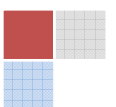


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Chapter One

The Issue

The Charlotte-Mecklenburg community is fortunate to be a prosperous and economically diverse region. It is one of the fastest growing metropolitan areas in one of the fastest growing states in America. While its area median income consistently checks in within a robust range of \$60k - \$64k, many of its citizens live below the poverty line and according to a study conducted by the City of Charlotte **by 2012, 16,924 families in Charlotte and Mecklenburg County who earn less than 30% of the area's median income (AMI) will lack affordable rental housing.** In addition, some studies suggest that the homeless population in Mecklenburg County ranges anywhere from 5,000 to 8,000 people. It is unclear if the City's affordable housing study figure of 16,924 families includes an accurate account of the homeless population.

There are four major players in the production of affordable housing in the region: The Charlotte Housing Authority, the City of Charlotte, The Housing Partnership, and a small group of private developers and financial institutions who partner with the other three entities. The region also has smaller affordable housing providers that include various geo-specific community development corporations, homeless shelters, the Center for Community Self-Help, Saint Peter's homes, Inc., A Way Home, the Salvation Army and others. The list does not end there, however. There are a

myriad of housing service providers that include, Community Link, the County's Social Services Dept., United Family Services, and Crisis Assistance Ministries.

As you might expect, all of these organizations are committed to their missions and are often accused of operating within silos. While the City is the major provider of local capital funds and oversees the regulatory environment in which affordable housing is developed, it has not operated as an umbrella force that coordinates most components of housing development and housing services along the housing continuum. The Housing Authority has the largest responsibility in the affordable housing arena, but must depend on collaborations with the public and private sectors to fully attain its mission and vision.

The financial scope of the affordable housing problem is daunting. **In order to build or acquire enough units and operate them, some estimates exceed \$4 billion.** The major sources of funding include the City's Housing Trust Fund, CDBG Funds, Home Funds, Low Income Housing Tax Credits, the State's Private Industry Bonds, The Housing Authority's Capital Funds, the HOPE VI Program, the Housing Authority's MTW funds, the Housing Authority's land sale proceeds, the Federal Home Loan Bank's Affordable Housing Program Grants, HUD 221 D (4) and D (3) programs, and conventional bank loan financing.

Since 1993 the Housing Authority’s HOPE VI program has produced over \$120 million in federal grant funds and has converted over 1,500 distressed public housing units into more than 1,000 units of public housing in mixed-income configurations that are economically self-sustaining. While over 2,000 Section 8 vouchers have been added during this time the community has seen a net gain of only approximately 1,600

CHA sponsored rental units (Section 8 & 9) affordable to families who earn at or below 30% AMI. Of course the HOPE VI program requires substantial leveraging and the program’s \$120 million has been leveraged against \$300 million in other public and private funds. These other funds were used to develop more than just housing for very low income families, but the mixed income nature of affordable housing development demands that large sums of money are needed to produce rental units that produce excess income, as well as replace aging infrastructure. In other words, affordable housing production and acquisition programs are enormously expensive.

But what about housing subsidy programs? Are they more cost effective than housing production/acquisition? Some context should

be provided in order to accurately answer this question. First, the CHA’s current mission focuses primarily on permanent rental housing.

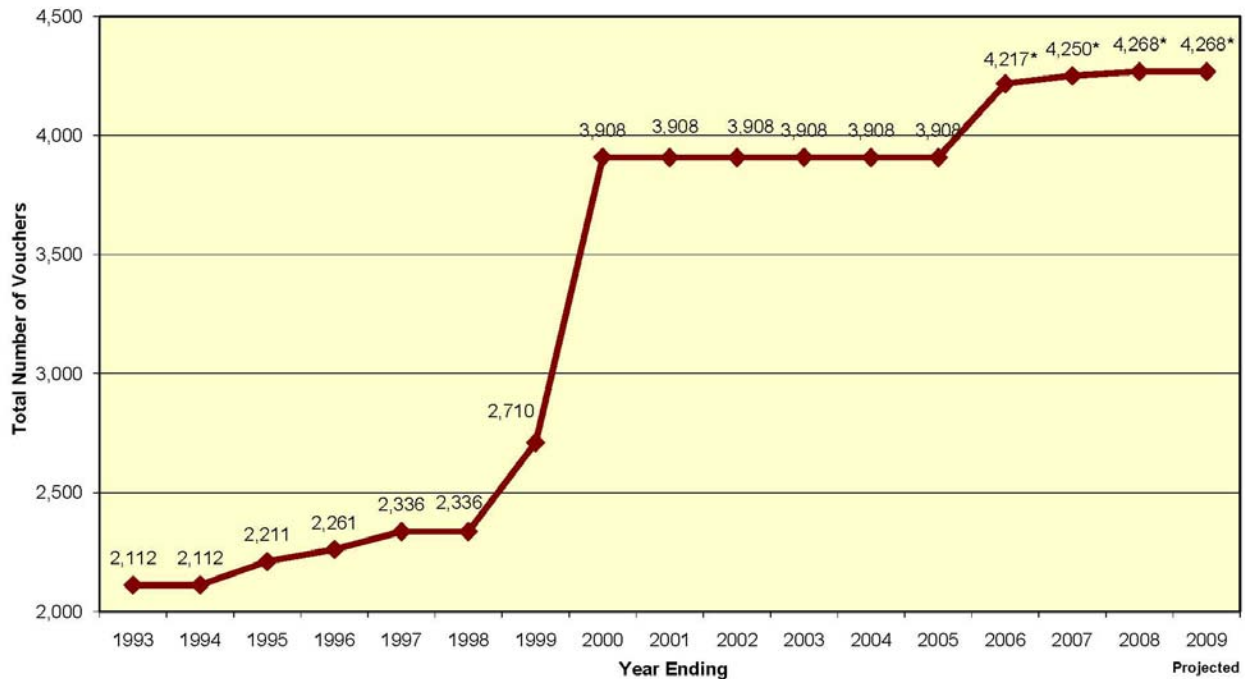
Even though we conduct Family Self-Sufficiency (FSS) programs, the program length for most families is at least five years. Additionally, even though we are initiating a work requirement as a part of “Moving Forward”, we are not considering a limit on the amount of time a non-FSS

family can live in subsidized housing. And, finally, my comparison of subsidy programs versus new construction/acquisition initiatives assumes that HUD pays the subsidy in the new construction/acquisition scenario. In other words, new construction and acquisition initiatives can leverage HUD subsidies.

As you can see, \$5 million goes farther when used for construction/acquisition in Scenario A above because the initial capital funds are leveraged against other local capital funds and the HUD operating subsidy. The housing subsidy concept in Scenario B creates fewer affordable housing opportunities because the units exist in the private sector with the need for private sector profit and an absence of leveraging opportunity.

