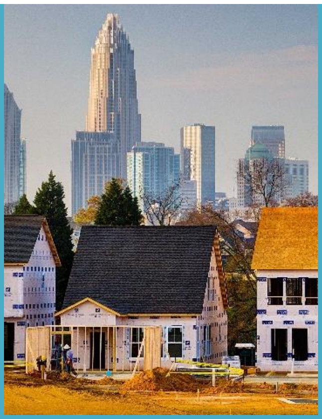
CHARLOTTE-MECKLENBURG

STRATEGIES FOR AFFORDABLE HOUSING DEVELOPMENT



September 2016

PREPARED BY:
University of
North Carolina
at Charlotte
Urban Institute

PREPARED FOR:
The Housing Advisory Board of
Charlotte-Mecklenburg

FUNDING PROVIDED BY:
Mecklenburg County Community
Support Services

The Housing Advisory Board of Charlotte-Mecklenburg (HAB), formerly known as the Charlotte-Mecklenburg Coalition for Housing, is a community based board appointed to implement the Charlotte-Mecklenburg Ten Year Plan to End and Prevent Homelessness. Members are appointed by the Mayor, City Council and the Mecklenburg County Board of Commissioners. HAB works with service providers and community stakeholders to determine comprehensive, data-driven strategies to prevent and end homelessness and expand the supply of safe, quality affordable housing. HAB looks to national best practices and local research to make its recommendations to community stakeholders and providers and advocates and advises on a strategic level to reduce homelessness and increase affordable housing. In addition, HAB is responsible for the governance of the Continuum of Care in Charlotte-Mecklenburg, which carries out all activities as specified in 24 CFR part 578.5(b) of the Federal Register of the U.S. Department of Housing and Urban Development.

The UNC Charlotte Urban Institute is a nonpartisan, applied research and community outreach center at UNC Charlotte. Founded in 1969, it provides services including technical assistance and training in operations and data management; public opinion surveys; and research and analysis around economic, environmental, and social issues affecting the Charlotte region.

Graphic design: Ashley Williams Clark | House Icon: "Creative Commons House Icon" by Paomedia, used under CC BY / Recolored yellow from original. | Cog Icon: "Creative Commons Cog Icon" by David Cross, used under CC BY / Recolored yellow from original.

Cover photos from left to right: Nia Point, courtesy of Charlotte Housing Authority; Brightwalk, courtesy of Charlotte Mecklenburg Housing Partnership; Park Terrace, courtesy of Laurel Street Residential.

CONTENTS

Authors & Reviewers

AUTHOR

Ashley Williams Clark, MCRP
Assistant Director
Institute for Social Capital
UNC Charlotte Urban Institute

WITH ASSISTANCE FROM

Angelique Marcus, MURP
Social Research Specialist
UNC Charlotte Urban Institute

Thomas Swiderski, MSW
Social Research Specialist
UNC Charlotte Urban Institute

REVIEWERS

Zelleka Biermann, City of Charlotte Neighborhood & Business Services

Mary Gaertner, City of Charlotte Neighborhood & Business Services

Helen Lipman, Mecklenburg County Community Support Services

Brandon Lofton, Robinson, Bradshaw and Hinson, P.A., Housing Advisory Board

Stacy Lowry, Mecklenburg County Community Support Services, Housing Advisory Board

Fulton Meachem, Jr., Charlotte Housing Authority, Housing Advisory Board

Courtney Morton, Mecklenburg County Community Support Services

Amy Hawn Nelson, UNC Charlotte Urban Institute, Housing Advisory Board

Joe Penner, Medic, Housing Advisory Board

Melanie Sizemore, Housing Advisory Board

Pamela Wideman, City of Charlotte Neighborhood & Business Services, Housing Advisory Board

ADDITIONAL INPUT PROVIDED BY

Housing Advisory Board of Charlotte-Mecklenburg

Research & Evaluation Committee
Community Engagement and Advocacy Committee

Acknowledgements

FUNDING PROVIDED BY:

Mecklenburg County Community Support Services

MANY THANKS FOR THE SUPPORT OF:

Charlotte City Council
City of Charlotte Neighborhood & Business Services
Homeless Services Network
Housing Advisory Board of Charlotte-Mecklenburg
Mecklenburg Board of County Commissioners
Mecklenburg County Community Support Services
Participants who were interviewed

About

The 2016 Housing Instability & Homelessness Report Series is a collection of local reports designed to better equip our community to make data-informed decisions around housing instability and homelessness. Utilizing local data and research, these reports are designed to provide informative and actionable research to providers, funders, public officials and the media as well as the general population.

In 2014, the Housing Advisory Board of Charlotte-Mecklenburg outlined four key reporting areas that, together, comprised an annual series of reports for community stakeholders. The four areas include:

1. **Point-in-Time Count**
   An annual snapshot of the population experiencing homelessness in Mecklenburg County. This local report is similar to the national report on Point-in-Time Count numbers, and provides descriptive information about both the sheltered and unsheltered population experiencing homelessness on one night in January.

2. **Cumulative Count**
   An annual count of the population experiencing sheltered homelessness over twelve months. Like the Point-in-Time Count Report, this local report is similar to the national report on annual counts of sheltered homelessness, providing descriptive information about the population experiencing sheltered homelessness throughout the year. The Point-in-Time Count and Cumulative Count Reports are complements, and together help paint a picture of homelessness and trends in our community.

3. **Housing Instability**
   An annual report focusing on the characteristics and impact of housing instability in the community. During the 2016 reporting cycle, this report will feature innovative affordable housing development strategies that other communities have implemented.

4. **Spotlight**
   An annual focus on a trend or specific population within housing instability and homelessness. During the 2016 reporting cycle, this report will focus on households with adults and children experiencing homelessness within Mecklenburg County.

The 2016 reporting cycle is completed by the UNC Charlotte Urban Institute. Mecklenburg County Community Support Services provided funding for the report series. The reports can be viewed at http://charmeck.org/mecklenburg/county/CommunitySupportServices/HomelessServices/reports/Pages/2016-Reports.aspx

Key Definitions

These definitions are based on guidelines from the U.S. Department of Housing and Urban Development (HUD).

Affordable Housing

A household does not spend more than 30% of their pre-tax gross annual income on rent and utilities.

Extremely Low-Income

A household's annual income is less than 30% of the area median income.

Fair Market Rent (FMR)

According to 24 CFR 5.100, Fair Market Rent (FMR) means the rent that would be required to be paid in the particular housing market area in order to obtain privately owned, decent, safe and sanitary rental housing of modest (non-luxury) nature with suitable amenities. The FMR includes utilities (except telephone). Separate FMRs are established by the U.S. Department of Housing and Urban Development for dwelling units of varying sizes (number of bedrooms).

Homeownership Rate

The number of owner-occupied units as a percentage of all occupied housing units.

Housing Choice Voucher

The federal government's major rental assistance program for assisting very low-income households, the elderly, and those with disabling conditions to afford decent, safe, and sanitary housing in the private market.

Housing Cost Burdened

If a household spends more than 30% of their pre-tax gross annual income on rent and utilities, then they are considered housing cost burdened. If a household spends more than 50% of their gross income on rent and utilities, then they are considered extremely housing cost burdened.

HUD Area Median Family Income (HAMFI)

The U.S. Department of Housing and Urban Development estimates the median family income for an area in the current year and adjusts that amount for different family sizes so that family incomes may be expressed as a percentage of the area median income. HAMFI is frequently referred to as median family income (MFI), or area median income (AMI). For more details, see "Explaining AMI" on page 9.

Low-Income

A household's annual income is between 51% and 80% of the area median income.

Mixed-Income Housing

Housing development that includes a diversity of units at a variety of price points.

Moderate-Income

A household's annual income is between 81% and 120% of the area median income.

Workforce Housing

Housing that is affordable to households earning 60% to 120% of AMI.

Tenure

Refers to whether a unit is owner-occupied or renter-occupied.

Very Low-Income

A household's annual income is between 30% and 50% of the area median income.

Executive Summary

This section provides an overview of the challenges to affordable housing development in Charlotte-Mecklenburg and a summary of strategies used in communities across the country to finance and facilitate affordable housing development.

CHARLOTTE-MECKLENBURG CONTEXT

Housing prices are increasing

Wages are not keeping pace

Population is increasing

Majority of low-income renters are cost burdened

Disparities of opportunity along race and economic lines exist

CHALLENGES IN CHARLOTTE-MECKLENBURG

FINANCIAL FEASIBILITY

- Land acquisition costs
- Land availability and zoning
- Length and unpredictability of permitting process
- Lack of financing
- Increasing development costs
- Neighborhood opposition

LONG-TERM AFFORDABILITY

- Affordability periods expiring on certain subsidized units
- Need for long-term affordability

RECOMMENDATIONS

1. Start now.
2. Engage a variety of stakeholders.
3. Develop a database of public and privately owned land.
4. Examine local policies and ways in which they might contribute to barriers to affordable housing development.
5. Make the business and economic case for affordable housing.
6. Keep long-term affordability in mind.

SUMMARY OF STRATEGIES

Strategy	Description	Charlotte-Mecklenburg Context	Entity & Partnerships
FINANCING			
EXPEDITED AND PREDICTABLE PROCESSES & FEE WAIVERS	Provide expedited building permitting processes that are predictable and reduced fees to help decrease the development costs of affordable housing.	Charlotte-Mecklenburg currently does not have an expedited process for affordable housing developers. At one point, the City of Charlotte had expedited permitting processes that were available to all developers, but due to the influx in building permit requests, the expedited option has been discontinued. There is concern that some aspects of the permitting process are difficult to predict and add to development costs.	CITY, COUNTY
HOUSING IMPACT FEES	A fee on non-residential development that is used to offset the increased need for affordable housing because of development.	Based on previous legislation in North Carolina on the use of impact fees, it is unlikely that housing impact fees would be permissible, however, they are still an important tool to understand.	CITY, COUNTY, STATE
HOUSING TRUST FUNDS	Dedicated source of public funding for affordable housing.	Charlotte's Housing Trust Fund (HTF) was established in 2001 and provides gap financing to affordable housing developers for acquisition, new construction, and rehabilitation of multifamily affordable units. Charlotte's HTF is frequently turned to as a best practice. One consideration however, is that the HTF is based on bonds that must be approved every several years rather than a dedicated on-going funding source or a diverse portfolio of funding sources that can be utilized as needed.	CITY

LAND USE INCENTIVE POLICIES	Reduction in fees and grants backed by property taxes in exchange for inclusion of affordable and "locationally efficient" units.	This strategy has not been implemented in Charlotte-Mecklenburg, but is feasible within North Carolina. The tool could potentially be combined with a broader strategy to expedite processes and fees; however, it is important to ensure that there is a large enough incentive for developers to participate in the program.	CITY COUNTY
STRATEGIC USE OF PUBLIC, PRIVATE, AND NON-PROFIT OWNED LAND	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.	The City of Charlotte approved the selling of public lands in the Cherry neighborhood at a reduced cost. Cherry is a historically African-American community experiencing changes in demographics and housing prices. A database of all land owned by public institutions, faith-based organizations, and non-profits that have the potential for affordable housing development could be helpful in exploring use of this strategy.	CITY COUNTY CHARLOTTE MECK. SCHOOLS PHILANTHROPIC COMMUNITY FAITH COMMUNITY NON-PROFIT COMMUNITY PRIVATE PROPERTY OWNERS
TAX INCREMENT FINANCING AND SYNTHETIC TIFs	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 a tool currently available to Charlotte-Mecklenburg but this tool has not been used widely. The most recent, was a synthetic TIF (different from a regular TIF) used for the development of Brightwalk, a mixed-income community developed by the Charlotte-Mecklenburg Housing Partnership.	CITY COUNTY
INCREASED USE OF 4% LOW-INCOME HOUSING TAX CREDIT (LIHTC)	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 a tool that is currently available for use in Charlotte-Mecklenburg and has been used by a small number of developers. Examples of 4% developments in Charlotte-Mecklenburg include Strawn Tower and Parktowne Terrace, which were developed by the Charlotte Housing Authority, and the Allen Street Residential, which was developed by Laurel Street Residential.	CITY

AFFORDABLE HOUSING OVERLAY ZONE	A flexible zoning technique in which a new zoning district with modified standards is drawn on top of a base zoning district.	Currently, there are no affordable housing overlay zones in Charlotte-Mecklenburg.	CITY, COUNTY, PLANNING COMMISSION
LONG-TERM AFFORDABILITY			
COMMUNITY LAND TRUSTS	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.	Charlotte-Mecklenburg does not currently have a community land trust.	CITY, COUNTY, CHARLOTTE MECK. SCHOOLS, PRIVATE PROPERTY OWNERS
AFFORDABLE HOUSING DEED RESTRICTIONS	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 long-term affordability.	Deed restrictions are currently an available tool in Charlotte-Mecklenburg.	CITY
EMPLOYER ASSISTED HOUSING	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.	Engaging employers in Charlotte-Mecklenburg's affordable housing strategy could be mutually beneficial for employers, workers, and the Charlotte community as a whole.	BUSINESS COMMUNITY
INCLUSIONARY ZONING	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, to date, the program has not been used and concern was voiced by interviewees that it does not provide an adequate incentive to developers in the current housing market.	STATE, CITY

