

City of Charlotte
Housing
Trust
Fund

Strategic Plan

April 6, 2006

HOUSING TRUST FUND
STRATEGIC PLAN
APRIL 2006

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BACKGROUND

On March 12, 2005, the Housing Trust Fund Advisory Board held its Annual Retreat. The focus was on the long-term future of affordable housing in the City of Charlotte and the role that the Trust Fund should play in ensuring that an adequate supply of affordable housing is available for the citizens of Charlotte.

The Housing Trust Fund was chartered by the City Council on February 22, 2002 and charged with the responsibilities of:

1. Overseeing the City of Charlotte Housing Trust Fund operations;
2. Recommending to City Council annual funding priorities for the Housing Trust Fund;
3. Creating or collaborating with tax-exempt entities to solicit private funds;
4. Monitoring the Housing Trust Fund performance; and
5. Providing an annual report to City Council.

The City Council also established goals for its overall affordable housing program, which included the Housing Trust Fund, of developing 4,500 affordable homes over five years and maintaining a funding leverage ratio of 1:5. While the Housing Trust Fund can serve families making as much as \$51,280 annually (80% of the area median income), the Council requested that priority be given to families earning less than \$19,230 annually (30% of the area median income).

Since the Housing Trust Fund's inception, \$47 million has been raised to support funding for affordable homes. \$10 million has come from bonds approved by the City Council, \$35 million from voter approved bonds in 2002 and 2004, and \$2 million in a City land sale dedicated to the Housing Trust Fund.

The Housing Trust Fund has committed \$42 million (90%) of its \$47 million allocation. Financial commitments have been made to 2,300 affordable ownership, rental and special needs homes. To date, 811 of these homes have been completed. The Housing Trust Fund has been a major contributor to the Council's five-year affordable housing goal.

Additionally, almost 60% of the total units financed have been reserved for families earning less than \$19,230. This effort has reduced the Housing Trust Fund's funding leverage ratio to 1:4.

With this backdrop, the Housing Trust Fund Advisory Board pondered the future of affordable housing in Charlotte and the role that the organization can play in that future. The Board reviewed demographic and housing data that will have an impact on the community over the next five years. It engaged in a SWOT (Strengths, Weaknesses, Opportunities and Threats) Analysis to identify strategic issues that need to be addressed internally and externally. The Board then prioritized issues and identified broad themes and key strategies. Finally, the Board identified an action plan to better address the affordable housing needs in the community.

The following pages summarize the outcomes from the Board's retreat and subsequent follow-up meetings. Key elements of the plan include:

- Issues
- Vision
- Goals
- Action Plan
- Next Steps

The Board's overall purpose was to put forth a strategic plan for community discussion on funding and developing affordable homes in the City of Charlotte.

I. ISSUES

A number of factors impact the City's ability to provide affordable housing for its citizens. They include population and employment growth and the ability of the housing delivery systems to meet the various housing needs. The Housing Trust Fund hired Charles Lesser and Company to develop a local housing market study. The major outcome from the study was a growing unmet need of households earning less than \$16,000.

Net Unmet Housing Demand for Incomes < \$16,000			
Year	Rental Homes	Owner Homes	Total
2004	10,178	1,094	11,272
2010	12,530	4,831	17,361

Given this information, the Housing Trust Fund Advisory Board undertook a SWOT Analysis to identify key issues that need to be addressed. Below is a summary of their findings:

Issue Areas	
Strengths	<ul style="list-style-type: none"> ▪ Board perception ▪ Credibility ▪ Board make up ▪ Commitment and continuity ▪ Board ability to work together and execute decisions effectively ▪ Board willingness to understand varying perspectives ▪ Rapid record of success ▪ City Council's and voting public high trust in HTF
Weaknesses	<ul style="list-style-type: none"> ▪ Low community awareness of HTF and affordable housing needs ▪ City policy of maximum two terms (Impact of Board turnover) ▪ Lack of diversity – no women or other nationalities on the Board ▪ Capacity building – the Board has not prepared others to take advantage of HTF ▪ Lack of attention given to CDCs and small developers ▪ Not being aware or understanding the Charlotte Housing Authority's (CHA) policy direction ▪ Inability to make in-roads to transit locations
Opportunities	<ul style="list-style-type: none"> ▪ Better educate community on benefits of affordable housing ▪ HTF processes are open and flexible ▪ Potential for discussion of affordable housing development around new school sites ▪ HTF mandate to bring forward new affordable housing policies ▪ Non-profit housing finance initiative ▪ Appeal to Charlotte community generosity ▪ Results of new market study ▪ Strengthening relationship with CDCs and Homeless Alliance ▪ Creation of relationships with other jurisdictions – sharing information, technical assistance and capacity building in other communities ▪ Best practices research from other communities – leverage quality models from other cities ▪ Explore utilizing Charlotte Mecklenburg School sites for affordable housing
Threats	<ul style="list-style-type: none"> ▪ Challenges of existing landlords with low occupancy rates – (buy down capital structure to produce affordable units with lower rates) ▪ The inability to acquire land around transit stop locations ▪ Potential for Board complacency ▪ Inability to impact many units considering the Board's mixed-income strategy and focus on 30% or less of the AMI ▪ City Bond shortfalls ▪ Federal budget cuts ▪ NIMBY – particularly as it relates to the Housing Locational Policy ▪ Response of persons benefiting from HTF now resisting others that could benefit from the program ▪ Impact of CHA's policies on the affordable housing market