Affordable Housing Units 30% or Less Average Median Income \$5,000,000 Allotment		
Scenario A		
Build Units (Gap Financing)	One Time Cost	Units Produced
- CHA Baseline (CHA Historical Data)	75,000	67
- New Mixed Income (HTF historical data)	57,389	87
- Non – HOPE VI (HTF Historical Data)	87,986	57
Scenario B		
Provide Annual Subsidy	Annual Cost	Units Produced
- \$400 Subsidy w/ \$700 Rent (No Services)	\$4,800	26
- \$500 Subsidy w/ \$800 Rent (No Services)	\$6,000	21

**Charlotte Housing Authority
Total Section 8 Voucher Count by Year**



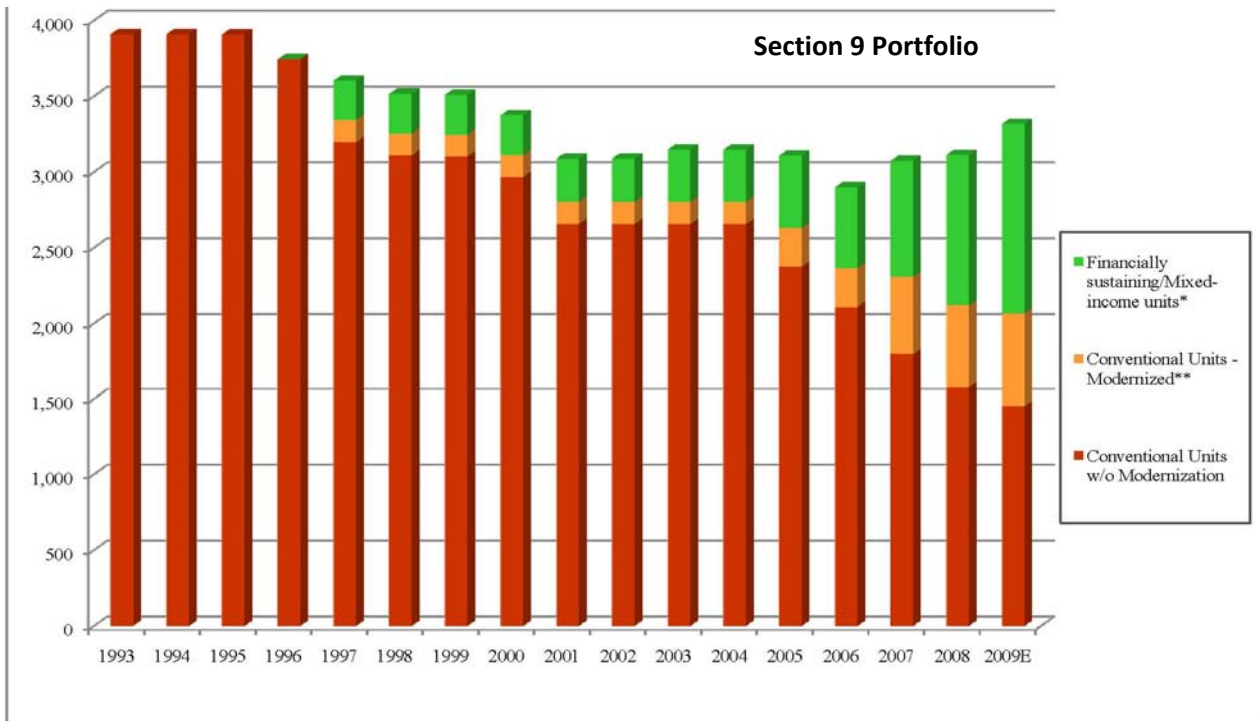
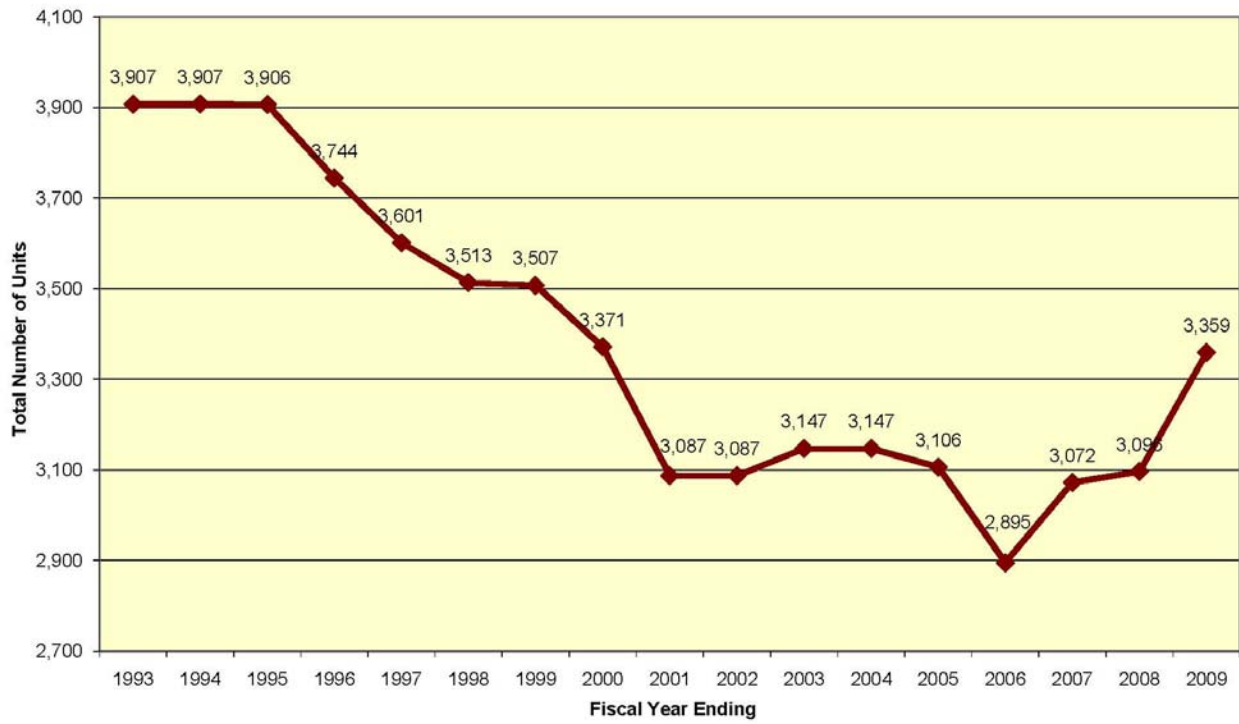
* Includes Project Based Section 8

Any strategy to meet the unmet affordable housing need will have to be examined within the context of the regulatory environment of the local, state and federal governments, plus the collective community conscience over affordable housing, as well as the private sector market forces that most directly impact affordable housing. This means that the strategies outlined in this three-year business plan are comprehensive and follow this outline:

- Define and Understand the Need for Affordable Housing
- Address Public/Private Marketplace Factors
- Determine the Appropriate Structure, Mission and Coordination
- Advance Suitable Regulatory Reform
- Mobilize Adequate Resources
- Execute Communication/Advocacy Strategies

The recommendations in this Business Plan are intended to galvanize community support and resources to meet the unmet affordable housing need. The key to the recommended approach is that Charlotte/Mecklenburg should have a long-term housing vision and strategy. Collaboration, innovation, and establishing links to key community issues make up the building blocks of my recommendations on how CHA should move forward. The plan focuses on a three-year period during which these strategies should increase the number of affordable housing opportunities and drastically change the scope of the Housing Authority.

**Charlotte Housing Authority
Total Section 9 Units by Year**



* Financially sustaining / Mixed-income units are defined as units in tax credit / HOPE VI deals that are mixed income for family sites, or have a mix of subsidy that lessens their dependence on ACC funding.

** Modernized units includes units that have undergone substantial rehabilitations in the past few years to bring units up to CHA standards. This does not include most capital fund expenditures or the HTF senior building rehabilitations.

Chapter Two

Defining the Need

The Charlotte community has conducted numerous affordable housing studies over the years. The prevailing feeling in the affordable housing community is that there are enough studies but not enough actions. While there is some truth in this, I believe that a different type of study needs to be conducted that builds on other studies and uses the data and information from other housing providers to identify and stratify the needs of families who are under-housed and without housing.

The study should focus on very-low income households and individuals that earn no more than 30% of the area median income. As a secondary and complementary analysis, the study should also examine households that earn between 30% and 60% of area median income. These moderate income levels will often exist within mixed-income developments as a strategic configuration of affordable housing communities developed in Charlotte and Mecklenburg County moving forward. Affordable housing for these income groups means that housing costs (exclusive of utilities) do not exceed 30% of the family's or individual's gross income.