CASE STUDY OVERVIEW

Strategy	Case Study: Location	Number of Affordable Units or Revenue Generated	Dates of Unit Creation
FINANCING			
EXPEDITED AND PREDICTABLE PROCESSES & FEE WAIVERS	Pinellas County, FL	N/A	
	San Diego, CA		
	Asheville, NC		
HOUSING IMPACT FEES	Arlington County, VA	Anticipated $14M in revenue	2013 to 2016
HOUSING TRUST FUNDS	Charlotte, NC	Over 5,700 units	2001 to 2016
	Seattle, WA	Over 12,500 units	1981 to 2016
	Arlington, VA	Approximately 7,000 units	1988 to 2014
LAND USE INCENTIVE POLICIES	Asheville, NC	72 units	2010 to 2016
STRATEGIC USE OF PUBLIC, PRIVATELY, AND NON-PROFIT OWNED LANDS	Washington, DC Region	Arlington Mills - 122 units	2014
		Bonifant at Silver Spring - 139 units	2015
		115 H Street - 4 units	2015
TAX INCREMENT FINANCING	Portland, OR	1,067 units	FY 2012 to 2013
4% LOW-INCOME HOUSING TAX CREDIT	N/A		
AFFORDABLE HOUSING OVERLAY ZONES	Arlington, VA	30 units built on-site 0 units built off-site $36.2M in contributions to Affordable Housing Investment Fund, which was used to finance 426 affordable units.	2005 to 2014
	Menlo Park, CA	N/A	
LONG-TERM AFFORDABILITY			
COMMUNITY LAND TRUSTS	Orange County, NC	Approximately 240 homes	2000 to 2016
	Denver, CO	254 rental homes Current land holdings will also enable the future development of at least 750 additional affordable apartments.	2005 to 2013
DEED RESTRICTIONS	N/A		
EMPLOYER ASSISTED HOUSING	Rochester, MN	784 units (671 rental units and 113 single-family homes)	1996 to 2013
INCLUSIONARY ZONING	Austin, TX	15,351 units	2000 to 2014

Introduction

This report presents several strategies that can be used to finance and facilitate the development of quality affordable housing, with a focus on long-term affordability.

A community's adequate supply of affordable housing plays an important role in creating inclusive communities, attracting and retaining a workforce, improving the well-being of households and creating economic opportunity.

The focus and context of this report was informed by interviews conducted with local and state policy makers, for-profit developers, non-profit developers, advocates, and thought leaders. Through these interviews, two main themes emerged that highlight the challenges in developing affordable housing in Charlotte-Mecklenburg—challenges to financial feasibility including the cost of neighborhood resistance, and challenges to developing long-term affordability of housing. These challenges are not unique to Charlotte; they are faced by communities nationwide.

This report will focus on strategies for financing affordable housing development and ensuring long-term affordability of affordable housing units. Strategies were identified by examining national reports and literature to highlight best practices and innovative strategies for developing affordable housing. Each strategy is presented with a high-level overview followed by a case study describing what the strategy looks like in practice. This report does not make a determination on which strategies are best or most feasible for Charlotte-Mecklenburg as any approach will need to be multifaceted and unique to the needs and context of the community.

While this report focuses on the development and production of affordable housing, there are many other aspects of affordable housing that need to be approached simultaneously. These aspects include affordable housing preservation and rehabilitation (both subsidized[1] and naturally occurring), asset building,[2] supportive services, property management, vouchers, diversity of housing options, responsible redevelopment, strengthening of existing communities and access to credit for homeowners. Another important aspect of affordable housing is examining who is served by affordable housing and where that housing is located. This report acknowledges that the community will not be able to build its way out of its affordability crisis and there will continue to be a shortage of affordable housing if wages do not keep pace with housing costs.

While we recognize that not all strategies are immediate options in Charlotte-Mecklenburg, there is still a benefit from raising awareness of each strategy and placing them into consideration as future tools. Additionally, different strategies may be more or less applicable depending on the local housing market dynamics of each neighborhood. Underlying all of these strategies is the goal that affordable housing developments provide safe, sound, habitable housing with features that are undistinguishable from other housing.

The strategies presented in this report are not meant to be used in isolation, but used in combination with other strategies and the continued strengthening of partnerships between the public sector, private sector, faith, and philanthropic communities.

The goal for this report is to serve as a starting point for further discussion and examination into how these strategies could be applied within Charlotte-Mecklenburg.

Defining Affordable Housing

Definitions of housing affordability may vary depending on the program, however, in general terms, housing is considered affordable if a household does not have to pay 30% or more of their pre-tax gross income on household expenses.

One way of targeting resources is by using HUD Area Median Family Income (HAMFI or MFI) limits to set income eligibility levels for housing programs. HAMFI limits are based on the area median income (AMI), which is typically developed using U.S. Census data. HUD calculates these limits based on census data and makes adjustments based on family size and housing market. In addition to their use in determining HUD program eligibility, these income categories, shown in Figure 1, are frequently referenced when discussing affordable housing more broadly. Note, that some income limits may vary by program. The Housing Advisory Board of Charlotte-Mecklenburg has decided to focus their affordable housing efforts on households at 0 to 80% of AMI.

$29,290

A preschool teacher making median wage ($29,290) with two children would qualify as very low-income.

$34,560

In 2016, in order to afford a 2-bedroom housing unit in Mecklenburg County at fair market rent, a household would need to earn $34,560.

Figure 1. FY 2015 HAMFI Limits

EXTREMELY LOW-INCOME	<30% MFI
VERY LOW-INCOME	31-50% MFI
LOW INCOME	51-80% MFI
MODERATE INCOME	81-120% MFI
NOT LOW-INCOME	≥120% MFI

Table 1. FY 2016 Charlotte-Mecklenburg Income Limits Summary

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Extremely Low (30%)	$14,100	16,100	20,160	24,300	$28,440	32,580	36,730	40,890
Very Low (50%)	$23,450	26,800	30,150	33,500	36,200	38,900	41,550	44,250
Low (80%)	$37,550	42,900	48,250	53,600	57,900	62,200	66,500	70,800

Local Context

Several factors provide context to the affordable housing discussion in Charlotte-Mecklenburg. These factors are summarized below and are important to take into consideration as the discussion around affordable housing continues.

HOUSING PRICES

Housing prices are increasing

In October 2015, housing prices in Charlotte surpassed their pre-economic recession peak, as measured by the Case-Shiller Home Price index. The index, which measures single-family home repeat sales, continued to increase through May 2016. Rental costs increased as well. Based on data from the American Community survey, from 2008 to 2014 the median gross rent increased by 7%.

WAGES

Wages are not keeping pace with housing

Based on American Community Survey data, from 2005 to 2014, the median household income in Mecklenburg County decreased 3%, while the median gross rent increased 7%. A worker earning the federal minimum wage of $7.25 per hour must work approximately 92 hours a week to afford a basic two-bedroom apartment at fair market rent.

POPULATION

Population is increasing

From 2010 to 2015, Mecklenburg County grew by 114,000 people or 12.4%. It is estimated that even under the most conservative of scenarios (high mortality rates, low birth rates, and low mobility), the Charlotte commuting zone will grow by at least 21% between 2010 and 2030. When using moderate estimates, the Charlotte commuting zone is estimated to grow as much as 47%.[3] At the same time, the number and proportion of renters is increasing and it is anticipated that by 2030 there will be more renters than homeowners.

COST BURDEN

Majority of low-income renters are cost burdened

From 2010 to 2014, 46% of renter-occupied households and 27% of owner-occupied households spent more than 30% of their gross income on housing. For renter-occupied households, 90% of extremely low-income households (0 to 30% HAMFI) and 84% of low-income households (31 to 50% HAMFI) were cost burdened from 2008 to 2012.[4]

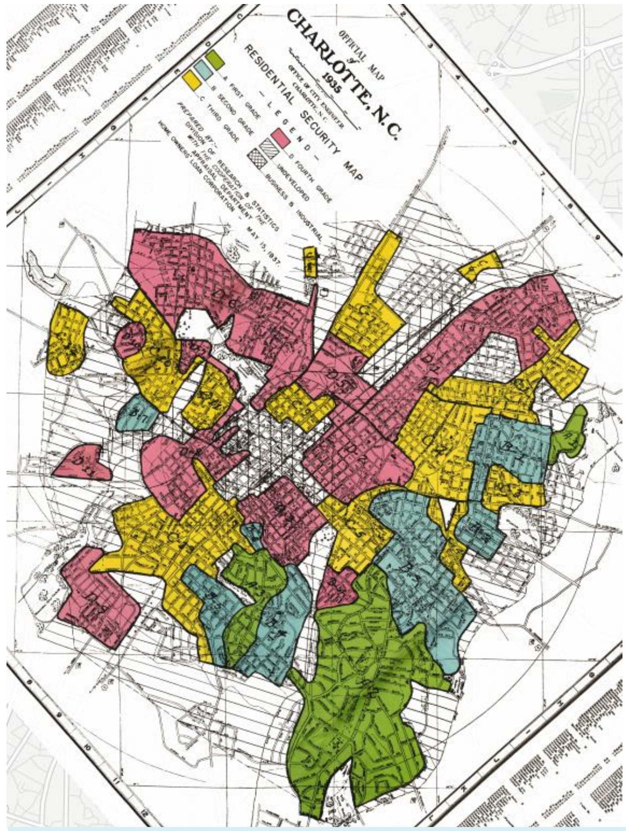
GEOGRAPHY OF OPPORTUNITY

Disparities of opportunity along race and economic lines exist

The development of housing in Charlotte-Mecklenburg and the geographic patterns of opportunity seen today are reflective of a legacy of policies and actions that either intentionally or unintentionally have had discriminatory effects. Past and current policies and practices, such as racially restrictive covenants, Federal Housing Administration (FHA) backed mortgages, redlining, the exclusion of African American veterans from the GI bill, urban renewal, reverse red-lining, predatory lending to communities of color, lack of access to credit, and discrimination based on source of income, disproportionately impact households of color and households living in poverty. These discriminatory effects inhibit opportunities for Charlotte-Mecklenburg's community members, and must be acknowledged in order to be addressed.

Affordable housing policy and practices have the potential to address or perpetuate housing instability and neighborhood segregation. Addressing affordable housing location as it relates to segregation and access to opportunity is especially pertinent given the 2015 U.S. Supreme Court case *Texas Department of Housing and Community Affairs v. The Inclusive Communities Project.* In this case, the Supreme Court affirmed that Fair Housing Act violations are not limited to intentional violations but also if "disparate impact" on protected classes can be proven.

In response, the U.S. Department of Housing and Urban Development issued a final rule on Affirmatively Furthering Fair Housing, clarifying and strengthening the responsibility of HUD program participants and the broader community to address economic and racial segregation, fair housing choice, and access to opportunity. To assist communities in completing a required Assessment of Fair Housing to inform determining local fair housing priorities and goals, HUD developed a fair housing assessment tool. Additional information on the final rule and tool are on HUD's website: https://www.huduser.gov/portal/affht_pt.html#affh



Official Residential Securiy Map of Charlotte from 1935. Areas were marked with a grade of 1 (green), 2 (blue), 3 (yellow) or 4 (red). Areas marked 1 were considered more desirable and areas marked 4 were considered more hazardous. These designations are argued to have influenced where the Federal Housing Authority and private lenders restricted lending.

Source: Mapping Inequality: Redlining in New Deal America. Retrieved from: http://dsl.richmond.edu/holc_national/

Last year's report, Housing Instability in Charlotte-Mecklenburg, provides additional details on the overall impact of housing instability and need for affordable housing in Charlotte-Mecklenburg.

See : http://charmeck.org/mecklenburg/county/news/Pages/Housing-Instability-in-Charlotte-Mecklenburg-.aspx

These factors provide a high-level summary of the complex and dynamic environment in which discussions about the challenges of affordable housing development in Charlotte-Mecklenburg take place.

Charlotte-Mecklenburg is growing at a fast pace, and much of this growth has been in the last few decades. In the case of Charlotte-Mecklenburg, population growth combined with the after effects of a down market and a movement of people back to urban areas (a trend seen nationwide) are creating changes and pressures in the housing market. This is especially true within the rental market.

Charlotte-Mecklenburg is experiencing a rental development "boom." However, much of the growth is in higher income markets and is not experienced equally across neighborhoods.

This growth makes the issue of affordable housing and ensuring housing affordability across a variety of housing price points especially pertinent. Compounding this is the fact that housing is a commodity that takes time to produce, so the population in the community may grow at a faster rate than the amount of housing. In addition, land costs may rise quickly in communities that had previously been more affordable.

Increased demand in certain neighborhoods has the potential to result in the displacement of residents and increases in housing costs and housing cost burdens.[5] Additionally, high demand for rental housing can make it difficult for Housing Choice Voucher (formerly known as the Section 8 voucher) holders to find units because they are competing for units against households that have higher incomes and less requirements. Discrimination based on income source (ex. denying someone a unit because part of their rental payment would come from a Section 8 voucher) is not protected under fair housing law in North Carolina.

> "Once a housing market accelerates and gentrification occurs, it becomes more expensive to provide affordable housing. It then takes political will to create incentives or regulations to build affordable housing, and the foresight to produce and retain affordable housing before the need becomes pressing."
>
> - Urban Institute, *Strategies to Develop Affordable Housing*

Population change and resulting neighborhood change are constant, and the history of housing in Charlotte-Mecklenburg is reflective of that growth and change. The key 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.