III. VISION

Considering the Housing Trust Fund's history, market trends and current issues, the Board put forth a vision to guide development of its strategic plan. The proposed vision is highlighted below:

Housing Trust Fund Advisory Board Vision

- Everyone in our community should have the opportunity to have a good place to live to achieve their potential;
- The community should make available a continuum of housing options for its residents that range from shelter and transitional housing for the homeless and special needs populations, to low and moderate-income rental homes, and ownership homes; and
- The best model for success is building sustainable mixed-income communities.

IV. MISSION

To accomplish the above vision, the Housing Trust Fund Advisory Board has put forth an expanded mission, which is highlighted below:

Housing Trust Fund Advisory Board Mission

- Finance affordable housing, review affordable housing policies and engage in education and outreach on affordable housing.

V. GOAL

To bring focus to the Board's vision and drive development of its action plan, the Board developed an overall goal for the future. The Housing Trust Fund's goal is:

Housing Trust Fund Advisory Board Goal

- Address 50% of 2010 projected unmet affordable housing demand (6,265 units). (Increase housing for families earning less than \$16,000.)

Note: To achieve the above goal would require an investment of \$75,809,611 annually in the Housing Trust Fund for a 10-year period. This assumes a mixed-income housing scenario where units serving families earning under \$16,000 make up 15% of the new development with an average unit delivery cost of \$90,753 and a Housing Trust Fund investment of 20% per unit. This estimate does not consider the impact of inflation.

VI. ACTION PLAN

The Housing Trust Fund Advisory Board developed four strategic themes – **Funding, Policy, Operations and Education & Advocacy** – to drive the development of the action plan. For each strategic theme, specific strategies were developed with proposed action steps and timelines. The matrix list on the next page details the Housing Trust Fund's action plan:

Theme	Strategy	Action Steps
Funding	<ul style="list-style-type: none"> ▪ Pursue public and private funding ▪ Research other national and regional funding alternatives 	<ol style="list-style-type: none"> 1. Complete Non-Profit Feasibility Study & decide the next step 2. Renew discussion with City Council on additional public funding 3. Research public or non-profit funding sources 4. Take position on maintaining federal funds
Policy	<ul style="list-style-type: none"> ▪ Partner with City Council to educate elected officials and public on impacts of affordable housing policies ▪ Partner with City Council to review community impact of Charlotte Affordable Housing Policy 	<ol style="list-style-type: none"> 1. Review City and County policies that deter affordable housing development 2. Review Housing Locational Policy 3. Review transit stations development strategy 4. Consider a land banking policy 5. Host Community Roundtable with City Council on affordable housing and City policies that impede affordable housing locations 6. Review use of County/CMS lands for housing
Operations	<ul style="list-style-type: none"> ▪ Build the best possible business model based on benchmarking against national best practices and ongoing research of innovative affordable housing practices ▪ Strengthen HTF oversight, project underwriting review and portfolio review process 	<ol style="list-style-type: none"> 1. Provide overview of Charlotte Housing Authority and Community Development Corporations 2. Establish an Audit Committee 3. Research and test alternative business models for the Housing Trust Fund 4. Provide Board education on Trust Fund Underwriting process and information requirements (i.e., appraisals) 5. Participate in HUD Consolidated Plan 6. Review financial and project status report 7. Provide periodic issue updates (i.e., Exclusionary zoning, building moratorium, etc.)
Education and Outreach	<ul style="list-style-type: none"> ▪ Increase outreach to local housing providers and stakeholders to create opportunities to leverage building capital ▪ Raise community awareness of need for affordable housing. 	<ol style="list-style-type: none"> 1. Develop communication/marketing campaign to enhance understanding of affordable housing (i.e., NIMBY concerns). 1. Host outreach and information forums for potential recipients of HTF funding 1. Work with Charlotte Apartment Association and other landlord to provide better access to HTF /. Re-design HTF Annual Report for greater readability and distribution and update the web site

V. NEXT STEPS

After review and approval by the City Council, this will drive the work program of the Housing Trust Fund over the next several years. The document will help fulfill the Housing Trust Fund's vision to provide affordable housing opportunities to citizens of Charlotte and help them to achieve their potential.