The primary purpose of the study is to create an in-depth and comprehensive database that quantifies and qualifies the unmet affordable housing demand. This includes quantifying the unmet demand for

affordable housing, determining the various ways in which families and individuals in these income groups are currently housed, and inventorying the current housing and accompanying supportive services. The study should also use the data to formulate projections, identify trends, evaluate existing barriers to housing for these families and individuals and recommend possible strategies to meet the unmet affordable housing need inclusive of supportive services. The study will be used as factual information to form the basis for policy and strategic business decisions for the members of the Housing Authority Board, the staff and the larger community.

Specific Scope

Affordable Housing Inventory Assessment:

Review, update and analyze existing affordable rental housing inventories and databases to identify gaps and errors in the information provided. Conduct new research on the affordable housing inventory in Charlotte and Mecklenburg County by assessing the portfolios of all affordable housing providers in the county. This includes, but is not limited to:

- All federally subsidized affordable rental housing units, including project based Section 8, the Housing Authority's tenant based Section 8 database, the public housing portfolio, CDBG, HOME, Section 236, Section 202, homeless shelters, emergency housing,

and low-income housing tax credit units.

- The housing inventory assessment should analyze the existing affordable housing supply by unit type, age, physical condition, appropriate occupancy in relation to unit size, rental requirements (deposits, first and last month's rent and/or criminal background checks) and geography.

Inventory of Low & Moderate Income Families: Compile census and other data to determine the number of low and moderate income households in Charlotte and Mecklenburg County. Use local resources to develop a methodology to assess as many very low income (30% and below AMI) families and individuals as possible. This would include face to face interviews at area agencies currently serving these populations including but not limited to: Crisis Assistance, Urban Ministry Center, Room in the Inn, Emergency Winter Shelter, Uptown Men's Shelter, and Department of Social Services, mail or electronic interviews to determine the housing status of identified families.

In addition to income demographics, compile demographic profiles of family size and composition by age, race, physical and mental health as well as employment and education/training. Determine, by use of the same methodology, common barriers to increasing household wealth and current barriers to securing housing including criminal record and/or mental and physical disabilities. Use of existing databases and waiting lists is recommended to assist with this task.

Determine Unmet Affordable Housing Demand: Develop a methodology to determine the unmet demand in Charlotte/Mecklenburg for rental housing that is affordable to low and very low income households (0 – 60% area median income). The methodology should feature the use of a large sample of households that have received either direct contact from the firm conducting the study or direct review by said firm of existing databases. The demand should also be stratified by demographic variables such as age, race, gender, employment status, etc.

Trend Analysis & Projections: Analyze demographic growth projections for the subject population and net gain/losses in the affordable housing rental stock for Charlotte and Mecklenburg County. Trends and projections should be based on a longitudinal analysis of data that will extend ten years into the past.

Inventory Current Housing Services: Compile a comprehensive list of local housing service providers that includes the array of services offered, their primary missions and primary customers.

Inventory Supportive Services Available: Compile a list of supportive services available to the target population that includes service providers, description of service and average length of service.

Recommendations/Conclusions: Based on the summary analysis of the entire study, the selected firm should make constructive conclusions about the extent of the affordable housing shortage in Charlotte/Mecklenburg, and, make recommendations about broad based policies and market practices that might positively impact the affordable housing

shortage. This specific deliverable is a critical element of the entire engagement with the selected firm. The recommended completion of this project is August 2009.

Chapter Three

Addressing Public & Private Marketplace Factors

Expanding CHA's Role in Transitional & Supportive Housing

Most housing advocates for very low income families understand that there is a continuum of housing needs in the community that range from emergency housing to chronic homelessness to low-income families stuck in a poverty cycle. Consequently, the strategy for addressing a housing need is uniquely tied to the type of housing issue confronted by the family. The Charlotte community has addressed this continuum by building homeless shelters, providing emergency housing services, providing capital funds for affordable housing development, case management services geared toward self-reliance, administering the HUD sponsored housing choice voucher program and public housing, building an SRO development for homeless men who need supportive services to move into permanent housing, and providing special needs housing for the elderly and disabled.

However, at every point on the continuum, the available shelter and accompanying supportive services fall short of the demand. For example, if you are chronically homeless or in an episodically homeless situation, you are a part of at least 5,000 homeless persons or as many as 8,000 by some estimates.

Unfortunately, though, the supply of shelter beds in Mecklenburg County is estimated to be only 2,000. Additionally, there are approximately 4,000 families on the Charlotte Housing Authority's combined waiting lists and each housing service provider has its own backlog of families in need of services. Mecklenburg County's model for addressing the housing crisis includes the following:

- **Shelter-Based Model:** Provides a range of emergency and transitional shelter for homeless families and individuals. This is all temporary shelter funded by local, state, and the federal government as well as non-profits and private donations.
- **Permanent Housing Subsidy:** The Housing Choice Voucher Program (Section 8), and the Project-Based Voucher Program. These programs are administered by the Housing Authority and a separate program is administered by the NC Housing Finance Agency.
- **Public Housing:** Housing units that receive an operating subsidy authorized by Section 9 of the federal housing act.
- **Affordable Housing:** A small number of privately owned units that serve families at or below 30% of the AMI.
- **Supportive Housing:** A small number of units devoted to special needs such as

persons with AIDS, mental illness, or substance abuse issues.

Each one of these housing programs has capacity issues, but the most glaring missing component in the entire system is a comprehensive effective strategy to move a homeless family/person into permanent housing. This gap in strategy is where the idea of a transitional housing subsidy program or a program to create transitional supportive housing gains traction. Additionally, transitional and supportive housing historically has not been the Charlotte Housing Authority's role. In fact, the agency's involvement in the homeless problem has been peripheral. One reason for this inaction is the role of the City of Charlotte in housing versus the role of Mecklenburg County. The City has historically confined itself to capital funding and the County has focused on supportive services. This silo mentality and its accompanying lack of coordination are at the root of the problem. The Housing Authority can become the bridge between the two agencies under certain circumstances.

1. Within a collaborative framework, CHA must identify a funding source(s) for a ***subsidy or capital program devoted to transitional and supportive housing.***
2. The Housing Authority will need to work with Mecklenburg County to ***add capacity to DSS and Area Mental Health in order to provide more effective supportive services.***
3. CHA will need to develop an operational system along with the ***City and Mecklenburg County to operate a coordinated transitional and supportive housing program.*** The

structure needed to accomplish this is addressed in the next chapter.

The obvious question at this point is why should the community change its model for addressing homelessness, and more specifically, why should the Charlotte Housing Authority play a substantial role in this change? The first answer is the need to simplify the service delivery model in Charlotte/Mecklenburg in order to deliver more effective services. The community's approach should be more coordinated and centralized among a smaller group of providers who have the capacity and expertise. CHA has the collaborative skill to manage the political and public sector environment as well as the ability to manage service delivery contracts.

The second reason is cost effectiveness. According to Mecklenburg County's own ten year plan to end homelessness, in 2006 the monthly cost to house a family in a county shelter was \$462, the monthly cost for a Salvation Army shelter was \$560, for Charlotte Emergency Housing the cost was \$1,148 a month. Public housing units generally operate at or below \$350 per month and the cost of the average Section 8 voucher is approximately \$500 a month. I am recommending that CHA commission a study to determine the cost of the current system of providing affordable housing. This could be an appendix to the affordable housing study now in the procurement stage.

As a part of the research for this initiative, the CEO and members of the staff will visit cities that have or are implementing subsidy programs. These cities include Philadelphia, Chicago, Seattle, Baltimore, Washington, D.C.

and New York City. The estimated completion time for this initiative is May 2009.