There are multiple components to affordable housing development and ensuring long-term affordability of units. Expanding affordable housing is more than the creation of a fixed number of stable affordable housing units. Expanding affordable housing must also explore the nexus of housing with homelessness, educational outcomes, and health outcomes by considering:

- Housing location (dispersed throughout the community as well as targeted in neighborhoods that need affordable housing preserved.)
- Access to transportation
- Access to supportive services
- Access to quality education
- Location relative to social networks
- Access and distance to jobs
- Neighborhood diversity
- Variety of housing types that can address housing needs of various populations
- Environmental sustainability

Current Funding Sources

Based on interviews, the following federal, state, and local affordable housing development funding tools were identified as funding sources. There are specific AMI limits for who is eligible to be served by each program. Note, it is possible that a federal program may be implemented at the state or local level with additional guidelines in place. This list is not meant to be exhaustive, and there are additional programs that are available through public and private sources that are not listed here.

			MAX AMI
LOCAL	HOUSING TRUST FUND	Established in 2001 as a local funding source to provide gap financing to assist with the development of affordable housing. Awards are administered through a competitive process.	0% 80% 120%+
LOCAL	VOLUNTARY MIXED INCOME HOUSING DEVELOPMENT INITIATIVE	Established in 2013 with the goal to encourage developers to build mixed-income housing in a range of neighborhoods in exchange for density bonuses, this program has not had any developers participate as of September 2016, and there is concern that the "carrot" isn't big enough to truly incentivize developers in Charlotte's housing market.	0% 80% 120%+
STATE	HOUSING TRUST FUND	Established in 1987, this is a flexible source of capital for the development of affordable housing (rental and homeownership). It can also be used to finance rehabs, emergency repairs/accessibility modifications, and supportive housing.	0% 80% 120%+
STATE	TAX EXEMPT BOND	Provides long-term, below-market financing for the construction and rehabilitation of affordable rental units.	0% 60%* 120%+ *Minimum of 20% of units for households <50% AMI or 40% of units for households <60% AMI
STATE	WORKFORCE HOUSING LOAN PROGRAM	The Workforce Housing Loan Program partially replaced the State Housing Credit in 2014 and must be approved each year. Program funds are used in conjunction with LIHTC and provide a 30-year deferred payment loan at 0% interest for a portion of the rental property's development cost.	0% 60%* 120%+ *Minimum of 20% of units for households <50% AMI OR 40% of units for households <60% AMI
FEDERAL	LOW-INCOME HOUSING TAX CREDIT (LIHTC)	One of the largest supports for affordable housing development, the LIHTC program issues tax credits for affordable rental housing acquisition, rehabilitation and construction. Developments have 15-year compliance periods and developments after 1989 have 30-year extended use periods. Competitive awards are made by the North Carolina Housing Finance Agency based on a Qualified Action Plan that informs how tax credits should be allocated.	0% 60%* 120%+ *Minimum of 20% of units for households <50% AMI OR 40% of units for households <60% AMI.
FEDERAL	COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)	CDBG is a flexible funding source that is intended to primarily fund activities that benefit low- and moderate-income persons. Eligible activities include property acquisition, relocation, demolition, and rehabilitation. Additional uses include infrastructure improvements, public services, energy conservation, and economic development. Funding for CDBG has decreased in recent years.	0% 80%* 120%+ *70% of funds in a jurisdiction must be used for low or extremely low-income households. The remaining 30% can be for additional low or extremely low-income households or for the elimination of slums and blight.
FEDERAL	HOME INVESTMENT PARTNERSHIPS (HOME)	HOME funds can be used for a variety of activities related to home purchase, development, and rehabilitation. Funds can also be used for tenant-based rental assistance (with certain restrictions) and for program planning and administration.	0% 80%* 120%+ *Minimum of 90% of households must be <60% HAMFI and developments with 5+ assisted units must have at least 20% of households <50% HAMFI.
FEDERAL	HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS	HOPWA funds can be used for activities such as the acquisition. rehabilitation, or new construction of housing units as well as costs for facility operations, rental assistance, and short-term payments to prevent homelessness.	0% 80% 120%+
FEDERAL	NATIONAL HOUSING TRUST FUND	A national housing trust fund program was created in 2009, but 2016 will be the first year that funds are allocated to it. Allocations will be provided based on population and indexes of housing distress. Funds can be utilized for the production or preservation of affordable housing. All rental housing must comply with a 30-year affordability period and all homeownership housing must maintain periods of 10, 20 or 30 years depending on the amount of trust fund dollars invested.	0% 50% 120%+

Challenges

Interviews conducted for this report revealed two primary concerns related to affordable housing development—the financial feasibility of developing affordable housing and how to ensure long-term affordability of units.

FINANCIAL FEASIBILITY

- **Land acquisition.** Land acquisition costs were cited as one of the largest barriers for building affordable housing—especially in higher income communities and along transit corridors.
- **Land availability.** Land availability was cited as a barrier to affordable housing development because it can be complicated to find zoning for multifamily properties in neighborhoods traditionally zoned for single-family. When rezoning is required, it can take a significant amount of time and invite opposition.
- **Length and unpredictability of permitting process.** Respondents shared that the building permit process can be lengthy and unpredictable, which adds to overall development costs.
- **Lack of financing.** Concerns were voiced about general equity needed to make deals feasible, especially for acquisition development financing. Once a development is financed, an ongoing subsidy might still be needed in order to maintain long-term affordability. Some respondents identified vouchers as a solution for providing ongoing subsidy, but noted that access to project-based vouchers is limited. Federal and state funding for affordable housing have also decreased in recent years.
- **Increasing costs.** The cost of materials and labor have increased nationwide, which combined with an increase in construction demand, have increased housing development costs. Within the affordable housing context this is especially difficult because rent increases typically cannot be used to offset the cost increases.
- **Neighborhood opposition.** Neighborhood opposition can add substantially to development costs, especially when rezoning or a vote by City Council is required.

LONG-TERM AFFORDABILITY

- **Affordability periods expiring on certain subsidized units.** Affordability requirements for a number of Low-Income Housing Tax Credit (LIHTC) and other federally subsidized units are set to expire between 2016 and 2030. Some of those units will maintain their affordability (either through concerted efforts or because they are now naturally affordable), while others will convert to market rate units that are higher than previously set affordable requirements.
- **Need for long-term affordability.** In communities that are experiencing or at risk of experiencing displacement, concerns were raised by respondents about ensuring long-term affordable housing options.

STRATEGIES

FINANCIAL FEASIBILITY

- EXPEDITED AND PREDICTABLE PROCESSES & FEE WAIVERS
- HOUSING IMPACT FEES
- HOUSING TRUST FUNDS
- LAND USE INCENTIVE POLICIES
- STRATEGIC USE OF PUBLIC, PRIVATE, AND NON-PROFIT OWNED LAND
- TAX INCREMENT FINANCING
- 4% LOW-INCOME HOUSING TAX CREDIT
- AFFORDABLE HOUSING OVERLAY ZONES

Expedited and Predictable Processes & Fee Waivers

DESCRIPTION
Provide expedited building permitting processes that are predictable and reduced fees to help decrease the development costs of affordable housing.

CASE STUDY
Pinellas County, FL; Asheville, NC

CHARLOTTE CONTEXT

Charlotte currently does not have an expedited process for affordable housing developers. At one point, the City of Charlotte had expedited permitting processes that were available to all developers, but due to the influx in building permit requests, the expedited option has been discontinued. There is concern that some aspects of the permitting process are difficult to predict and add to development costs.

Strategy

To encourage the construction of affordable housing developments, many municipalities have created mechanisms to prioritize affordable housing applications and provide time and money saving incentives during the initial application review and approval process. The development of fast-track or expedited procedures for affordable housing applications, while of low-cost to the local government, does much to save housing developers time and, ultimately, money.[6] To further encourage and support these developers, many cities and counties also waive various fees for developments qualifying for this status. The combination of these and other similar policy mechanisms can greatly reduce the burdens taken on by affordable housing developers.

The development of fast-track or expedited procedures for affordable housing applications, while of low-cost to the local government, does much to save housing developers time and, ultimately, money.

Creating an expedited review protocol is one of the simplest ways a municipality can show its support for affordable housing developers. Though this can take on different forms, one of the most common is to grant priority status to applications for affordable housing developments and to commit to shortened turnaround times for review of these projects. In some cases, the quick turnaround times are made possible by thorough preliminary meetings that allow for developers and city staff to meet, discuss the project, and make adjustments prior to formal submission of the application.[7] Many municipalities that require review from multiple public agencies have also worked to better coordinate their processes, such as developing common procedures, applications, and tracking systems for affordable housing developments, or ensuring that review by the agencies happens concurrently, in order to cut down on review times.[8,9] In the city of Orlando, affordable housing development applications are assigned to a designated city staff who serves as an advocate for the project and assists developers through the expedited application process from beginning to end.[10] By finding ways to speed up this initial application period, local governments can save developers both time and money, making the creation of affordable housing developments a less onerous task.

Despite the facilitation provided by expedited processing procedures, many cities and counties feel the need to go further to make affordable housing developments more appealing to developers. Many times, when an application has already been labeled as a priority application, municipalities will also offer full or partial waivers for various fees typically associated with the application, such as building fees, traffic and environmental impact fees, permit and inspection fees. These full or partial fee waivers vary according to the specific fees charged by the municipality.[11] Because a large number of waived fees could be quite costly to a municipality, some, like Polk County in Florida, have found it beneficial to institute a maximum annual waiver cap to reduce the risk of overstraining its budget.[12] Taking measures such as these further reduces the costs to developers without causing significant damage to local government budgets.

There are reported successes resulting from the use of expedited reviews and fee waivers. Because there are many options available, implementation of such procedures will vary by locality. In Santa

Fe, where housing costs were 40% above the national average in the 1990s, the implementation of these procedures contributed to a large growth in affordable housing construction, where just over 15% of new homes built over a ten-year period qualified as being affordable housing units.[13] Similarly, in Austin, nearly 5,000 new affordable units were built between 2005 and 2010 following the city council's passage of a SMART Housing (safe, mixed-income, affordable, reasonably priced, and transit-oriented) program resolution, which offered expedited review and fee waiver incentives to affordable housing developers.[14]

Creating processes for determining qualifications for affordable housing status, granting expedited review and fee waivers to developers is a simple and cost-effective method that local governments can employ to facilitate the growth of affordable housing. In order to ensure maximum effectiveness of such policies, municipalities should determine which fees and processes are most prohibitive, costly, or time-consuming that could be eliminated or expedited to encourage more developers to include affordable housing units in their projects.

Case Study

Pinellas County, Florida

Pinellas County near Tampa, Florida, created numerous incentives in its Land Development Code to increase the development of affordable housing, including expedited permit processing.[15] The county administrator can grant priority status to permit applications for affordable housing developments, which are defined as any rental housing development where at least 20% of the units are affordable to households at or below 60% of the area median income, or any homeowner housing development where at least 20% of the units are affordable to households at or below 80% of the area median income. Being designated priority status ensures that the processing of site plans for the developments occur in a two-week turnaround period. This shortened timeframe is made possible by a mandatory pre-application meeting between the developer and county site plan review staff. Applications that are approved as affordable housing developments may also have their review fees waived, per the county administrator's discretion, and may also qualify for other benefits related to ordinary zoning requirements.

Asheville, NC

Asheville's Affordable Housing Fee Rebate program provides affordable housing developers with a "rebate of approximately 50% of building permit, water connection and sewer facility fees."[16] The program sets maximum sales prices for affordable homeownership projects and requires that new rental housing and rehabilitated multi-family housing must be affordable to households up to 80% of area median income.[17]

Housing Impact Fees

DESCRIPTION

A fee on non-residential development that is used to offset the increased need for affordable housing because of development.

CASE STUDY

Arlington County, VA

CHARLOTTE CONTEXT

Based on previous legislation in North Carolina on the use of impact fees, it is unlikely that housing impact fees would be permissible, however, they are still an important tool to understand.

Strategy

Housing impact fees are controversial, but some communities have used them to address funding for affordable housing in the absence of or in conjunction with inclusionary zoning, while still encouraging economic development. A housing impact fee imposes a one-time fee on new market rate development. This fee is used to meet the need for affordable housing in the community. Cities that face obstacles employing inclusionary housing requirements have used this policy as a means to create and maintain affordable housing. Housing impact fees can be placed on new residential and commercial development and be used to construct, rehabilitate, or repair housing units that are affordable. Commercial impact fees, also known as linkage fees, help safeguard affordable housing for workers that hold employment opportunities with these commercial developments. Residential impact fees require that specific resources from market rate residential development be devoted to housing for low-income households. Linkage fees must be used to address an affordable housing need created by the development, rather than pre-existing housing needs. These funds can be utilized to provide homebuyer and rental assistance; underwrite bonds sold to support affordable housing; and provide loans and grants to fund affordable housing developments. Cities can conduct a nexus study before administering an impact fee. A nexus study determines the level at which the new development will add to the need for affordable housing and estimates the fees needed to mitigate this impact.[18]

Housing impact fees provide communities with a source of funding that can be tailored to meet its particular housing needs and can be used to create more affordable housing options for its residents.

