

# CHARLOTTE-MECKLENBURG STRATEGIES FOR AFFORDABLE HOUSING DEVELOPMENT

# EDUCATIONAL TOOLKIT

2016  
REPORT  
COMPLEMENT



## WHY A TOOLKIT?

The goal of this toolkit is to condense the essential components of the Strategies for Affordable Housing Development Report into a format that can be distributed and used to educate stakeholders in the community.

## CONTEXT

The goal of the Charlotte-Mecklenburg Strategies for Affordable Housing Development report is to serve as a starting point for further discussion and examination into which affordable housing development strategies could be applied within Charlotte-Mecklenburg.

Informed by interviews from local and state policy makers, for-profit developers, non-profit developers, advocates and thought leaders, the report focuses on two themes: the financial feasibility of developing affordable housing and ensuring long-term affordability of housing.

The report presents strategies and case studies where the strategies have been effective. There are multiple factors to consider in determining whether a strategy is feasible. This toolkit highlights some of those factors.

The definition of housing affordability is complex. Generally, housing is considered affordable if a household pays no more than 30% of their pre-tax gross income on household expenses. The Housing Advisory Board of Charlotte-Mecklenburg has decided to focus their efforts on households at 0 to 80% of Area Median Income.

# UNDERSTANDING THE PROBLEM

These 5 things are important to understand the local affordable housing challenges in Charlotte-Mecklenburg.



**COST OF HOUSING IS INCREASING**



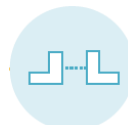
**WAGES ARE NOT KEEPING PACE WITH HOUSING**



**POPULATION IS GROWING**



**MAJORITY OF LOW-INCOME RENTERS ARE COST-BURDENED**



**DISPARITIES OF OPPORTUNITY EXIST ALONG RACIAL AND ECONOMIC LINES**

Access to and availability of affordable housing is a challenge for communities across the United States. However, there are unique pressures in Charlotte-Mecklenburg's housing market due to its substantial population growth, the aftereffects of a down market, and the movement of residents back to urban areas. This has contributed to an increase in rental development, mostly concentrated in higher income markets.

The increased demand for housing in certain neighborhoods has potential negative consequences: displacement of current residents, increase in surrounding housing costs and housing cost burden, and even greater difficulty for Housing Choice Voucher holders to find comparable housing units. In North Carolina, discrimination based upon income source is not protected under fair housing law.

WHAT IS  
**UNIQUE**  
ABOUT THE  
AFFORDABLE  
HOUSING  
CHALLENGES IN  
CHARLOTTE-  
MECKLENBURG?

# UNDERSTANDING THE SOLUTION

The key to increasing affordable housing development and ensuring long-term affordability is how a community plans proactively and adapts to growth in a way that creates a community of opportunity that is inclusive for all residents. Interviews revealed two areas to address in Charlotte-Mecklenburg: financial feasibility of developing affordable housing and how to ensure long-term affordability of units.

FINANCIAL FEASIBILITY STRATEGIES	STRATEGY	DESCRIPTION	CHARLOTTE-MECKLENBURG CONTEXT
	<b>EXPEDITED AND PREDICTABLE PROCESSES &amp; FEE WAIVERS</b>	Provide expedited building permitting processes that are predictable and reduced fees to help decrease the development costs of affordable housing.	No expedited process currently exists.
	<b>HOUSING IMPACT FEES</b>	A fee on non-residential development that is used to offset the increased need for affordable housing because of development.	Previous legislation passed in North Carolina would likely make any housing impact fees impermissible.
	<b>HOUSING TRUST FUNDS</b>	Dedicated source of public funding for affordable housing.	Established in 2001, Charlotte’s Housing Trust Fund is considered a best practice. However, funding for the fund must be approved every several years.
	<b>LAND USE INCENTIVE POLICIES</b>	Reduction in fees and grants backed by property taxes in exchange for inclusion of affordable and “locationally efficient” units.	No land use incentive policies currently exist but are feasible within North Carolina.
	<b>STRATEGIC USE OF PUBLIC, PRIVATE AND NON-PROFIT OWNED LAND</b>	Lands are donated or sold at a reduced price for the development of affordable housing as a standalone project or in conjunction with development of public facilities.	This strategy currently exists and can be expanded by the creation of a database of all land options.
	<b>TAX INCREMENT FINANCING (TIF) AND SYNTHETIC TIFs</b>	TIFs and Synthetic TIFs work by incentivizing and paying for the construction of new buildings and public resources that will improve property values and tax revenues in the specified area, then using those increased revenues to pay for the project.	TIFs are available and permissible within Charlotte-Mecklenburg, but have not been used widely.
	<b>4% LOW-INCOME HOUSING TAX CREDIT (LIHTC)</b>	The 4% LIHTC is an underutilized automatic tax credit for projects financed at least 50% with tax exempt bonds. Use of the program often requires exploring additional sources of equity, from programs like a Housing Trust Fund, to make projects financially feasible.	The 4% tax credit is available to Charlotte-Mecklenburg and can be expanded through increased education.
	<b>AFFORDABLE HOUSING OVERLAY ZONE</b>	A flexible zoning technique in which a new zoning district with modified standards is drawn on top of a base zoning district.	No affordable housing overlay zones currently exist in Charlotte-Mecklenburg.

## LONG-TERM AFFORDABILITY STRATEGIES

STRATEGY	DESCRIPTION	CHARLOTTE-MECKLENBURG CONTEXT
<b>COMMUNITY LAND TRUSTS</b>	The trust permanently retains the land while the homebuyer owns the home that is located on this land. Affordability requirements and resale restrictions are tied to sale of the property, ensuring long-term affordability.	No community land trust currently exists in Charlotte-Mecklenburg.
<b>AFFORDABLE HOUSING DEED RESTRICTIONS</b>	Affordable housing deed restrictions can control the resale price of a home through a formula that determines the affordable resale price of the home, protecting the long-term affordability.	Deed restrictions are an available tool in Charlotte.
<b>EMPLOYER ASSISTED HOUSING</b>	Generally, employer assisted housing refers to a housing program that is fully or partially financed by an employer to incentivize and benefit employees to become homeowners or have access to affordable housing. On the development side, employers can provide cash financing for development costs, donate land, or develop affordable housing themselves.	Employer assisted housing is an available tool and can be expanded in Charlotte-Mecklenburg by engaging employers around the strategy.
<b>INCLUSIONARY ZONING</b>	Inclusionary zoning policies try to increase affordable housing by linking affordable housing to market-rate private development through either voluntary incentive-based or mandatory requirements to include a certain percentage of affordable housing units in market rate developments.	Created in 2013, Charlotte has a voluntary, incentive-based density bonus program. However, it has not been used to date.

## WHAT CAN I DO NOW?

The Report outlines 6 recommendations for Charlotte-Mecklenburg. You can play a key role. Before any new or expanded financial feasibility and permanent affordability strategies can be implemented, community engagement must occur.

You can start by convening a group of stakeholders to consider the identified strategies within the local community context and existing citywide policies, exploring these questions:

- 1) Which strategy or strategies resonate most with you?
- 2) What role can you play in implementing that strategy?
- 3) What factors exist that would hinder this strategy and what key connectors / influencers would need to be part of the discussion for removing those barriers?
- 4) What content and format is necessary in order to make the case for this strategy?

*The Charlotte-Mecklenburg Strategies for Affordable Housing Development Report was prepared by University of North Carolina at Charlotte Urban Institute for the Housing Advisory Board of Charlotte-Mecklenburg. Funding for the report is provided by Mecklenburg County Community Support Services.*