Overcoming the High Cost of Desirable Land for Affordable Housing

All things considered, the difference in the cost of building publically funded affordable multi-family housing versus private market rate residential multi-family units hinges on three variables. They are:

- The level of quality used in building materials and the amount of amenities,
- The regulatory cost associated with public funding versus private funding, and,
- The high cost of land in higher wealth areas where affordable housing is scarce.

Because of CHA's participation in the federal Moving to Work (MTW) Program, regulatory costs can be marginally controlled. MTW is far from a panacea, however, and efforts to gain greater flexibility will be addressed in a following chapter. The local regulatory environment is also a critical variable. The housing location policy should evolve and an incentive-based housing policy should be implemented. These, however, are topics for another chapter.

Building quality and the amenity package for affordable housing is often dictated by the requirements of the funding source. What is not controlled by anything other than private market forces for the most part, is the cost of land. This cost variable must be addressed because the location of affordable housing is a

reality that can, will and has thwarted efforts to build housing. Two things must happen in order to overcome this variable. First, local government leaders must articulate the social and economic reason for building affordable housing. And, second, those same leaders must negotiate the contribution of publically owned land for the development of affordable housing.

The CHA has taken the first step in making this critical exercise a reality by inventorying all of the land owned by the City, Mecklenburg County, and the Charlotte/Mecklenburg School System (CMS). In partnership with the City and the private sector, those publically owned parcels were analyzed to see which ones were most suitable for affordable housing development. Attached to this business plan is an analysis prepared by "NAI Southern Real Estate" and the Housing Authority's Real Estate Development staff. The analysis focuses on two areas of the county where affordable housing is scarcer than in other areas. Area 1 is the northern area of the county, roughly between the Mount Holly Rd./Rozzelles Ferry Rd. corridor and the Plaza Rd./Plaza Rd. Extension corridor. Area 2 is the southern part of the county roughly between the South Tryon St. corridor and the Randolph Rd./Sardis Rd. corridor. Specifically, these sites fall into the category of smaller infill development sites around existing schools and existing County facilities. Because of the criteria used to determine desirability, most of the sites are owned by Mecklenburg County and CMS. A further analysis around larger vacant sites in more suburban locations is a next step.

The analysis of publically owned land is not only the first step but it is a revelation of

opportunity. The implications are complicated and enormous. These assets have substantial value to the entities. They may have use restrictions, and they may be critical to other development plans. On the other hand, they are certainly a potential key to locating affordable housing near new and existing schools, employment centers, transportation nodes and retail centers. The next step for CHA is to create a vision for the use of this land and a compelling argument for collaboration in this area. This step will be discussed in the chapter on communication and advocacy.

Chapter Four

The Appropriate Structure, Mission, and Coordination

In order to affect the changes discussed in chapter three, the community will need to change the way it approaches how to solve the affordable housing shortage. The previous three chapters should make it clear that there are at least four gaps in the current affordable housing service delivery system.

1. The lack of a fully evolved, coordinated and effective strategy for meeting the unmet affordable housing need along the entire housing continuum, especially the need for homeless families to find permanent housing. This includes a genuine strategy to increase the number of affordable housing opportunities.
2. The absence of a lead agency that is responsible for the aforementioned strategy. This lead agency must have the capacity to work across and within local government, state government and federal government lines as well as deal effectively with the private sector.
3. The lack of a substantial amount of desirable land strategically made available for the development of affordable housing in areas that meet the community's needs with regard to economic development, transportation, public safety and education.

4. Enough resources and political will to increase housing production to levels the community has not experienced in the past.

This chapter outlines a roadmap for the Charlotte Housing Authority to fill at least three of these weaknesses in the community's approach to meeting the unmet affordable housing need.

Expanding the Mission

CHA's current mission statement reads as follows: "The Charlotte Housing Authority serves those families for whom conventional housing is unaffordable. Our mission is to provide these families with safe, decent, and sanitary housing while supporting their efforts to achieve economic independence and self-sufficiency." This statement effectively captures the core mission of the Authority. It ignores, though, the potential expanded role of the agency as the leader and ultimate framer of the community's solutions.

The new mission should capture the idea of the Authority as the agency responsible for the community's overall housing strategy for very low-income families. For example, the new mission statement could say something like: "The mission of the Charlotte Housing Authority is to develop and execute community-wide strategies that meet the broad range of housing

needs for families who cannot otherwise attain conventional housing.”

Changing CHA’s Structure & Footprint

Currently, North Carolina law allows for three types of housing authorities: a city housing authority, a county housing authority, and a regional housing authority. Additionally, in this state, housing authorities can be traditional authorities or redevelopment commissions. Obviously, the Charlotte Housing Authority operates under a traditional city housing authority model. And it should also be equally obvious that in order to accomplish the task set forth in this business plan, this model will be inadequate.

My proposed change to the Authority’s structure does not fit into any of the state’s three categories, however. I believe that the agency should become a redevelopment commission whose charter includes a legal relationship with the City of Charlotte, Mecklenburg County, and the Charlotte Mecklenburg School System (CMS). Restructuring or reconstituting the Authority has several benefits:

- The Authority’s jurisdiction for operating Section 9 units is limited to the city limits of Charlotte. Its jurisdiction for Section 8 units is countywide. With the limited number of Section 9 capacity left and the limited footprint currently available to operate additional Section 9 units, traditional public housing as it currently stands will have a small impact on meeting the affordable housing need.

Expanding the jurisdiction of the Authority could increase Section 9 capacity by as much as 50%.

- Becoming a redevelopment commission would expand the agency’s ability to engage in non-residential real estate activity for the purpose of benefiting CHA’s mission.
- Having the other local governmental entities as legal stakeholders to the CHA mission, could make more resources available to address the affordable housing shortage.

This type of agency restructuring will require special legislation and a substantial effort to convince the community and local officials that this change is beneficial. The effort to make this change must begin with understanding the goals of CHA, CMS, Mecklenburg County, and the City of Charlotte. Successfully implementing this change will depend on the extent common ground and goal alignment can be found as well as compelling arguments to convince elected officials that win/win solutions are inevitable. The following sections are examples of how this can be accomplished.

THE CASE FOR AN ENHANCED CHA/CMS PARTNERSHIP

The Charlotte Housing Authority (CHA) has approximately 11,000 students in the Charlotte Mecklenburg School System (CMS) which has approximately 134,000 students at 174 schools. This is just over eight percent of the entire student population and an even higher percentage when you look at just the schools that are not achieving the State of North Carolina educational goals.

As part of its strategic 2010 plan CMS created an Achievement Zone for low performing schools. Schools in the Achievement Zone have large numbers of students with low test scores and academic achievement. The eleven schools in the achievement zone are: (High School - Garinger, Midwood, Waddell, West Charlotte, and West Mecklenburg) (Middle School - Martin Luther King, Jr., Sedgefield, Spaug, Wilson) (Elementary School - Billingsville, Shamrock Gardens). Schools may be placed in the Achievement Zone for several reasons. These include schools in corrective action under No Child Left Behind legislation, schools designated low-performing by the state and underachieving high schools designated by North Carolina Superior Court Judge Howard Manning in the *Leandro* litigation. The superintendent may also place schools in this zone as he sees fit.

There are four goals that CMS has listed in its 2010 plan that are in alignment with CHA priorities: (High Academic Achievement, which includes eliminating the achievement gaps based on race and socioeconomic status; Freedom and Flexibility with Accountability; Strong Parent and Community Connections; Adequate Resources and Facilities). In addition to these goals, a collaborative union between CHA and CMS could strive to enhance the performance of CHA students and improve the statistical probability of breaking the cycle of generational poverty. It has been statically proven that children who graduate from high school will almost certainly earn more than 30 percent of AMI. This earning level will put the child in the category of not needing a Section 8 or Section 9 unit. Additionally, working collaboratively, the CHA and CMS can share

data to determine needs of students and use our combined resources to better prepare the home and school environments to produce better overall results.