Housing impact fees provide communities with a source of funding that can be tailored to meet its particular housing needs and can be used to create more affordable housing options for its residents. The adoption of these fees can also simplify the development process as housing impact fees are upfront and consistent as opposed to negotiated in the development process.[19] Moreover, housing impact fees may promote efficiency and growth. These fees require developers and consumers to be responsible for the adverse effects of development, which can result in parties focusing on both the intended and unintended consequences of development. Impact fees can also promote growth in areas where there are insufficient resources to meet the community's needs.[20]

However, use of impact fees to prevent households from purchasing below market units or to exclude certain ethnicities or races poses a concern. Impact fees can also be viewed as unfair to new consumers who assume the upfront cost of development as well as pay annual property taxes that subsidize infrastructure. There is also concern that impact fees will increase the cost of development and therefore impact the affordability of housing in the community.[21]

Case Study

Arlington County, VA

Similar to North Carolina, Virginia is a "Dillon Rule" state, which means that "local governments derive their power from the state, and localities cannot exercise powers not expressly granted to them by the state, implied by powers expressly granted, or indispensable to the locality."[22] Arlington County, VA had a voluntary commercial linkage fee until 2004, when the city was sued and it was ruled in *Kansas-Lincoln, L.C. v. Arlington County Board* that "the County had no legislative authority to require either monetary contributions or units as part of a site plan approval process." While Arlington did not appeal this ruling, the state's General Assembly eventually passed enabling legislation in 2006. The legislation allows developers to pay a "fee" either through the direct development of affordable units or a cash payment to the County's Affordable Housing Investment Fund. The legislation only applies to county manager forms of government, and Arlington County is the only County in the state that meets this requirement, so they are the only county that this legislation applies to. Other cities and counties that have implemented affordable housing linkage fees have done so through voluntary programs, referred to as "voluntary proffers." The fee per square foot for these programs have been determined in conjunction with developers and other stakeholders through a collaborative process. In Arlington County, the fee per square foot for commercial developments is $1.77 per square foot (adjusted annually for inflation). From FY2008 to FY2012, Arlington collected $8.8M in fees and anticipates collecting $13.9M from FY2013 to FY 2016.[23]

Housing Trust Funds

DESCRIPTION
Dedicated source of public funding for affordable housing.

CASE STUDY
Charlotte, NC; Seattle, WA

CHARLOTTE CONTEXT

Charlotte's Housing Trust Fund (HTF) was established in 2001 and provides gap financing to affordable housing developers for acquisition, new construction, and rehabilitation of multifamily affordable units. Charlotte's HTF is frequently turned to as a best practice. One consideration however, is that the HTF is based on bonds that must be approved every several years rather than a dedicated ongoing funding source or a diverse portfolio of funding sources that can be utilized as needed.

Strategy

Housing trust funds (HTF) "are distinct funds established by the city, county or state governments that receive ongoing dedicated sources of public funding to support the preservation and production of affordable housing and increase opportunities for families and individuals to access decent affordable homes."[24] Housing trust funds are typically developed at the state or local level and can be used to address housing priorities and local housing needs such as long-term affordable housing for low-income homeowners and renters.[25] Funds can be used to provide grants or low-interest loans to non-profits or private developers to construct or preserve housing, to assist individuals with home purchases (ex. closing costs), or to provide other housing services. A public agency is usually accountable for collecting and distributing the housing trust fund resources.[26]

Funding sources for housing trust funds are usually stable, often deriving from taxes and fees. Revenue sources can include real estate transfer taxes, document recording fees, discretionary appropriations, general revenue bonds, developer fees, property taxes or building improvement district taxes.[27,28]

Housing trust fund benefits include having a flexible dedicated revenue source to meet housing needs.

Housing trust fund benefits include having a flexible dedicated revenue source to meet housing needs. Also, housing trust funds are secure; can be implemented statewide or locally, and can also be used to leverage private investments. A challenge for trust funds is that a robust real estate market is needed to produce substantial funding. Locations that do not have a strong housing market may not be able to produce enough revenue through the trust fund to provide affordable housing to its residents. Private funding sources would need to be leveraged to offset this problem.[29]

Case Study

Charlotte, North Carolina –Charlotte Housing Trust Fund

Charlotte functions under a Council-Manager form of government, separating responsibilities between the elected officials of the City Council and an appointed city manager.[30] Charlotte's City Council established its Housing Trust Fund in 2001 to address long-term housing affordability in the City. Since 2001, the Housing Trust Fund has funded the development and the rehabilitation of over 5,700 affordable housing units. These units will stay affordable for a minimum of 30 years. To date, the City of Charlotte has dedicated $100 million to the Housing Trust Fund. [31] The Charlotte Housing Trust Fund is funded from housing bonds that have been approved by voters. These bonds are paid by the City from multiple funding sources such as property taxes, sales taxes and City fees.[32]

Seattle, Washington – Seattle Housing Levy Fund

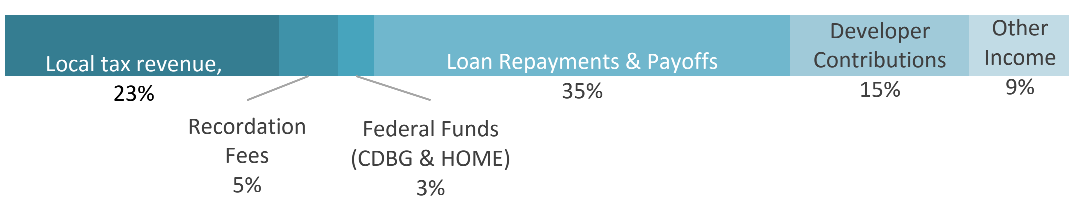
Seattle operates under a Mayor-Council form of government, where both the Mayor and the City Council are held responsible for City government.[33] Since 1981, the City has voted to develop and preserve affordable housing through property tax levies. The Housing Levy Fund dedicates these resources to provide long-term (50 years) affordable housing to low-income residents. Levy funds are used to produce new affordable housing, preserve existing establishments or to provide rental and homebuyer assistance to residents. The Housing Levy also has the capacity to leverage other public and private resources, making it an asset to the community. For every City dollar invested in rental housing development, the fund leverages $3 from other resources.[34]

The Housing Levy Fund seeks to preserve affordable housing by providing short-term loans for the acquisition and rehabilitation of affordable rental housing. The funds can also be used to acquire land for future affordable housing developments and be used by landlords to make necessary repairs, ensuring that rents remain affordable to households. The Housing Levy Fund also assists low-income households in securing and retaining homeownership. Down payment assistance loans, emergency home repair grants and one-time foreclosure loans can be provided to assist low-income first time home-buyers or existing homeowners. In order to prevent homelessness for individuals and families the Housing Levy also provides short-term rental assistance and other housing services to those who are at risk of eviction and homelessness due to an unexpected emergency. Residents can also receive assistance to stay in their current housing or relocate to a more stable affordable residence. "Seattle has now funded over 12,500 affordable homes throughout the city, provided loans to help over 900 households purchase their first home, and provided emergency rental assistance to 6,500 households at risk of eviction and homelessness."[35]

Arlington, VA – Affordable Housing Investment Fund

Arlington, VA's revolving loan fund, known as the Affordable Housing Investment Fund (AHIF), was established in 1988. To date, the fund has been able to leverage an average of $3 of private funds for every $1 of public funds, and from 1988 to 2014 was able to develop approximately 7,000 affordable units. The purpose of the loan fund is to provide gap financing for the development or preservation of Committed Affordable Housing units. The fund is comprised of local tax revenue, recordation fees, federal funds (CDBG and HOME), loan repayments and payoffs, developer contributions, and other income. For tax credit deals the AHIF loan comprises approximately 22% of the financing and for acquisition projects it comprises 33%. Within the AHIF there is the Housing Services Fund, which is an annual set-aside for "up to two years of funding for housing services projects that are new or expanded projects that address an unmet or changing housing need" such as resident services or "stabilizing families at risk of homelessness". The AHIF may also contribute funds to the Tenant Assistance Fund (TAF), which "is a temporary, project-based program that provides income qualified vested tenants with rental assistance if rents increase as a result of redevelopment."[36]

AHIF Funding Sources FY2010 - FY2014 ($126.5M)



Source: Arlington County. 2015. Arlington County Affordable Housing Implementation Framework: September 2015. Retrieved from https://arlingtonva.s3.amazonaws.com/wp-content/uploads/sites/15/2015/09/Implementation-Framework.pdf.

Land Use Incentive Policies

DESCRIPTION

Reduction in fees and grants backed by property taxes in exchange for inclusion of affordable and “locationally efficient” units.

CASE STUDY

Asheville, NC

CHARLOTTE CONTEXT

This strategy has not been implemented in Charlotte, but is feasible within North Carolina. The tool could potentially be combined with a broader strategy to expedite processes and fees; however, it is important to ensure that there is a large enough incentive for developers to participate in the program.

Strategy

A development incentive that involves providing grants and reduction in fees to incentivize affordable housing development.

Case Study

Asheville, NC

In 2010 Asheville adopted a Land Use Incentive policy in an effort to increase affordable rental housing that is strategically located.[37] The policy has been subsequently amended to focus on affordability. The grant applications are reviewed by city staff and recommendations are made to the City Council, which ultimately approves or denies a request. The project must have at least three units, and all projects must have a minimum of 10% of total units affordable to households earning 80% or less of area median income (AMI), for a minimum of 15 years. Greater percentages of affordable units and periods of affordability are eligible for larger grants. Ultimately, these grants are performance-based, and secured through a deed restriction.

The grants are financed by the property tax differential, in other words, deferring the revenue the city would receive as a result of the development (in many ways similar to a synthetic TIF).

According to the September 2015 amended Land Use Incentive Grant Policy, the incentive is that for every 10 points earned, the developer can receive:

- One year of economic incentive (equivalent to city property taxes in excess of currently assessed taxes of one year annually applied, to be dated from the date of release of all occupancy permits and certification of the affordable rents designated for the project).
- A 10% reduction in zoning, building, driveway, and grading permit fees as well as plan review and water service connection fees.[38]

Since the implementation of the program in 2010, four grants have been approved, but three of the four projects did not move forward on an actual agreement due to various reasons, including the lack of a deep enough subsidy to finance the project or to outweigh the complexity of the process. The fourth project, Asheville's Smith Mill Place Development, was the first approved based on the amended policy. The project will be a 72 unit mixed income development targeting 50% of units to households at below 60% AMI and the other 50% at households below 100% AMI. The affordability period will be 20 years.[39] A second project with 60 units, all affordable to households at 60% AMI, will be reviewed by the Asheville City Council in October 2016.

For the affordable housing portion of the incentive, rental and workforce housing developments must maintain affordability for 15 years. The greater proportion of affordable rental units, the more points a development gets. Additional Points are also awarded based on renting to lower income households, longer time of affordability, and superior location benefiting tenant access to jobs, schools and services.

The two current Land Use Incentive grant projects are leveraged by Asheville's local Housing Trust Fund dollars and results in an average of approximately $15,000 subsidy per unit.

Strategic Use of Public, Private and Non-Profit Owned Lands

DESCRIPTION

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.

CASE STUDY

Washington, DC region

CHARLOTTE CONTEXT

The City of Charlotte approved the selling of public lands in the Cherry neighborhood at a reduced cost. A database of all land owned by public institutions, faith-based organizations, and non-profits that have the potential for affordable housing development could be helpful in exploring use of this strategy. In 2016 the City of Charlotte started a process to begin examining potential public uses of city-owned land.

Strategy

High prices of land and development costs make affordable housing development a challenge, especially in markets that have already experienced an increase in land costs. There are restrictions in many communities on giving away or selling public land for less than market value, but there are provisions that can allow for the donation or below-market sale of land if it has a public benefit. This strategy applies not only to vacant land, but to sites with existing public facilities that are underutilized or as part of new developments planned for public purposes (ex. affordable housing could be built in the space above a new library).

A report by the Center for Housing Policy and the National Housing Conference[40] identifies eight strategies for approaching the use of publicly owned land that could be applied to use of private, non-profit, and philanthropic land as well.

1. Identify the public land spaces in communities that are accessible, and high value.
2. Base prices on each individual site. Rates of affordability can differ across land parcels.
3. Use the community and public resources to ready sites for development. Communities can support activities to reduce development costs such as cleanup of the area and planning.
4. Use a policy that protects land for the development of affordable housing, such as through minimum affordability requirements.
5. Select a local agency to develop an inventory of publicly owned land and assess suitability for affordable housing development on each site.
6. Engage the community. Provide education on what is happening and include them in the process of selecting public land for development.
7. Couple affordable housing with new public facilities. For example, increase the density of a new library development by building affordable housing above.
8. Leverage the infrastructure of co-located public facilities, weighing the tradeoffs between decreased cost but increased coordination. An example of this would be to share a parking garage between a library and an apartment building.

Though the authors of the report identify use of public land as a way to reduce construction costs, it is not enough. Land costs are just a portion of the overall development costs. Even with the decreased cost of land, an affordability gap between the cost of the unit and what a household pays for rent will likely still exist. The authors suggest that in order to compensate for this gap, developers should push for public subsidies or mixed-income housing. Financial feasibility could be improved by including the reduced price of land with additional public subsidies and mixed-income housing.

