



A Community Forum on Affordable Housing

Keeping The Economic Engine Running
Solutions for Tomorrow



Affordable Housing: *The Charlotte Context*

Issue:

The City of Charlotte has an affordable housing problem. For a substantial number of households with low or very low incomes, housing costs typically are far higher than these households can reasonably afford. What a household pays for housing is a factor of their income and the cost of housing available in the market place.

Comparing Incomes and Maximum Housing Costs - By federal guidelines, a house or apartment is affordable when a

household pays no more than 30 percent of its gross income for rent and utilities (rental) or for a mortgage and other housing costs (ownership).

In Charlotte, public policy has been to provide special financing and other assistance to households earning targeted percentages of the area's median income (AMI). The median income for a household of four in Charlotte is \$64,400 annually¹. The local policy is to provide homeowner assistance to families earning 80% or less of AMI and rental / special needs assistance to households at 60 percent AMI and below, with a special priority

on households earning 30 percent or less of AMI².

Low-income households constitute a wide range of population groups – homeless, special needs populations, rental and home ownership. The chart below illustrates affordable housing income categories and maximum monthly housing cost:

Low Income Housing Incomes and Monthly Housing Cost*						
Percent of AMI	Maximum Incomes for this AMI %				Monthly Housing Cost	Maximum Rent
	Annual	Monthly	Weekly	Hourly		
80%	\$51,520	\$4,293	\$991	\$25	\$1,288	\$1,188
60%	\$38,640	\$3,220	\$743	\$19	\$ 996	\$886
30%	\$19,320	\$1,610	\$372	\$ 9	\$ 483	\$383

* Incomes and costs rounded to the nearest whole dollar. Incomes and housing expenses are for households of four. Maximum housing costs show the cost at which housing equals 30 percent of a household's income. Maximum Rent is assumes utilities at 100/month

Measuring the Availability and Cost of Housing - There are several ways to measure the extent of Charlotte's affordable housing problem. They include measures of housing affordability, adequacy and availability in the local market.

Affordability

Affordability is a problem facing both renters and homeowners. In 2005, there were an estimated 280,865 housing units in the City of Charlotte. Of the occupied units, there were 99,218 rental and 150,185 owner-housing units.³

¹ 2006 Median Income as determined by the U. S. Department of Housing and Urban Development

² City of Charlotte Affordable Housing Polices, November 21, 2001.

³ Ibid

Combined, 37,012 households in Charlotte paid 50 percent or more of their income for housing. By paying over half their incomes for housing, very little was left over for food, transportation, medical and other household needs. These households were considered cost burdened in term of housing affordability.

Adequacy

Other measures of housing need are number of substandard housing and housing overcrowding. Based on a 2004 City sponsored survey, less than 2,300 housing units of the housing stock are considered substandard.⁴ In 2005, an estimated 7,230 housing units (2.9 percent) had more than one person per room in Charlotte.⁵ Currently, substandard housing and overcrowding are not considered a significant issue in the City.

Availability

In 2005, the City of Charlotte contracted a housing demand and supply study to measure affordable housing needs.⁶ This study measured the number (supply) of housing units available and the demand for those units at various income levels in Mecklenburg County.

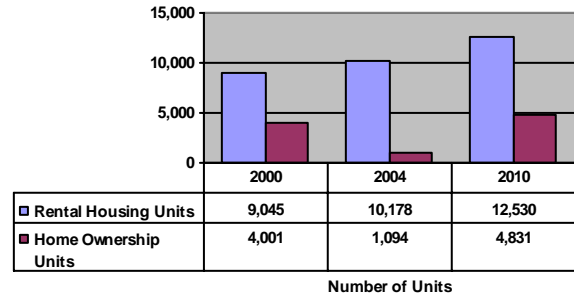
The study's major finding was an unmet need in Charlotte-Mecklenburg for households less than \$16,000 (25 percent of the area median income). The housing unit gaps for 2000 and 2004, as well as projections for 2010, are depicted in the chart on this page.