What Success Would Look Like: Ultimate success for the CHA and CMS would be for all CHA students in CMS to academically perform on or above grade level based on prescribed State of North Carolina testing increments and having each student graduate high school. At the completion of the students CMS tenure that student would then be a recipient of a CHA Scholarship Fund (CHASF) award or enter the workforce in a specific career path for which they have been prepared. This success cannot and should not be expected to be achieved overnight, but will be incremental and reach fruition with the graduating class of 2027. This incremental process would begin with pilot projects at Boulevard Homes and the West Boulevard corridor coupled with the development of workforce housing in mixed income communities adjacent to new CMS school sites.

What Exists Now: Today the CHA does not know, based on meaningful data, how students from the families of CHA residents are academically performing in CMS schools. Approximately 93 percent of CHA's family's households are headed by single parents. CHA development initiatives tend to move families without the full consideration of the importance of student stability to school performance. Educational initiatives are fragmented and not comprehensive from birth to age three during the critical development of a child's brain. After school programs at CHA sites tend to focus on safety and keeping busy

activities rather than specific educational goals and the academic effectiveness of this setting is unknown. Currently there is no education champion on the CHA Board or CMS representation on the Board. Additionally the CHASF has had difficulty recruiting students for college scholarship programs and there are no other personal incentives for student academic performance. There is a finalized cooperative agreement between CHA, CMS, CHASF, CIS and POST and there have been land use discussions between the CHA and CMS.

There have been many assumptions made about CHA resident students, but hard data is not available until information sharing between CHA and CMS becomes more formalized. This data should be used to develop policies that would help both parties with issues such as truancy. It is thought that CHA students have a truancy issue and with data sharing, leasing polices could be amended and used as an enforcement tool for truancy problems. There is also a set of assumptions related to CHA families, that also have no hard data to support, but are believed to be true. These include assumptions that CHA students are not performing on grade level, that they live in a less than desirable environment to promote learning, that there is a lack of parental involvement, that there is a digital divide in access to technology and that CHA parents do not know enough about school placement and/or how to navigate the CMS system to advocate for their children in the school assignment process. There is also a sense that CMS wants overall improvement in student performance, but not enough resources are dedicated to closing the achievement gap

between CHA students and students in higher wealth schools.

Barriers to Future Success: It can be clearly seen that there are barriers to the success of CHA and CMS in educating CHA students. There is a definite information gap between CHA, who has the student in its purview for eighteen hours each weekday and twenty-four hours on weekends and CMS and other educational partners who have the student for six hours per weekday. CMS has a large amount of data, but less ability to impact the family holistically from the interpretation of the data. There is no tangible educational emphasis on CHA children from birth to age three to develop cognitive skills more fully through a better and more extensively available childcare system. Once children reach pre-k classes there is a lack of parental involvement, a lack of understanding by families related to school assignment, a lack of opportunity for pilot programs, a lack of structured after school educational programs due to fragmented efforts with potential partners and a lack of structured mentoring programs. Moreover, there is not enough funding to bring low wealth students on or above grade level in aggregate. Much of this is related to a lack of funding to pay for programs to purchase equipment, training and Wi-Fi access to close the digital divide and incentives for improved student performance.

CHA's Toolbox for Success: With the agency's Moving Forward program, CHA has the ability to impact the student home environment through its tenant lease. Through collaboration with CMS a process can be implemented that will build CHA students twenty-four hours per day everyday and promote success in education

and breaking the cycle of generational poverty. Fundamentally, CHA and its partners would seek to change a public housing community by putting more emphasis on the value of a quality education as a positive attribute within that community. Educational models such as the Harlem Children's Zone, Amistad Academy, KIPP Schools and Micro-society should be explored to address the achievement gap. CHA will have the ability to place more emphasis on education up to and including advocating for CMS representation on the CHA Board to create a champion for education within CHA. This will allow for a better collaboration to align agencies' missions, goals and objectives to serve the needs of CHA students. Based on credible data, changes can be made to after school programs to have partners place more emphasis in specific areas of need for academic achievement of specific students, increase computer access and training where needed and the expansion of CMS's Parent University to include programs for CHA residents prior to the birth of their child to school age. Each of these programs can be tied to the resident lease to assist in the enforcement of educational efforts by both partners.

With concerted collaboration, CHA and CMS can consider student stability in real estate development plans, allocate new construction resources to CMS partnerships on workforce housing at school sites and take educational facilities needs into consideration in new construction and existing development reconfigurations. Through collaboration, agencies can look for sharing opportunities not only between CHA and CMS but also Mecklenburg County and the City of Charlotte. These sharing opportunities should result in

budgeting for educational incentives, focusing on common interests for educational partners, developing an educational track of community providers' programs available. This collaboration should also solidify partnering with the Department of Social Services (DSS) and the County to address household issues to help improve the quality of the children's learning environment.

Of particular note here is the need for CHA and DSS to collaborate for the purpose of improving DSS's capacity to meet the clients' case management needs. Whether DSS provides services to CHA clients directly or CHA and DSS partner for services in the non-profit community, those service must meet a standard CHA will be comfortable with.

With this use of community tools, results should begin to be seen. There will be a greater stability in home life that translates to a greater stability in school life. Scores of 1 and 2 on State testing should began to become 3 and 4. This will be much harder and more expensive for students who have already reached the third grade and beyond and these students as a whole may very well not reach grade level scores of a 3 before their thirteenth year of school is completed. But for students born in 2009 it can be a reality and break the cycle of generational poverty and substandard test scores.

THE CASE FOR AN ENHANCED CHA/MECKLENBURG COUNTY PARTNERSHIP

In the September 2008 Work First State Plan, DSS emphasizes three strategies for achieving client self-sufficiency:

- *Diversion* (defined as helping families to cope with emergencies or setbacks),
- *Work* (defined as making work mandatory and limiting how long a family may receive cash assistance), and
- *Retention* (defined as helping a family to stay off public assistance by encouraging them to save and helping to ensure they are really better off working than remaining on welfare).

Our goals and DSS goals are aligned in all of these areas and we also serve several of the same clients. Statistics show that housing is the largest cost and the number one concern for working families. Lack of adequate housing affects not only a family's ability to manage in emergencies, but to maintain work and to stay off public assistance. The Authority can provide ready access to these families for DSS. CHA has also revised its lease as a Moving Forward initiative and incorporated language similar to the work requirements as those under DSS programs. We have also added incentives for remaining employed over a period of time, which enables self reliance.

What Self-Reliance Means: As the Moving Forward tagline mentions, self-reliance is one of the primary goals of CHA's new initiative. At its core, self-reliance is defined as:

- *The capacity to manage one's own affairs, make one's own judgments, and provide for oneself, or;*
- *Reliance on one's own capabilities, judgment, or resources; independence.*

Successfully achieving self-reliance for able-bodied CHA clients will require more than one step. The agency's approach should center on youth and adults:

Youth

- Achieve high school graduation.
- Enter into higher education programs and/or skills training or the workforce.

Adults

- Know how and where to access supportive services within the community.
- Gain employment/educational skills required by the workplace.
- Enter into the employment arena and sustain an earned income.
- Families with sufficient income/skills will transition into private housing.

CHA must reach out to the community to provide the tools necessary to make self-reliance possible and thereby break the cycle of poverty. The Authority provides an opportunity for over 17,000 individuals as a focal point for delivery of community services. Through property management, housing incentives, lease enforcement, and real property locations, CHA and community partners can deliver holistic services to families; create new affordable housing opportunities and link good education with those opportunities.