LAND BANKING

Another aspect of the strategic use of lands is how these lands are acquired. Land banking is a tool that can be utilized to acquire vacant and foreclosed land for these strategic uses. Land banks can take a variety of formats, but are public or community-owned organizations intended to acquire properties in a strategic manner and then maintain them, ready the property for development, and hold the property until the sites can be sold for a purpose in line with community priorities (in this case, affordable housing.) Some land banks may also provide acquisition loans for development.

Case Study

Washington, DC Region

ARLINGTON MILL RESIDENCES

Arlington Mill Residences is a 122-unit development with 100% of its units affordable to households earning less than 60% of area median income (AMI). The apartment building and a new county built community center are both located on county owned land and share a parking garage. The community center also serves as a key amenity to residents of Arlington Mill as tenants regularly utilize the center's spaces and partake in its programming.[41]

The project benefits from cost savings as a result of discounted land and county-provided infrastructure (parking garage, utilities, streetscape improvements, storm water management). These cost savings allow housing to remain affordable to very low income residents and permit the creation of family sized units. Discounted land also provided a more secure subsidy than direct financial assistance as it was not subject to government appropriations and offered a longer repayment timeline. Challenges of the project included coordination with the county to construct the garage. Construction delays related to the construction of the garage also led to penalties and increased costs.[42]

THE BONIFANT AT SILVER SPRING

The Bonifant at Silver Spring is a mixed-income housing development for seniors in downtown Silver Spring, located within walking distance of a transit station and various bus lines. The building is a joint venture between Montgomery Housing Partnership (MHP) and Donohoe Development, a non-profit housing developer. The Bonifant is next to a new public library, both of which are built on land that the County had acquired previously. A majority of the units in the building are offered to seniors at 30% to 60% of AMI.[43]

The use of discounted public land made it possible to create affordable housing for seniors in an area with high land costs. The county also took on demolition, lot consolidation and subdivision prior to providing the ground lease to the developers, shortening their time-frame by 2 years. The county was also an instrumental partner in ensuring a timely land use approvals process. Although the county proved to be a valuable partner, the input and requests from various stakeholders added to the staffing and development costs. An additional challenge was that the county owned the land for both the library and the apartment building, so separate access agreements had to be negotiated to resolve this issue. Also, the construction of the library had to be coordinated closely with the Bonifant to ensure timelines did not intersect.[44]

Tax Increment Financing (TIF) and Synthetic TIFS

DESCRIPTION

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.

CASE STUDY

Portland, OR

CHARLOTTE CONTEXT

TIFs are a tool currently available to Charlotte but this tool has not been used widely. The most recent, was a synthetic TIF (different from a regular TIF) used for the development of Brightwalk, a mixed-income community developed by the Charlotte-Mecklenburg Housing Partnership.

Strategy

Tax increment financing (TIF) is a tool used across the United States to encourage private development in blighted or under-developed areas, most often in cities. 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.[45] When structured correctly and used in tandem with other local public policy initiatives, the use of TIFs can contribute to the growth of affordable housing in a community.

In 2004, North Carolina was the forty-ninth state to allow cities and counties to use TIFs, but the complexity of the policy has slowed its implementation.[46] To begin, cities or counties must designate a specific zone as the TIF district. In North Carolina, no more than 5% of the total land area of the authorizing municipality may be designated as a TIF district.[47] Once designated as a TIF district, properties within the district are assessed to establish a base value of revenue. The property taxes will essentially remain frozen at this level for the duration of the TIF (anywhere from ten to thirty years), while future additional revenues from increased taxes over this amount are put into a fund reserved for repaying the TIF project.[48] In essence, adopting a TIF gives local governments the authority to undertake projects that are expected to increase the property value and tax revenue earned in a particular area under the guarantee that future revenues earned above and beyond the pre-TIF baseline will be used to pay for the project and associated public services. While rising property values may seem to run counter to the notion of creating affordable housing, governments may put in a designation that a certain percentage of the revenues be put towards building or preserving affordable housing units within the district.[49]

While TIFs cannot be used to fund public services at large, in North Carolina they may be used for the funding of public transportation, streets and parking, sidewalks, arts and entertainment, utility systems, schools, and affordable housing developments, among others.[50] In terms of affordable housing, TIFs may pay for costs directly related to the project, such as construction costs, or costs related to the expected need for new infrastructure, such as new roads and utilities.[51] Importantly, because TIF uses public dollars to support private developments, the projects must show that the development would not have occurred *but for* the utilization of TIF.[52]

Local governments must consider how best to fund the development projects because funding is provided up-front, while the government is not repaid by the increased tax revenues until after the project is completed. [53] Most often, the preferred method is to develop a pay-as-you-go system, whereby the developer funds the project by their own investment and is later reimbursed by the government as the government receives the increased revenue from the property taxes and tax revenue. In addition, governments may consider issuing bonds or drawing from other government funds and then repaying or reimbursing those sources as the tax increments arise.[54] In North Carolina, establishment of a TIF allows a municipality to issue bonds without a ballot referendum, significantly speeding up the process.[55]

Despite the widespread popularity of TIFs, there are risks involved. TIF requires that the government pay back the initial investment even though there is no guarantee that enough tax increment will be generated to do so.[56] If unable to generate enough tax revenue to pay back the initial investment, there could be criticism that public funding was used to support private investments, that failed to stimulate enough growth. Moreover, TIFs can sometimes become politically controversial because of public funding freezes that could be dedicated to other public resources, such as schools.[57] Research on TIFs is also mixed and difficult to conduct; not only have many states allowed TIFs to be used for purposes other than a strict definition of urban redevelopment, but it is also difficult to measure whether successful TIF projects truly required the TIF or simply benefitted from natural growth that would have occurred anyway.[58] However, TIFs are generally found to be successful when used for large projects that will quickly produce large gains in tax revenues, and tend to work best in urban areas that are primed for upgraded density or have under-utilized land or buildings.[59,60] In Dallas, for example, $1 billion of spending in TIFs has stimulated $9 billion of new projects.[61]

TIFs have the capacity to stimulate growth and development in areas that would often otherwise be overlooked by developers. Although TIFs carry some potential risks, they can be useful tools when combined with other financing strategies. It can also be helpful to use TIFs in conjunction with other strategies that help protect residents within a TIF district from displacement.

SYNTHETIC TIFs

Synthetic TIFs are different from regular TIFs, but are similar in that the local government borrows money to fund public infrastructure projects that will benefit an area. They are different however, in that with a synthetic TIF, a formal TIF district does not need to be established. Rather than using the anticipated increased revenue as security for the loan (as would be done in a TIF), in a synthetic TIF, the asset or general taxing power are used as security for the loan. The development would then plan to pay back the loan through increased property value revenue. In North Carolina, the government can fund the loan through general obligation bonds or installment financings.[62]

In Charlotte, a synthetic TIF is “limited to 3% of annual property tax levy in any given year” and is “repaid by 90% or 45% of the incremental property tax growth generated by the development.”[63] The synthetic TIF can be used for infrastructure investment, a public asset purchase, or as gap funding for projects that contribute to economic development in business corridors and strategic plan geographies. All projects must satisfy a “but for” test to ensure that the project could not proceed without the funding.[64]

Case Study

Portland, Oregon – TIF Set-Aside Policy

The City of Portland has a commission form of government, which includes a Mayor, four commissioners and an auditor. The Mayor and the commissioners make up the City Council.[65] The City’s Tax Increment Financing Set-Aside Policy was first implemented in 2006. The City has committed a minimum of 30% of TIF to a set-aside fund. This set-aside is a “permanent resource” which helps meet the affordable housing needs of the City’s residents, with a prioritization of housing for individuals and families earning 80% AMI or less.[66,67] Since implementation, the policy has produced over $275 million in affordable housing investments.[68] These resources were used to create and preserve existing affordable rental units for low-income families and individuals as well as assist low-income homebuyers and homeowners with down payments and critical home repairs.[69]

The City of Portland is an example of a city that has been using TIF since the 1970s.[70] Recently, the City approved measures to designate 30% of the funds raised from its TIF to affordable housing, with further specifications that between 35% and 50% of those funds go toward households earning less than 30% of the area median income.[71] This policy was first enacted in 2006 and was renewed in 2011. From 2012 to 2013, this resulted in the investment of $28 million of TIF funds, allowing for the creation or restoration of nearly 1,000 affordable housing units.[72] From 2013 to 2014, the last year for which annual report records are available, nearly 75% of funding was used for the construction of new rental units.[73] However, despite these efforts, the Portland City Council declared a housing emergency in 2015 for the lack of affordable housing in the city; in response, the Council approved a measure to increase the percentage of the designated TIF from 30% to 45%.[74] Although the results of these changes are currently unknown, it is clear that after a decade of use, the City of Portland continues to favor and expand the use of TIF as a way of combating an affordable housing crisis.

Increased use of 4% Low-Income Housing Tax Credit (LIHTC)

DESCRIPTION

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. Increased education on the tool and how it can be used with other strategies could help to expand its use.

CHARLOTTE CONTEXT

The 4% tax credit is a tool that is currently available for use in Charlotte and has been used by a small number of developers. Examples of 4% developments in Charlotte include Strawn Tower and Parktowne Terrace, which were developed by the Charlotte Housing Authority, and Allen Street Residential, which was developed by Laurel Street Residential.

Strategy

The Low-Income Housing Tax Credit (LIHTC) is one of the most widely used sources of affordable housing development financing. The tax credits provide an investor with a one-to-one reduction in taxes for ten years. Tax credits are allocated to each state on a per-capita basis and then administered by a local authority. Eligible use includes new construction, rehabilitation or acquisition. In North Carolina, LIHTC allocations are administered by the North Carolina Housing Finance Agency (NCHFA) in accordance with their Qualified Action Plan (QAP.)

There are two types of LIHTCs. The first, is the traditional 9% credit that can be used for new construction and rehabilitation without the use of additional subsidies. The 9% credit is an important funding piece of many affordable housing developments. However, there is a second type of LIHTC that is less widely used—the 4% tax credit. The 4% tax credit can be used for the acquisition costs of existing housing or new construction for projects that are also financed with tax exempt bonds.[75] The 4% credit is not used as frequently as the 9% credit because it leaves more of an equity gap in the financing. Whereas the 9% credit provides up to 70% equity of the present value of eligible costs, the 4% credit provides equity up to 30% of the present value of eligible costs. This equity gap can be addressed by combining the 4% LIHTC with other strategies, such as funds from an affordable housing trust fund.

The 4% tax credit is automatic for projects financed at least 50% with tax exempt bonds[76] and can be used with additional subsidies, whereas the 9% credit cannot. Unlike the 9% credit, which requires a competitive approval process, in order to receive a 4% credit a developer must first apply for tax-exempt bonds, and once approved, will go through a non-competitive process to receive the 4% tax credit.[77] The affordability requirements of the 4% bond are that a minimum of 40% of units must be for households of less than 60% of area median income (AMI). The remaining units can be market rate, but cannot use tax credits. As a result, most developments are typically 100% affordable in order to apply the tax credit to all units. There is an additional 80/20 rule which allows for 20% of units to be affordable at less than 50% AMI and 80% of units available at market rate.

Case study

No specific case study is presented for this strategy, however, it is recommended that efforts be made to increase developer knowledge of how the 4% tax credit works and examine ways in which the credit can be used in conjunction with other strategies such as the Affordable Housing Trust Fund.

Affordable Housing Overlay Zone (AHOZ)

DESCRIPTION

A flexible zoning technique in which a new zoning district with modified standards is drawn on top of a base zoning district.

CASE STUDY

Arlington, VA; Menlo Park, CA

CHARLOTTE CONTEXT

Currently, there are no affordable housing overlay zones in Charlotte-Mecklenburg.

Strategy

Overlay zoning is a type of flexible zoning technique in which a new zoning district with modified standards is drawn on top of a base zoning district.[78] Overlay zones do not replace the base zone, but provide an alternative set of zoning standards that are applied only when certain conditions are met. This technique is commonly used to ensure the protection of a specific design and land use that the community desires, such as the preservation of a historic district.[79] Although overlay zones may be utilized to place additional restrictions on land use and development, an affordable housing overlay zone (AHOZ) typically relaxes certain standards and provides bonus incentives for developers who choose to reserve a certain portion of their development for affordable housing units.[80] An AHOZ is often referred to as a "carrot rather than stick" approach; that is, instead of mandating affordable housing requirements and punishing the failure to comply, which could restrict growth, AHOZs provide rewards for developers who choose to build affordable units in designated areas.[81] These rewards help to offset the costs and risks associated with constructing affordable housing units, so AHOZs are more effective when the incentives offered are more valuable.[82]

AHOZs have four core components.[83] First, municipalities must determine the geographic boundaries of the overlay zones. Then, they must establish the minimum number or percent of affordable units that must be present in a development in order for it to qualify for the AHOZ incentives. Because the AHOZ is laid over an already-established zoning district, developments that do not meet the AHOZ qualifications can still be constructed, but are subject to the base zoning requirements; meanwhile, those that do meet the qualifications become subject to the overlay zone standards, which, in an AHOZ, are more relaxed. Finally, the municipality must determine what incentives they will offer, as well as the extent of exemptions from discretionary project-level approvals they will provide. Some common incentives include density bonuses/increases, height bonuses/increases, setback reductions, reduced minimum parking requirements, reduced open space requirements, expedited or fast-track permit processing, and fee waivers or reductions.[84,85] However, some of these incentives have been critiqued for lowering design standards of affordable housing.

