a more permanent funding source would better aid in planning and making investments in housing.

Incentive-Based Inclusionary Housing Policies – This recommendation engages the private sector more in the production of affordable housing. By adopting an incentive-based inclusionary housing program, private sector developers would set aside a certain percentage of their market rate developments (typically between 10-25 percent) for more moderately priced housing units. The program is usually applicable for developments over a minimum threshold size (i.e., between 1 and 50 units). Some of the incentives discussed at the forum included:

- Zoning density bonuses
- Waivers of fees
- Tax abatement
- Accelerated plan and permit reviews
- Cash subsidies for providing affordable housing

Some programs permit developers to pay fees into an affordable housing program to achieve incentives. Incentive-based inclusionary housing policies work best in communities experiencing increases in housing prices.

In Charlotte, incentive-based inclusionary housing policies could increase the range of housing opportunities available throughout the community. It could help reduce concentrations of lower income housing, promote economic and school diversity and create a more inclusive environment.

The primary targets in our community for all these recommendations are households that earned 60 percent or less of the area median income (\$38,640 for a family of four). This represents in excess of 115,000 households in the Charlotte area. These affordable housing households include teachers, policemen, firemen, medical technicians, daycare workers and many others who contribute to keeping our local economic engine running.

CONCLUSION

The Housing Charlotte 2007 Planning Committee was proud to serve the City Council and the community in producing the affordable housing forum. However, this next phase of the process is even more critical than the event. This is where the hard work has to be done. The Planning Committee strongly believes that Charlotte will follow through, given the enthusiasm and support of the community thus far. As one of the presenters at the forum said, "If anyone can solve its affordable housing problem, Charlotte can."



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