The primary community partners needed to *develop* and *deliver* a self-reliance program are the CHA, Mecklenburg County Department of Social Services (DSS), Charlotte-Mecklenburg Schools, the City of Charlotte and Mecklenburg County. Many of our core beliefs and goals have the common thread of self-reliance. It is important to note that all four entities' strategic plans share these common focus areas:

- Developing Partnerships
- Affordable Housing

- Safe and Prosperous Neighborhoods
- Good Education
- Acceptance of Diversity

Collaboration between the entities will enable the provision of better services, programs, educational opportunities and improved living environments and do so more cost effectively.

10-Year Plan to End Homelessness: Mecklenburg County and the City of Charlotte commissioned “A Way Home” to facilitate the planning process to develop a more aggressive plan for addressing the homeless population in Mecklenburg County. Although the plan was adopted by both entities, it has not resulted in a coordinated and funded effort to end homelessness. CHA was not included in the planning process because of its historical role or lack thereof in the homeless issue. The Authority, however, may represent the one defining agency who can marshal the resources to address the problem. This could include:

1. Working with the private sector plus local, state and federal governments to devise and fund a housing subsidy program that would serve as a bridge between homelessness and permanent housing (*see “Mobilize Resources” chapter*).
2. Making Section 8 and Section 9 subsidies available in select instances where those subsidies are leveraged effectively.
3. Serving as an umbrella agency for the development and implementation of a comprehensive, executable approach to providing transitional and supportive housing.

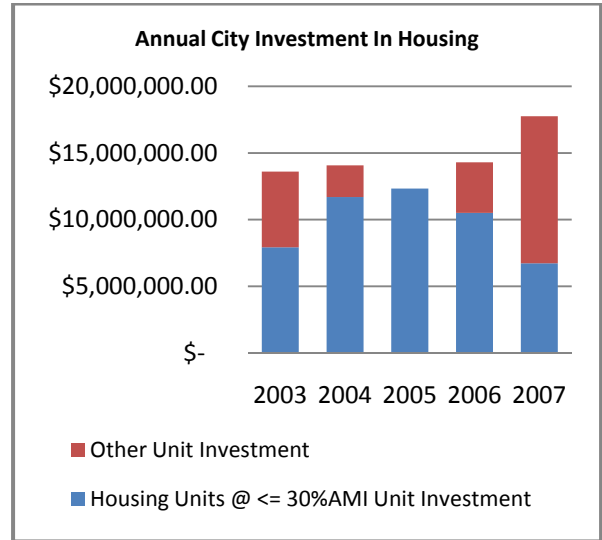
How Success Would Look: From a client’s perspective, a partnership between CHA and Mecklenburg County could mean that all able-bodied heads of households and other adults would be employed or in education/training programs. Household incomes would increase and there would be fewer demands on homeless shelters. Supportive services would be coordinated jointly by CHA, Mecklenburg County and CMS. Consequently, more families currently on CHA assistance would move on to housing in the private sector giving way to families on the CHA waitlists. Specific matrices for these initiatives are in the MTW Annual Plan. From CHA’s and the County’s organizational perspective, the cost of delivering these services should decrease because of the leveraging opportunities gained by both agency’s partnering with the other.

THE CASE FOR REEXAMINING THE CHA/CITY OF CHARLOTTE RELATIONSHIP

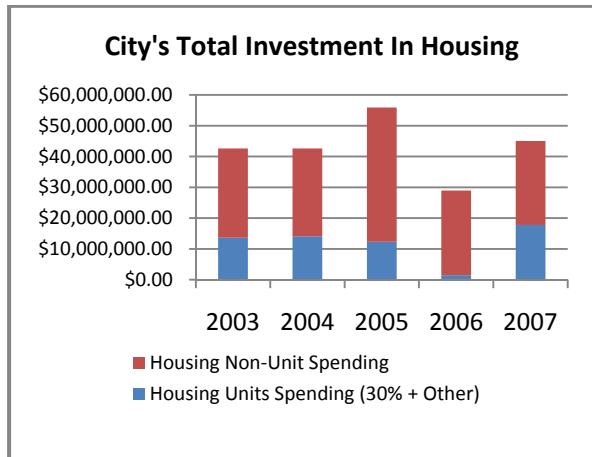
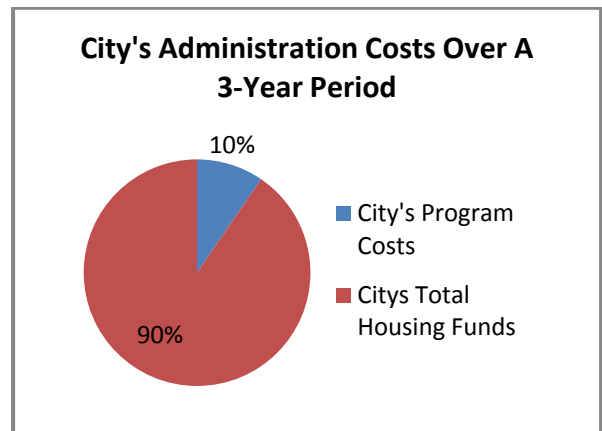
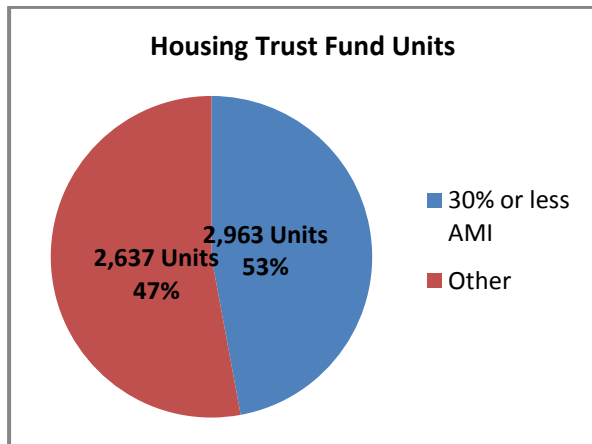
The relationship between the City and the Authority has been a long and beneficial one. The Authority is governed by a Board appointed by the Mayor and Council. And if it desired, the City could abolish the Authority, take control of its assets and provide affordable housing shelter itself. This, of course, is not a desirable outcome, but it was an option espoused by the City less than ten years ago. The environment is different now. The affordable housing issue is larger and more complex than ever. The economy of Charlotte and Mecklenburg County is being impacted by the amount of housing inaccessible to thousands of working families and children. In order to address this complex issue, the City will need to evolve into a

proactive problem solver willing to work with other stakeholders under a united vision for addressing affordable housing.

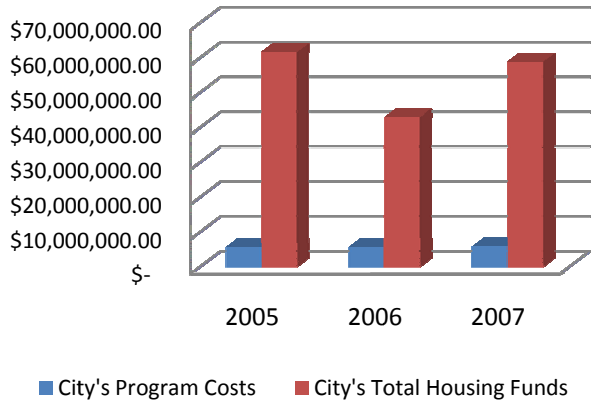
What does this mean? It means that the City will need to invite a meaningful partnership between itself, Mecklenburg County, CHA, and CMS around the issue of housing. It means that it will need to take a hard look at the resources it devotes to affordable housing and determine if those resources are being spent as effectively as they can be. It also means that local leadership and community awareness must lead to a larger amount of funding for the City's Housing Trust Fund.