Municipalities with underutilized or abandoned commercial and industrial zones may also consider creating an AHOZ in these areas.[86] For example, Orange County, CA, allows residential development on certain commercial and industrial zones through an AHOZ as long as 100% of the units are affordable to low-income families.[87] The city of Buellton, CA, in Santa Barbara County, similarly placed an AHOZ over commercial and industrial zones, with the requirement that at least 20% of units be affordable to low-income families.[88] In both cases, establishment of the overlay zones allows the local government to offer incentives to developers who are willing to construct a development that meets the community's needs, even permitting the complete re-zoning of the land, while still retaining its base zoning standards for anything that does not meet such conditions.

Although overlay zones in general are quite common, AHOZs have not been widely employed. However, AHOZs can be another tool for municipalities looking to combat or prevent an affordable housing crisis. By offering incentives to affordable housing developers in specific zones, while retaining regular zoning requirements for other developers in the same areas, local governments provide a clear set of rules that can help shape the development and use of land in the community.

Case study

Arlington, VA

In 1990, Arlington implemented a Special Affordable Housing Protection District (SAHPD) in their General Land Use Plan. The focus of the SAHPD is the protection of affordable housing (preservation and replacement) along two rapidly developing transit corridors. Developers that propose a redevelopment of a site with a floor area ratio of 3.24 or higher are required to provide a 1-for-1 replacement of the existing affordable housing bedrooms on the site. The development of the replacement affordable housing units can occur either on-site through increased density or off-site.[89]

Menlo Park, CA

The city of Menlo Park, CA, provides a basic example of AHOZs in Chapter 16.98 of its Municipal Code.[90] Menlo Park is located in the San Francisco Bay Area near Palo Alto and has a population of just over 30,000 people. Following the steps outlined in the summary, the city established its affordable housing overlay in two specific sites, its El Camino Real and Downtown districts. In order to qualify for the AHOZ incentives, a development is required to construct a minimum of 21% low-income units or 12% very low-income units. Doing this would primarily offer the development a density bonus, at a minimum of 36.5% up to a maximum of 60% depending on the number and type (i.e. low-income or very low-income) of units built. Other incentives, which may vary slightly based on the exact development, include an increase in floor area ratio, a height bonus, parking requirement reductions, reductions in minimum open space/landscaping requirements, reductions in required setbacks, and reductions in common and/or private open space. In addition, processing fees are waived entirely, and other fees may be reduced by a percentage equal to the size of the density bonus. Affordable housing units in these developments are required to remain affordable for a minimum of fifty-five years.

LONG-TERM AFFORDABILITY

- COMMUNITY LAND TRUSTS
- DEED RESTRICTIONS
- EMPLOYER ASSISTED HOUSING
- INCLUSIONARY ZONING

Community Land Trusts

DESCRIPTION

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.

CASE STUDY

Orange County, NC; Denver, CO

CHARLOTTE CONTEXT

Charlotte does not currently have a community land trust.

Strategy

A community land trust is an entity, usually a non-profit organization, formed to obtain and maintain land for the benefit of the community. The trust permanently retains the land while the homeowners own the home that is located on this land. The land is leased through a ground lease to the homeowner for 99 years.[91] Community land trusts incorporate resale price restrictions into the lease of the underlying land which makes owner-occupied housing affordable to subsequent low- and moderate-income buyers. The community land trust also has an option to repurchase the housing unit if the owner chooses to sell it.[92] Since the land ownership is held by a trust, the homeowner must adhere to the restrictions outlined in the lease.[93] This arrangement helps to ensure permanent housing affordability.

Community Land Trusts benefit the community in several ways. Land trusts:

- Retain public resources. The resale restriction allows the initial investment in affordable housing units to be preserved.
- Provide the community with long-term affordable renter- and owner-occupied housing options, encourage resident ownership and promote strong community action.[94]
- Offer residential mobility for low-income households, allowing them the opportunity to become homeowners and accumulate wealth while maintaining the affordability of homes for future residents.
- Offer residents at risk of displacement in appreciating communities an opportunity to gain affordable homeownership.
- Provide households with support after they become homeowners, assisting with foreclosures, taxes and mortgages.[95]

Community Land Trusts benefit the community by retaining public resources.

Community land trusts also have several limitations. Equity and wealth creation can be limited due to the resale restriction of the homes. Community land trusts also compete with the scarce public resources available to other non-profit housing providers. Lastly, there may be market-rate homes that are naturally priced affordably that can compete with community land trusts units.[96]

Case Study

Orange County, NC - Community Home Trust

The Community Home Trust is a non-profit organization that provides permanent affordability for low- and moderate-income residents through homeownership in Orange County, North Carolina. Unlike other land trusts, the Community Home Trust owns both the land and the improvements, and the homeowner buys a lease-holding trust. The Community Home Trust sells lease-holding trusts for approximately 30% to 50% below market. To participate, a buyer must earn less than 80% AMI. Buyers that make 80 to 115% AMI can purchase a property through the land trust, but it will not be subsidized. Since 2000, the community land trust has served more than 240 households in Chapel Hill and Carrboro. Home Trust homebuyers must occupy their homes and adhere to resale price and purchaser restrictions. These affordability restrictions preserve affordability for future low and moderate income residents while allowing homebuyers to receive a portion of the equity in the home.[97]

Denver, Colorado - Urban Land Conservancy

Denver serves as a financial, transportation, and distribution center for the Rocky Mountain region and is governed by an elected mayor-council structure.[98] Denver's transit expansion plan, FasTracks, includes adding six new light rail and commuter rail lines, expanding three existing rail lines, establishing new bus rapid transit service and adding a total of 57 new stations. Most of these projects are planned to be completed by 2020. It is estimated that 110,000 households will seek housing within a half-mile of the light rail stations between 2006 and 2030. Of those households, it is estimated that 40% (44,000 units) of the demand comes from low income households. With the fast expansion of Denver's transit system, the city anticipates a gap between housing demand and supply near transit.[99]

The Urban Land Conservancy (ULC) plays an important role in ensuring there are affordable homes in close proximity to existing and future light rail stations in Denver. ULC acquires land in areas where land prices have risen or are anticipated to rise quickly. The Denver Transit Oriented Development (TOD) Fund, a fund used to support the preservation and development of 1,000 affordable units in current and future transit areas in Denver, is used solely by the ULC to make these acquisitions. Making early purchases has preserved and allowed for the development of community assets that otherwise would be too difficult to procure if land prices rose considerably. Usually, ULC holds the land ownership of the property it acquires and sells the buildings or property development rights to partners who agree to preserve or build new affordable housing or other community assets. A 99-year land lease is utilized by the community land trust to maintain long term affordability. ULC has preserved a total of 254 affordable rental homes, most within a quarter mile of existing or future transit and targeted at very low-income households. It is anticipated that ULC's land holdings will allow for the future development of an additional 750 additional affordable rental units.[100]

Affordable Housing Deed Restrictions

DESCRIPTION

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.

CHARLOTTE CONTEXT

Deed restrictions are currently an available tool in Charlotte. Deed restrictions are used to determine affordability periods in developments that utilize Housing Trust Fund, CDBG and HOME funds.

Strategy

Many states and localities have authorized the use of restricted deeds and covenants, which limit actions that can be taken with a property. Deed restrictions can range from historical preservation to preserving affordability. Deed restrictions can control the resale price of a home by using a formula to determine the affordable resale price of the home. Controlling the resale price preserves the affordability of the home for future low-income to moderate-income households. These restrictions may be permanent or for a specified amount of time. The deed can also stipulate who can buy and live in the unit. Often, these restrictions require that the home be purchased by another low- or moderate-income household and the unit be occupied by that household.[101] Public agencies and non-profit organizations that oversee these resale transactions have the right to object to a sale if that sale is not in accordance with the restrictions placed on the deed. This is referred to as Rights of First Refusal.[102] The restricted deed may also provide agencies and non-profits the right to purchase these homes first at the formula-determined price.[103] Public agencies and non-profit organizations are typically favored over homeowner's associations for monitoring deed restrictions due to conflicts of interest that can arise with homeowners. [104]

Restricted deeds must be continuously monitored and enforced. It is important for the authorized agency or organization overseeing the restricted deed to ensure compliance with the deed restrictions not just at the time of sale, but during ownership as well. If restricted deeds go unmonitored, owners of these homes may move and become absentee landlords or deplete the public investment in the home by failing to maintain the property.[105]

Restrictions and regulations placed on a deed have also been used to secure the affordability of housing developed through community land trusts or limited equity cooperatives (affordable housing where ownership is collectively shared by residents.) It is important to note that community land trusts and limited equity cooperatives have their own affordability protections. However, the greatest driving force for the growth of deed restricted homes has been by federal and state funded affordable housing programs and inclusionary zoning programs aiming to preserve affordability.[106]

Case Study

Deed restrictions are often used in conjunction with other strategies, such as inclusionary zoning and HOME funds to preserve affordability periods. As such, no case study is provided.

Employer Assisted Housing (EAH)

DESCRIPTION

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.

CASE STUDY

Rochester, MN

CHARLOTTE CONTEXT

Engaging employers in Charlotte's affordable housing strategy is mutually beneficial for employers, workers, and the Charlotte community as a whole.

Strategy

Employer-Assisted Housing (EAH) is an all-encompassing term used to describe the ways that employers can join the effort to create affordable housing in a community.[107] Although the list of ways employers can become involved is essentially limitless, it can be broken down into two categories. First, employers can intervene on the demand side of the economic equation by easing the burdens of housing costs on their employees. Second, employers can intervene on the supply side by contributing financially to help develop new affordable housing units in the community.[108] Employers can mix and match strategies to best suit the needs of their employees and their community.

Interventions on the demand side most often take the form of direct or indirect support to individual employees. One of the most popular EAH methods is to provide an employer-assisted home ownership program.[109] In this program, employees are provided with grants or low- or no-interest deferred loans up to a fixed amount to support the down-payment and/or closing costs of a home purchase. This kind of up-front support can be especially beneficial to employers who are having difficulty attracting new employees from outside the community because of the difficulty associated with finding affordable housing.[110] The provision of incentives on loans (i.e., forgiveness after five years with the company) can also encourage employee retention.[111] Employers may also offer more ongoing support by providing rent subsidies or mortgage rate buydowns.[112] Other strategies within this category include the provision of rent or mortgage guarantees, employee savings match programs, or secondary gap financing, as well as many other similar efforts that can vary and be tailored to the unique resources and needs of the employer and its community.[113] Many of these strategies can be implemented at a relatively low cost to the employer.

Although demand side efforts are often more straightforward and the preferred method of contribution,[114] employers can also support the development of new affordable housing units in their community. Employers may wish to provide charitable or corporate contributions or various types of low- or no-interest loans or loan guarantees to help finance the construction and development of affordable housing units.[115] Businesses that own land can choose to donate their land to an affordable housing developer or can even develop and own their own housing project.[116] Although the costs of such efforts might be prohibitive for an individual company, various employers can come together to pool funds, which may also be supplemented by other private (i.e., non-profit) and public funding.[117] In addition, some employers, may wish to advocate for policy changes that support the housing needs of their employees and the community.[118] These kinds of efforts may not only help with employee recruitment, but can also support the community at large while improving the employer's public image.[119]

EAH programs can be financially advantageous to employers, especially for large companies that most benefit from economies of scale and from deeply-rooted community institutions such as universities, hospitals, and banks.[120] By supporting their employees' ability to live in an affordable home close to work, employers can more easily attract new employees and retain current employees, cutting down on the costs of turnover and improving employee morale.[121] Living in an affordable home close to work also cuts down on commute times, which can have positive impacts not only on morale but on tardiness and absenteeism as well.[122]

Employers often need additional support beyond their own staff to provide EAH programs, as they do not typically have the expertise on staff to administer such programs.[123] Often, employers will outsource most of the work to nonprofits, including for basic services and when the provision of counseling and other financial education services is involved.[124] Local government can play an important role in incentivizing EAH activities. The complicated nature of the tax policies involved, which will vary based on which specific services an employer chooses to provide, is a potential barrier to employer involvement. To this end, government agencies can go beyond contributing public funds in order to facilitate and increase the likelihood that employers will participate by helping create tax benefits for the provision of EAH services.[125]

Although EAH programs are not widespread, there are a number of them in cities and states throughout the country, including North Carolina. EAH programs can be easily tailored to fit the unique needs of the employers, employees, and the community, because such a wide range of services can be offered through these programs. Typically, programs that provide more direct and straightforward services to individual employees are favored for their administrative ease. Employers, especially working in collaboration with other businesses, nonprofits, and the local government, can also use their resources to spur the development of affordable housing units and supportive public policies. EAH programs can provide numerous benefits to employers, employees, and the community alike, and their adoption can be further supported by the efforts of local nonprofits and the local government to ease the administrative and financial burdens that may be placed on the employer.