⁴ 2004 Quality of Life Study, City of Charlotte, September 2004

⁵ 2005 American Community Survey, U.S. Census Bureau, 2006

⁶ Assessment of Residential Rental and For Sale Housing in Mecklenburg County, Robert Charles Lesser and Company, LLC, April 10, 2005

**Unmet Housing Needs
Incomes of Less than \$16,000**



Charlotte's Response:

The City Charlotte has responded to its growing affordable housing issues by adopting new policies to govern affordable housing and directing additional resources to the problem. Between 2001 and 2003, the City of Charlotte adopted several policies to augment ongoing efforts to preserve, expand and support affordable housing. Some of the new policies added included:

- **Establishment of a local Housing Trust Fund.** This is a local funding source using general obligation bonds to produce more affordable housing units – rental, homeownership and special needs. Since 2001, the City Council and Charlotte voters have pledged \$57 million to the trust fund. Through June 2006, 2,600 affordable housing units have been financed through the trust fund.
- **Revised Housing Locational Policy.** Since 1989, the City has had a policy restricting the location of new multi-family assisted housing as to avoid over concentration of affordable rental housing in any one area. In 2001, the Housing Locational Policy was revised. The revised policy restricts the placement of new lower income rental housing based on an area's median household income, number of assisted rental units or the total number of rental units. There are

exceptions for revitalization neighborhoods and high-income areas with significant rental housing.

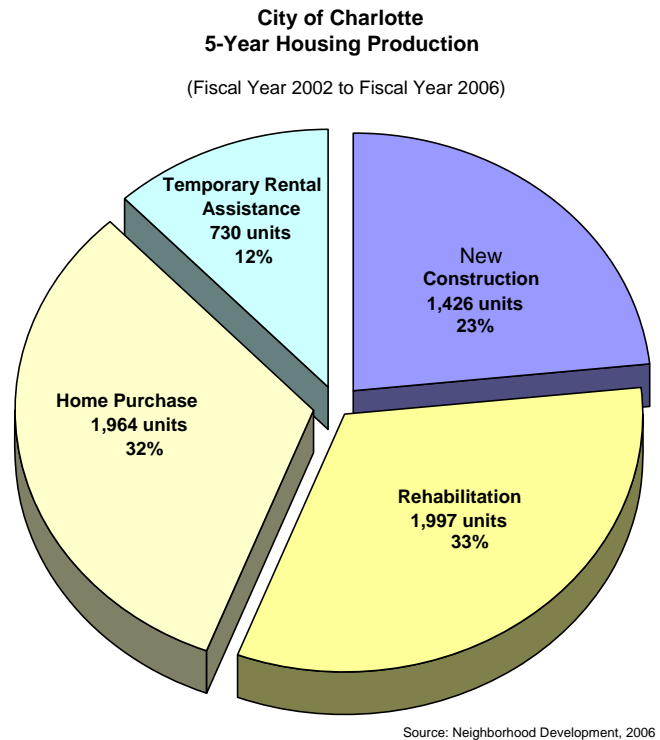
- **Mixed Income Housing Policy.** The City adopted a mixed income housing policy to govern its housing programs in 2003. The policy is designed to encourage a mixture of incomes in city-financed housing developments to promote financial and social stability.
- **Assisted Multi-Family Housing At Transit Station Areas.** This policy seeks to promote affordable rental housing at the City's adopted transit station locations. The policy limits on the number of permitted assisted rental units to no more than 25 percent of a multi-family development or 20 percent of assisted units within ¼ mile of the station.

Other policies adopted by the City of Charlotte included City/County Cooperation on Affordable Housing, Supporting Information Clearinghouse, Promoting Homeownership Opportunities and Developing Incentives for Section 8.

Since 2002, the City has completed 6,117 affordable housing units with City resources. This has surpassed a City Council goal established in 2002 of developing 4,500 units by June 2006.

Approximately 1,400 (23 percent) of the units produced with City funds have served households earning 30 percent or less than the area median income. The new construction and rehabilitation housing units were actually developed by the City, private and non-profit housing developers. They included Charlotte Housing Authority (support of Hope VI), Crosland, Habitat for

Humanity and Housing Partnership, to name some of the developers.



The City's role in affordable housing production is to provide "gap" financing. The City provides funds to bridge the gap between private, non-profit and government funding to help make units affordable. The City has expended \$63.4 million from various sources to help complete the 6,117 units over the five-year period.

Although Charlotte has made some progress in affordable housing production, more remains to be done. Charlotte's challenge is primarily one of affordability. Providing housing that matches earnings of families in the community is important to the local economy. The City of Charlotte needs workers at all levels to keep the economic engine running. Our local economy cannot remain strong if the City cannot adequately house its workforce.