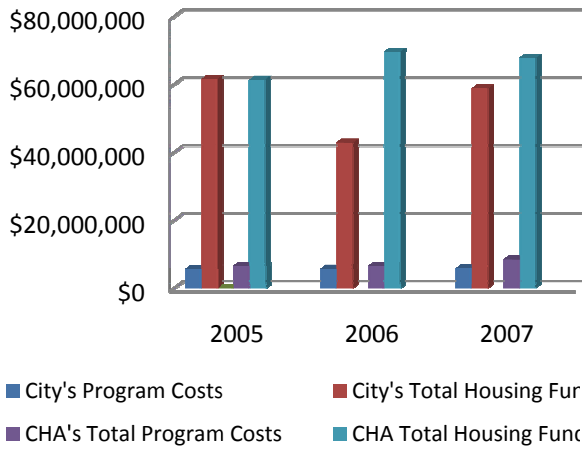
It is important to note that the CHA and the City individually spend approximately ten percent of total housing expenditures on administrative costs.



City's Administration vs. Available Housing Budget



Annual Administration Costs Comparison City & CHA



Chapter Five

Regulatory Reform

It may be helpful to envision the regulatory environment that affordable housing development and housing services are required to operate in as an ocean or large body of water. If the water is muddy or filled with algae, it will be difficult to navigate. If the water is filled with algae and loaded with predators, navigation and survival are the tasks at hand. This chapter proposes some strategies to clean the algae and distract the predators.

First, let us consider the local regulatory environment which includes a housing location policy, a body of zoning requirements, building codes and fee structures. While I agree with most of the recommendations of the Housing Charlotte 2007 Implementation Committee Report, this chapter will add a few additional recommendations.

1. **Housing Location Policy:** Amend the policy to make decisions based on specific affordable housing plans that have been developed for certain geographic areas of the City. This “zone” concept would take into account factors such as current affordable housing density, overall housing density, transportation infrastructure, school equity and access to jobs. The desired result is a more equitable distribution of affordable housing.

2. **Housing Trust Fund:** Give additional points for projects that demonstrate a substantive partnership between an affordable housing developer, CMS and a qualified housing service provider. Give additional points for supportive housing and transitional housing. Give additional points if development financing includes NC Housing Trust Funds. The desired result is more affordable housing located near desirable schools and more supportive and transitional housing.
3. **Zoning:** As a part of an overall affordable housing strategy and policy, require that zoning and plan approval never conflict with the housing policy. In other words, give Council a policy cover in order to make difficult zoning decisions with regard to affordable housing.
4. **CHA Structure/Scope:** After spending the necessary time to persuade all three local legislative bodies to become a part of CHA, utilize the Authority’s legal counsel to craft special state legislation that will allow CHA to become a redevelopment commission under the direction of the City, the County and CMS.

The second level of regulatory issues is found with the federal government. Now that congress is in session again, it will consider whether to expand the Moving to Work program. While CHA favors expansion, there is

an unresolved issue with the current body of MTW agreements. Many authorities that have had MTW agreements for several years, negotiated the ability to participate in housing initiatives that did not fit into either the Section 8 program or the Section 9 program. CHA's MTW agreement does not allow for this flexibility, but we are working with HUD and our MTW legal counsel to change this.

Notwithstanding MTW, it is also my recommendation to work with our local congressional delegation to repeal the Faircloth Amendment that limits the number of Section 9 units Charlotte can develop or administer.

Chapter Six

Mobilize Resources

We all know that the industry that builds and operates affordable housing is faced with several financial challenges in Charlotte/Mecklenburg. The financial gaps discussed in this plan are often subjected to political forces, organizational silo mentality, and economic forces. Of course I agree with the Housing Charlotte 2007 Implementation Committee that the City's Housing Trust Fund should be capitalized at a level at least twice the amount it is funded currently. This will require compelling arguments to City Council and the public. Under our current production and acquisition scenario, we will only gain a little over 400 units over the next 10 years and this can only be accomplished by filling a \$22.5 million funding gap (see Production Chart 1). The City's Housing Trust Fund is one tool but there are other potentials.

NC Housing Trust Fund: I recommend, however, that CHA pursue the statewide effort to increase the amount of funds in the NC Housing Trust Fund which targets supportive and transitional housing for homeless families. The Campaign for Housing Carolina is a statewide initiative aimed at increasing the state appropriation to the NC Housing Trust Fund to \$50 million a year. It was funded at \$20 million in 2007 and \$16 million in 2008. Charlotte, Mecklenburg County and CHA must join forces immediately in the effort to convince state legislators to increase their appropriation.

All funds dedicated to this Trust Fund, however, are capital funds and cannot be used for operating expenses. In any event, the CHA should pursue ways to increase its participation in the NC Housing Trust Fund award process.

National Sources of Funds: On the national level, I am working with Congress to develop a different capital source for the national housing trust fund. At this point, however, I cannot provide options or a timeline for completion. Furthermore, the President's economic stimulus package may provide more capital funds for public housing authorities. Through our national advocacy groups, I am working with Congress to include an additional \$5 billion in capital funds for the next fiscal year. I will visit Capitol Hill in early March to follow up on the written correspondence I am drafting now.

Under the Moving Forward program, the Authority has been able to adequately fund most of its program needs. We are, however, using the grant writer position to pursue additional self-sufficiency grants under the ROSS program and apartment acquisition grants under the MacArthur Foundation.

Local Private Foundations: Our work with the private sector locally has the potential to reap benefits in the near future. My staff and I have been engaged in a series of meetings with the Foundation for the Carolinas, the Cornerstone Group (a faith-based 501©(3)),

and other large churches in the community. At this point, two local philanthropists are extremely interested in pursuing the creation of an affordable housing/education foundation based on the East Lake model created by Tom Cousins in Atlanta. I have had preliminary meetings with Peter Gorman and Michael Marsicanno on this initiative. Dr. Gorman is interested and has agreed to join Michael, myself, and the philanthropists on a trip to Atlanta for a first hand examination of the East Lake Foundation. In addition, Carol Naughton

of the East Lake Foundation and Charles Knapp, CEO of East Lake’s New Venture Foundation will meet with us in late February here in Charlotte.

I have lobbied the Foundation for the Carolinas to work with private sector donors to create a foundation for affordable housing, education, and supportive transitional housing for homeless families with school aged children. The new foundation would act as a funding compliment to the Authority’s efforts to develop affordable housing for families with children.

PROJECTED THREE YEAR PRODUCTION FROM 2010 THROUGH 2012
(GAP column represents estimated additional resources needed to triple historic annual production of new Section 8 and Section 9 units).