Case Study

Rochester, MN – Rochester Area First Homes Program

Because of the broad definition of Employer Assisted Housing (EAH) programs, implementation varies greatly from case-to-case. The variety and flexibility of EAH programs allows employers to tailor their implementation to their own needs and capabilities. An example of a larger initiative can be found in Minnesota's Rochester Area First Homes program (First Homes).[126] This case displays a joint effort by the Greater Minnesota Housing Fund and the Rochester Area Foundation to build new, affordable single-family homes and rental units. Over one-hundred local employers contributed funds, including the Mayo Clinic which contributed $4 million and pledged a $3 million match. These funds were combined with additional funding from other public sources, for a total of $13 million. The funds were used to provide secondary financing for the construction of affordable rental units and to provide assistance to the homebuyers.[127] First Homes manages its land in a community land trust model, wherein homeowners lease property from First Homes, which keeps prices affordable by removing the costs of purchasing the land from the homebuyer equation. First Homes also works with the Minnesota Housing Finance Agency to provide interest-free deferred loans to first time homebuyers to help with down-payment and/or closing costs.[128] In total 671 rental units and 113 single-family homes were developed from 1996 to 2013.

Inclusionary Zoning

DESCRIPTION

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.

CASE STUDY

Austin, TX

CHARLOTTE CONTEXT

Created in 2013, Charlotte has a voluntary, incentive-based density bonus program. However, to date, the program has not been used and concern was voiced by interviewees that it does not provide an adequate incentive to developers in the current housing market.

Strategy

Inclusionary zoning policies try to increase affordable housing by linking affordable housing to market-rate private development. In 2016, more than 500 local inclusionary zoning programs existed. The majority of these programs are concentrated in California, New Jersey, and Massachusetts.

The goal of incorporating affordable units into a market rate development is to create an economically integrated community and provide increased opportunities for residents.[129] While inclusionary zoning policies vary, the core of the policy is centered around the idea that incentives encourage developers of market-rate projects to include a percentage of affordable units within their market-rate developments. Typically, this incentive takes the form of a density bonus which allows the developer to build more units per acre than usually allowed by zoning regulations. In most cases, inclusionary zoning is enforced through zoning ordinances or executive orders at the city or county level, but it ultimately depends on the local form of government.[130]

Inclusionary zoning can be implemented as either a mandatory or voluntary policy. Mandatory policies tend to produce more units than voluntary because developers are required to produce them as long as they qualify, regardless of the size of the density bonus. Voluntary policies however, can have positive results if there is a strong enough density bonus to incentivize developers to participate in the program. An alternative to a mandatory/voluntary structure is to have a hybrid approach in which the inclusionary zoning is required only when a certain unit threshold is met, on a case by case basis, or in specific circumstances determined by the implementing office. The reason behind having a threshold is that if smaller developments are forced to include affordable units, the density bonus is unlikely to offset the costs of those affordable units. In addition to the potential disproportionate financial burden, smaller developments have a smaller amount of land to benefit and accommodate density bonuses. If the developer meets the threshold, they are typically required to set aside 10% to 25% of units for affordable housing or request an alternative plan. The key is identifying a threshold that meets the needs of developing affordable housing without disincentivizing developers because their numbers won't work.

AFFORDABLE UNITS

On average, the proportion of affordable units is in the 10 to 25% range. The proportion of affordable units is a delicate balance because if the required proportion of affordable units is too low, it won't create enough affordable units, and if the number of required units is high in comparison to the density bonus, it could discourage new development. Additionally, if the costs are too high and there is less new development, it could also decrease the housing supply and increase the cost and demand of housing for market-rate homeowners. In some localities inclusionary zoning applies not only to new development but to developments that are being rehabbed as well.[131]

Once the affordable units are developed, residents of those units must meet certain AMI requirements that identify them as a low- or moderate- income borrower. In some areas, the units are required to remain affordable for only a specific period of time, after which they revert to a market rate unit. The time limit is implemented so that purchasers are able to realize a good return on their investment.[132]

ALTERNATIVES

If the developer falls under inclusionary zoning regulations but does not want to include the affordable units, they can elect to pay a “fee in lieu,” build units elsewhere, or agree to provide extra land at another site that can be used for affordable housing. Developers are typically only allowed to do one of these alternatives if the alternative will result in the creation of more affordable units elsewhere, or if building the units would “provide an undue financial hardship for either the developer or the potential occupant.”[133]

BENEFITS AND CHALLENGES ASSOCIATED WITH INCLUSIONARY ZONING

Inclusionary zoning is intended to help increase the amount of affordable housing as well as provide an integration of low- to moderate-income housing with higher income housing. The integration of housing affordability can help mitigate the effects of displacement in areas that are being rapidly redeveloped. It can also help with spatial mismatch whereby low- and moderate-income individuals cannot afford to live in the same communities in which they work. By being able to live closer to the communities in which they work, it also enables residents to have shorter commute times.[134]

In practice, the majority of local inclusionary zoning programs have not served very low- or extremely low-income households (less than 50% AMI.) A study of the 500 local inclusionary zoning programs currently in existence, found that 40% of programs required less than 10% of affordable units and 80% required less than 20% affordable.[135] Of the 500 inclusionary zoning programs, 53% were affordable for households with incomes between 51 – 80% AMI and only 2% required units to be affordable to households with incomes less than 30% AMI. Part of the complexity of requiring units affordable at less than 30% AMI is that the cost to make units affordable at below 30% AMI could counteract any of the benefits of the density bonus. To account for this, some inclusionary zoning programs will require that units are affordable at multiple price points. Also, while units may be affordable, there are some instances in which homeowner’s associations have voted to increase fees beyond what would be affordable by a lower income owner.

Many inclusionary zoning programs also have limits on the length of time a unit must remain affordable, which means that over time the number of affordable units will decrease. As the programs get older, more price regulations will begin to expire, decreasing the number of affordable units under the program. This is compounded by decreasing levels of housing production in certain areas (both for economic and land availability issues).[136]

Inclusionary zoning can put a burden on developers. For some developers it may be financially unfeasible to include affordable units due to high construction costs.[137] Because of this extra burden, it may result in developers choosing not to build in areas that would be subject to inclusionary zoning or to pursue non-residential developments. Alternatively, these extra costs faced by the developer may end up being passed on to the market rate buyers through increased home prices. It should be noted however, that this is not unique to affordable housing. In full market-rate developments, there can be different price points in units, despite the costs being the same to develop each unit (ex. a top floor unit with a view might be priced higher than a unit on a lower floor)

LEGAL CONCERNS

There are several legal considerations to take into account with inclusionary zoning. HousingPolicy.org outlines two major legal considerations.[138] First, it is important to ensure that there is state enabling legislation that allows the local jurisdiction to adopt an inclusionary zoning ordinance so that they are in compliance with the “Dillon Rule.” If local government extends their power past what is allowed by the state legislature, it could be argued that the locality was not in compliance with the rules set by the state, and therefore the inclusionary zoning ordinance and units could be invalidated. The second legal consideration is related to “taking challenges.” It is important to ensure that developers are receiving adequate compensation for the land taken from them or increased development costs and that the inclusionary zoning policy does not result in “excessive devaluation of property for public purpose.” Lastly, it is important that the inclusionary zoning policy “demonstrate[s] a rational nexus between the local need for affordable homes and the role of an inclusionary set-aside and/or fees in-lieu in meeting that need and serving the public interest.”[139] This can be ensured by conducting a study prior to the implementation of the inclusionary zoning policy that demonstrates this need and how the inclusionary zoning affordable unit requirement will meet this need.

CONSIDERATIONS

While inclusionary zoning does increase affordable housing temporarily in some communities, it cannot be viewed as a replacement for a broader affordable housing strategy. Between the time limits on these affordable units and the current decrease in the amount of new development, inclusionary zoning alone will not solve the lack of affordable housing units and the income polarization of communities. It is important to consider combining inclusionary zoning policies with other direct subsidies or programs such as community land trusts which help ensure long term affordability. These subsidies can also be used to ensure that extremely low-income households are housed by subsidizing the amount they can pay to be in the affordable unit.

One element of crafting an inclusionary zoning policy is to involve developers adequately in the process to make sure that their needs are being met by the policy and they are likely to participate.[140] Inclusionary zoning policies must ensure that developers are adequately being compensated for the loss of revenue that comes from having to include affordable units. Additionally, when crafting an inclusionary zoning policy, it is important to consider the housing characteristics of the surrounding area to ensure that increasing density will not be in conflict with the density of the surrounding area, which as a result could increase neighborhood resistance towards the project. To further incentivize investors, it is recommended that inclusionary zoning policies should include additional incentives such as tax abatements, increased parking allowances, and other zoning concessions.[141]

A 2016 study of inclusionary zoning programs by the Center for Housing Policy identified five factors for a successful inclusionary zoning program:[142]

1. A strong housing market
2. Mandatory inclusionary program rather than voluntary
3. Inclusion of incentives that offset developer costs
4. Predictable programs with clear guidelines
5. Flexible compliance options on how to meet affordability requirements (ex. develop units on site, off-site, or pay a fee in-lieu)

Case Study

Austin, Texas - S.M.A.R.T. Housing Policy

Austin, Texas has a Mayor-Council form of government. The City has voted to adopt the Safe, Mixed-Income, Accessible, Reasonably-Priced, Transit-Oriented (S.M.A.R.T.) Housing Policy Initiative, which aims to promote the production of affordable housing for low and moderate income households in Austin.[143] Texas real estate law does not allow inclusionary zoning and is focused on individual property rights. To develop affordable housing, the S.M.A.R.T. housing policy relies on the voluntary participation of developers through various incentives.[144] S.M.A.R.T. Housing incentivizes developers of single-family, multi-family, and mixed-use housing to meet the S.M.A.R.T. standards by providing waivers of development fees (ranging from 25% to 100%) and expedited development review to promote the development of affordable housing.[145]

S.M.A.R.T. housing must be safe, complying with all Land Development and Building Codes for the City. It must be mixed-income and reasonably priced. The affordability requirements are that 10% of the development's units must be no more than 80% of AMI and families cannot spend more than 30% of their gross income on these units. Depending on the percentage of the units that meet these requirements, development fees are waived. These homes must also have units that are accessible for persons with a disability—in multi-family housing at least 10% of units must be accessible for persons with a disability. Development must also be transit-oriented and meet energy conservation and green program standards. The housing development must be located within a quarter or a half of a mile from transit access or must show that an alternative access to transit will be provided.[146] As of 2014, the S.M.A.R.T. housing initiative produced 15,351 affordable housing units for residents.[147]

Recommendations

The affordable housing development strategies presented in this report are intended to serve as a conversation tool.

Due to the complexity of the strategies and the steps that would be needed to implement them, it is not possible to say which approach should be prioritized in Charlotte-Mecklenburg without further discussion. As such, there are some recommendations that can help facilitate these discussions and to take into consideration:

1. **Start now.** As land costs increase, so will the cost to develop affordable housing. Given the population growth occurring in Charlotte's region and the resulting pressures on the housing market, it is important to be proactive in addressing affordable housing development challenges to ensure that the growth that occurs is inclusive of all Charlotte-Mecklenburg residents.

2. **Engage a variety of stakeholders.** Convene a group of stakeholders to discuss strategies within the context of Charlotte-Mecklenburg, including neighborhood residents. Tailor strategies to individual neighborhood needs but also explore citywide policies.[148]

3. **Develop a database of publicly, privately, philanthropically, and non-profit owned land.** As a first step, it could be useful to appoint an entity to develop a database of all publicly, privately, philanthropically, and non-profit owned land that an organization might be willing to donate or sell at a reduced cost. Development of the database would take into consideration the availability of land as well as the proximity of that land to other resources that would create opportunities for residents. This database could be incrementally developed and a starting point for discussion among a broad range of stakeholders to prioritize opportunities for affordable housing development.

4. **Examine local policies and ways in which they might contribute to barriers to affordable housing development.** For example, interviewees mentioned that it could be helpful to remove requirements for affordable housing developers to notify neighborhoods when they are using tax credits and Housing Trust Fund dollars to develop a properly zoned site—a requirement that is not in place for market rate developers.

5. **Make the business and economic case for affordable housing.** Make the economic case for affordable housing and engage the business community in exploring strategies.

6. **Keep long-term affordability in mind.** As each strategy is examined, discuss how long-term affordability can be incorporated into a development.

References

[1] National Low Income Housing Coalition. "National Housing Preservation Data Updated." Accessed July 19, 2016. http://nlihc.org/article/national-housing-preservation-database-data-updated

[2] Levy, Diane, Jennifer Comey, and Sandra Padilla. 2006. "Keeping the Neighborhood Affordable: A Handbook of Housing Strategies for Gentrifying Areas." http://www.urban.org/sites/default/files/alfresco/publication-pdfs/411295-Keeping-the-Neighborhood-Affordable.PDF

[3] Tippet, Rebecca. 2015. "What will your city be like in 15 years?" Accessed July 19,2016. http://demography.cpc.unc.edu/2015/02/02/what-will-your-city-be-like-in-15-years/

[4] American Communities Survey, 5-year estimates and CHAS data.

[5] Levy, Diane, Jennifer Comey, and Sandra Padilla. 2006. "Keeping the Neighborhood Affordable: A Handbook of Housing Strategies for Gentrifying Areas."