Development Project	Total Units	Section 9 Units	S8 relo vouchers	PBS8 Units	Affordable Units	Market Units	Total Cost	Cost per unit	HTF	AHP	MTWLSP#6	Gap	CHA per unit	GAP and CHA per 30% unit
Savanna Woods	117	49	37	12	16	30	\$ 14,780,099	\$ 126,166	\$1,000,000	\$500,000	\$4,000,000		\$ 34,188	\$ 66,574
Krefeld	100	28		10	62	0	\$ 13,175,734	\$ 131,757	\$1,000,000	\$500,000	\$500,000		\$ 5,000	\$ 13,158
Ballantyne Elementary Homes	60	15		6	39	0	\$ 10,118,118	\$ 168,636	\$1,000,000	\$500,000	\$1,500,000		\$ 25,000	\$ 71,429
Strawn rehab	170	152	23	19	0	0	\$ 12,196,283	\$ 71,684	\$1,000,000				\$ -	\$ -
Charlottetown rehab	161	161	23	0	0	0	\$ 11,965,676	\$ 74,321	\$1,000,000				\$ -	\$ -
915 Caldwell	100	42		58	0	0	\$ 12,534,133	\$ 125,341	\$800,000		\$675,000		\$ 6,750	\$ 6,750
Housing First (Urban Ministries)	100	40		60	0	0	\$ 6,000,000	\$ 60,000	\$1,500,000		\$1,200,000		\$ 12,000	\$ 12,000
Steele Creek Seniors (Wood)	120	60		0	60	0	\$ 12,463,213	\$ 103,860	\$1,370,000		\$3,000,000		\$ 25,000	\$ 50,000
Kensington Apts. (Crosland)	46	6		0	40	0	\$ 6,000,000	\$ 130,435	\$600,000		\$300,000		\$ 6,522	\$ 50,000
Laurel Walk	100	30		10		60	\$ 8,000,000	\$ 80,000	\$1,000,000		\$3,000,000	\$2,000,000	\$ 30,000	\$ 125,000
Boulevard related acquisition	240			240			\$ 11,500,000	\$ 47,917			\$2,300,000		\$ 9,583	\$ 9,583
Boulevard on-site	200	100	225	0	100	0	\$ 22,000,000	\$ 110,000	\$3,000,000	\$1,000,000	\$5,000,000		\$ 25,000	\$ 50,000
Housing First Families (TSA)	100	45		55			\$ 9,000,000	\$ 90,000	\$2,000,000		\$1,500,000		\$ 15,000	\$ 15,000
Housing First (Mercy)	120	55		65			\$ 10,800,000	\$ 90,000	\$2,400,000		\$1,600,000		\$ 12,500	\$ 12,500
2010 Tax credit (2)	200	80			120		\$ 23,000,000	\$ 115,000	\$3,000,000		\$3,000,000	\$1,000,000	\$ 15,000	\$ 50,000
2011 Tax credit (2)	200	80			120		\$ 24,000,000	\$ 120,000	\$3,000,000		\$3,000,000	\$1,000,000	\$ 15,000	\$ 50,000
Crosland acquisition #2	50	15		5	30		\$ 3,000,000	\$ 60,000	\$260,000			\$2,750,000		\$ 137,500
Crosland acquisition #3	50	15		5	30		\$ 3,000,000	\$ 60,000	\$250,000			\$2,750,000		\$ 137,500
221d4	140	14		14		112	\$ 17,500,000	\$ 125,000	\$0		\$1,000,000	\$2,000,000		\$ 107,143
Apartment Acquisition (NSP)	242	50		20	172		\$ 14,520,000	\$ 60,000	\$1,500,000		\$1,000,000	\$3,000,000		\$ 57,143
Apartment Acquisition(s)	300	80		40		200	\$ 18,000,000	\$ 60,000			\$1,500,000	\$4,500,000		\$ 50,000
Apartment Acquisition(s)	300	80		40		200	\$ 18,000,000	\$ 60,000	\$2,000,000		\$3,000,000	\$1,000,000		\$ 33,333
Three Year Total	3216	1197	307	658	789	602			\$27,670,000	\$2,500,000	\$36,975,000	\$20,000,000		\$ 60,164
Units taken off line		399												
Units major rehab		313												
Net new Section 9		485												
Net new Section 8 and 9 (3yrs)	792													
Net annual production (3 yrs)	264													
Past Production comparison: 1993-2008														
Section 9 units added		895												
Units taken off line		1681												
Net units		-786		2148										
Net new Section 8 and 9	1362													
Net annual production (15 yrs)	90.8													

As the above chart shows, I believe the organization has the capacity to substantially increase production but will need to fill a \$20 million gap over the next three years. I am working to fill the gap by pursuing the development of a private foundation, expanding the local and state housing trust funds, and pursuing free and/or discounted public land for affordable housing development.

Human Resources: The Authority has increased the number of property managers and site maintenance personnel in its FY2009 – 2010 budget. This should result in more effective services to our Section 9 customers.

We have also increased our capacity for direct development in the Real Estate Division by filling three development officer positions, the latest of which formerly worked for Grubb Properties and Colonial Properties Trust. Plus, Rick Porter’s contract has been renegotiated to position him as the lead on all construction related issues the Authority oversees as a part of its direct development activity.

And finally, in lieu of CHA employees, I have contracted with two consulting firms to assist in Moving Forward and the new vision for the Authority.

The Lee Institute: This consulting firm will be assisting the Authority in developing partnerships in the community for service delivery to our clients, as well as assisting the Authority in its efforts to form private and public sector collaborative partnerships. The efforts of this firm will be explained in more detail in the following chapter.

Carolina PR: This public relations and communications firm was contracted to

augment our current corporate communications staff and assist the Authority in its Moving Forward initiative. The Board has already received detailed reports on the efforts of this firm. I will add that the Lee Institute and Carolina PR will work collaboratively in our efforts at communicating the Authority’s progress to the community.

Chapter Seven

Communications & Advocacy

This chapter focuses on areas of communication and advocacy that involve the CHA clients, Board Members, staff, the Lee Institute, and Carolina PR. The first strategy is aimed at accomplishing the goal of creating a Charlotte/Mecklenburg Redevelopment Commission.

- **Reconstituting the CHA:** As outlined in chapter four, this plan recommends that CHA expand its mission, footprint and legal charter to include representation on the Board by CMS, Mecklenburg County and the City. While we have developed a preliminary business case outline for doing this, the specific strategy for convincing the governing boards of these organizations is to form a group made of influential citizens, CHA Board Members, and the CEO to devise the final business case. If the CHA Board concurs, I have retained the Lee Institute to facilitate this process. I envision the group making the case for reconstitution to the governing bodies as well as developing the case. Once the governing bodies agree to the change, the group will work with CHA general counsel to introduce legislation to the North Carolina Legislature.

As a subset of this initiative, I am also recommending that the CHA Real Estate team hire a master planner to

develop a vision for creating affordable housing on publicly owned land. This vision would be used as a part of the business case for CHA reconstitution.

Another subset of this initiative is to do a study of the community's current cost of delivering the current array of affordable housing services. As mentioned in chapter two, this could be a part of the affordable housing study.

- **“Moving Forward” Communications Strategy:** The Board has already heard the recommendations from Carolina PR on this initiative. The Lee Institute will also work the public relations firm to execute the plan presented to the Board.
- **Section 8 & 9 Client Communications:** CHA staff is working with Section 8 and 9 clients to embark on a campaign to meet with City Council members in a neighborhood forum and at the Government Center to counteract the perceptions of our clients and challenge the local legislators to become greater advocates for affordable housing.
- **CHA Board Advocacy:** Ask each Board Member to create an individual advocacy plan around the initiatives outlined in this Business Plan.

- **Refine Existing Communications**

Vehicles: Revise the website to reflect the “Moving Forward” campaign. Enhance the production and information value of the CHA Today program by encouraging on air dialogues between local legislators, private decision leaders, CHA Board & staff, as well as CHA clients.

Chapter Eight
Schedule

Initiative	FY2009-2010 Completion Date	FY2010-2011 Completion Date	FY2011-2012 Completion Date
City Tour of Housing Programs	May 29, 2009		
Affordable Housing Study	August 25, 2009		
Public Land Assessment & Vision	June 30, 2009		
Create Business Case Team for Local Legislators	March 2009		
Convince Local Legislators of New Structure	March 2010		
State Legislature Passes Special Legislation for New CHA		Second Session 2010	
Carolina PR Social Marketing Campaign for Moving Forward	First Quarter 2009		
Carolina PR Ongoing Communications	December 2009		
Devise Housing Subsidy & Transitional Housing Program	March 2010		
Completion of three year production & acquisition plan			March 2012
Lobby Council to Change Housing Location Policy and Refine Zoning Regulations	Ongoing		
Reconstituted CHA			April 2011