[6] Washington Area Housing Partnership. "Expedited Permitting." Accessed July, 19, 2016. http://www.wahpdc.org/expermitting.html

[7] City of San Diego. "Affordable Housing Requirements and Expedite Program." Accessed July 19, 2016. https://www.sandiego.gov/development-services/news/archive/ah

[8] Portland Housing Bureau. 2016. "BDS and PHB Coordination on Affordable Housing." https://www.portlandoregon.gov/saltzman/article/567871

[9] Washington Area Housing Partnership, "Expedited Permitting."

[10] King, Leigh Ann. 2008. "Housing Affordability." http://www.law.du.edu/images/uploads/rmlui/rmlui-sustainable-housingAffordability.pdf

[11] Pierce County Council. 2015. "Chapter 18A.65: Affordable Housing Incentives Revised 6/15." http://www.codepublishing.com/WA/PierceCounty/html/PierceCounty18A/PierceCounty18A65.html

[12] Alexandria Office of Housing. 2010. "Affordable Housing Regulatory Tools Case Studies." https://www.alexandriava.gov/uploadedFiles/housing/info/AffordableHousingCaseStudies12302010.pdf

[13] Washington Area Housing Partnership, "Expedited Permitting."

[14] Ibid.

[15] Pinellas County Planning Department. n.d. "Affordable Housing Incentives Offered Through the Pinellas County Land Development Code." Accessed July 19, 2016. http://www.pinellascounty.org/community/pdf/AffordableHousingGuide.pdf

[16] City of Asheville. n.d. "Affordable Housing Fee Rebate Program." Accessed July 19, 2016. http://www.ashevillenc.gov/portals/0/city-documents/CommunityDevelopment/Affordable_Housing_Programs/Fee%20Rebate%20Form%20Oct%20%202010.pdf

[17] Ibid.

[18] Local Progress: The National Municipal Policy Network and Cornerstone Partnerships. n.d. "Affordable Housing Impact Fee Programs." Accessed July 20, 2016. http://localprogress.org/wp-content/uploads/2013/09/Affordable-Housing-Impact-Fee.pdf

[19] MidPen Housing. n.d. "Affordable Housing Impact Fees." Accessed July 25, 2016. http://www.midpen-housing.org/wp-content/uploads/2011/08/MidPen-Impact-Fees_March-2014.pdf

[20] Been, Vicki. 2005. "Impact Fees and Affordable Housing." *City Scape: A Journal of Policy Development and Research* 8(1): 143. https://www.huduser.gov/periodicals/cityscpe/vol8num1/ch4.pdf

[21] Ibid, 145-148.

[22] Northern Virginia Affordable Housing Alliance. n.d. "Commercial Linkage Fees in Northern Virginia: A Primer", 6. Accessed July 25, 2016. http://nvaha.org/wp-content/uploads/2014/11/NVAH_1311_CommImpactRpt-WEB.pdf

[23]Ibid, 4.

[24] Center for Community Change. "What are Housing Trust Funds?" Accessed July, 25. http://housingtrustfundproject.org/

[25] Allbee, Allison, and Rebecca Johnson, & Jeffrey Lubell. 2015. "Preserving, Protecting, and Expanding Affordable Housing: A Policy Toolkit for Public Health." http://www.changelabsolutions.org/sites/default/files/Preserving_Affordable_Housing-POLICY-TOOLKIT_FINAL_20150401.pdf

[26] Levy, Comey, and Padilla 2006.

[27] United States Department of Housing and Urban Development. 2013. Models for Affordable Housing Preservation." Accessed July 15, 2016. "https://www.huduser.gov/portal/periodicals/em/summer13/highlight3.html

[28] Allbee, Allison, and Rebecca Johnson, & Jeffrey Lubell 2015.

[29] Ibid.

[30] City of Charlotte. "City Government." Accessed July 27, 2016. http://charmeck.org/city/charlotte/pages/city-government-at-a-glance.aspx

[31]City of Charlotte. "Housing Trust Fund." Accessed July 27, 2016. http://charmeck.org/city/charlotte/nbs/housing/Pages/HousingTrustFund.aspx

[32]City of Charlotte. "City Bonds-Questions and Answers." Accessed July, 27, 2016. http://charmeck.org/city/charlotte/Bonds/Pages/Bond%20Q%20and%20A.aspx#1

[33] City of Seattle. "Governance Structure." Accessed July 27, 2016. http://www.seattle.gov/cityclerk/legislative-process-guide/governance-structure

[34] City of Seattle. n.d. "2009 Seattle Housing Levy: 2015 Report Accomplishments." Accessed July 27, 2016. http://www.seattle.gov/Documents/Departments/Housing/Footer%20Pages/Levy-Annual-Report_2015.pdf

[35] City of Seattle. n.d. "2016 Seattle Housing Levy", 1. Accessed July 27, 2016. http://www.seattle.gov/Documents/Departments/Housing/Footer%20Pages/2016HousingLevy_FactSheet.pdf

[36] Arlington County. 2015. "Arlington County Affordable Housing Implementation Framework." https://arlingtonva.s3.amazonaws.com/wp-content/uploads/sites/15/2015/09/Implementation-Framework.pdf

[37] "Asheville: NC 2015 Comprehensive Housing Strategy 7 Policy Framework." 2014. Accessed July 20. http://www.slideshare.net/gordonsmithasheville/comprehensive-affordable-housing-strategy-and-framework-10-1414

[38] City of Asheville. 2015. "Land Use Incentive Policy as Amended September 22, 2015." http://www.ashevillenc.gov/Portals/0/city-documents/communitydevelopment/Land%20Use%20Incentive%20Policy%20Adopted%209-22-15.pdf

[39] NC Housing Coalition Newsletter, August 5, 2016. http://www.nchousing.org/news-events/housing-matters/housing-matters-archives/2016

[40] Hickey, Robert and Lisa Sturtevant. 2015. "Urban Land & Affordable Housing in the Washington DC Region: Best Practices and Recommendations." http://washington.uli.org/wp-content/uploads/sites/56/2015/02/ULI_PublicLandReport_Final020215.pdf

[41] Ibid.

[42] Ibid.

[43] Ibid.

[44] Ibid.

[45] Peterson, Sarah Jo. 2014. "Tax Increment Financing: Tweaking TIF for the 21st century." *Urban Land Magazine*, June 9. http://urbanland.uli.org/economy-markets-trends/tax-increment-financing-tweaking-tif-21st-century/

[46] Blocher, Joseph & Jonathon J. Morgan. 2008. "Questions About Tax Increment Financing in North Carolina." *Community and Economic Development Bulletin, 5*. http://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=2597&context=faculty_scholarship

[47] Ibid.

[48] Ibid.

[49] Allbee, Johnson, & Lubell 2015.

[50] Blocher & Morgan 2008.

[51] Reinke, Bill. n.d. "Tax Increment Financing and Affordable Housing in Minnesota: The very BASICS." Accessed July 20, 2016. http://www.regionfive.org/cms/files/Tax%20Increment%20Financing%20and%20Affordable%20Housing%20in%20Minnesota.pdf

[52] Metropolitan Council. 2015. "Tax Increment Financing." http://www.metrocouncil.org/Handbook/Files/Resources/Fact-Sheet/HOUSING/Tax-Increment-Financing.aspx

[53] Reinke, "Tax Increment Financing and Affordable Housing in Minnesota."

[54] Ibid.

[55] Blocher & Morgan 2008.

[56] Ibid.

[57] Peterson 2004.

[58] Blocher & Morgan 2008.

[59] Montana Department of Transportation. "Montana Transportation and Land Use: Development Exactions and Incentives – Tax Increment Financing." Accessed July 20, 2016. http://www.mdt.mt.gov/research/toolkit/m1/ftools/fd/tifd.shtml

[60] City of Dallas. 2016. "Review of Tax Increment Financing Policy and Applicability for Encouraging Mixed Income Housing." https://dallascityhall.com/government/Council%20Meeting%20Documents/ecohou_4_reviewoftaxincrementfinanceingpolicyandapplicabilityforencouragingmixedincomehousing_combined_02012016.pdf

[61] Ibid.

[62] Millonzi, Kara. 2013. "What is a Synthetic Project Development Financing (aka Synthetic TIF)?" Coates' Canons: NC Local Government Law Blog, April 5. http://canons.sog.unc.edu/what-is-a-synthetic-project-development-financing-aka-synthetic-tif/

[63] City of Charlotte. "Synthetic Tax Increment Financing (TIF) Program." Accessed August 20, 2016. http://charmeck.org/city/charlotte/nbs/ed/pages/tifprogram.aspx

[64] Ibid.

[65] City of Portland. "City Government Structure." Accessed July 26, 2016. https://www.portlandoregon.gov/auditor/article/9178

[66] City of Portland. Importance of TIF Set-Aside Policy. Accessed July 26, 2015. https://www.portlandoregon.gov/phb/article/428244

[67] City of Portland. n.d. "Set Aside Ordinance." Accessed July 26, 2016. https://www.portlandoregon.gov/phb/article/428250

[68] City of Portland. n.d. "Income Guidelines for Affordable Housing Tax Increment Financing Set Aside Policy." Accessed July 26, 2016. https://www.portlandoregon.gov/citycode/?c=31334&a=155330

[69] City of Portland, "Importance of TIF Set-Aside Policy."

[70] Portland Development Commission. "Frequently Asked Questions." Accessed July, 27. http://www.pdc.us/about-the-pdc/frequently-asked-questions.aspx

[71] Allbee, Johnson, & Lubell 2015.

[72] Ibid.

[73] Portland Housing Bureau. n.d. "FY 2013-2014 TIF Set Aside Spending Report." Accessed July, 27. https://www.portlandoregon.gov/phb/article/510208

[74] Law, Steve. 2015. "City Council takes two big strides to boost affordable housing funding." *Portland Tribune, October 28.* http://portlandtribune.com/pt/9-news/279052-155306-city-council-takes-two-big-strides-to-boost-affordable-housing-funding-

[75] North Carolina Housing Coalition. (n.d.) "Tax-Exempt Bonds and 4% Tax Credits." Accessed August 5, 2016. http://www.nchousing.org/research-data/NC%20Housing%20Bond%20Webinar.pdf

[76] Ibid.

[77] Ibid.

[78] American Planning Association. 2007. "Property Topics and Concepts." https://www.planning.org/divisions/planningandlaw/propertytopics.htm

[79] Orange County Business Council. n.d. "Housing Overlay Zones." Accessed August 5, 2016. http://www.ocbc.org/research/housing-toolkit/housing-overlay-zones/

[80] Race, Poverty & the Environment. 2010. "Factsheet: Housing Overlay Zones." Accessed August 5, 2016. http://www.reimaginerpe.org/files/HOZ_Fact_Sheet_FINAL_7-27-10(2).pdf

[81] Ibid.

[82] Coalition for Sensible Planning. n.d. "Affordable Housing Overlay Zoning." Accessed August 5, 2016. http://www.sbcsp.org/csp_faq.php

[83] Association of Bay Area Governments. n.d. "Housing Overlay Zone (HOZ)." Accessed August 5, 2016. http://abag.ca.gov/files/HousingOverlayZone.pdf

[84] Ibid.

[85] Race, Poverty & the Environment 2010.

[86] The Kennedy Commission. 2008. "Toolbox / Best Practices for Affordable Housing Development." http://www.kennedycommission.org/documents/HE_Toolbox_000.pdf

[87] Ibid.

[88] City of Buellton Planning Department. 2006. "Affordable Housing Overlay Zone." http://www.cityofbuellton.com/files/Project%20Application%20Checklists/B12AC-AHOZ%20Handout-Final.pdf

[89] Arlington County. "Arlington County: Affordable Housing Implementation Framework. 2015." https://arlingtonva.s3.amazonaws.com/wp-content/uploads/sites/15/2015/09/Implementation-Framework.pdf

[90] City of Menlo Park. n.d. "Municipal Code Chapter 16.98: Affordable Housing Overlay." Accessed August 5, 2016. http://www.codepublishing.com/CA/MenloPark/?MenloPark16/MenloPark1698.html

[91] Levy, Comey, and Padilla 2006.

[92] Davis, John E. 2006. "Shared Equity Homeownership." http://www.nhi.org/pdf/SharedEquityHome.pdf

[93] Sherriff, Ryan. 2010. "Shared Equity Homeownership State Policy Review." *Journal of Affordable Housing & Community Development Law* 19: 279-311. http://www.jstor.org/stable/25782880

[94] Levy, Comey, and Padilla 2006.

[95] United States Department of Housing and Urban Development. (n.d.). The "Community Land Trust Report." Accessed July 28, 2016. http://www.hud.gov/offices/cpd/about/conplan/foreclosure/pdf/austincommtrust.pdf

[96] Ibid.

[97] Community Home Trust. "Overview." Accessed July, 28. https://communityhometrust.org/overview/

[98] City of Denver. "How Our City Government Works." Accessed July, 27. https://www.denvergov.org/content/denvergov/en/city-of-denver-home/government/city-overview.html

[99] Hickey, Robert. 2013. "The Role of Community Land Trusts in Fostering Equitable, Transit-Oriented Development: Case Studies from Atlanta, Denver, and the Twin Cities." https://www.lincolninst.edu/pubs/dl/2243_1579_Hickey_WP13RH1.pdf

[100] Ibid.

[101] Sherriff 2010.

[102] Mintz-Roth, Jesse. 2008. "Long-Term Affordable Housing Strategies in Hot Housing Markets." *Joint Center for Housing Studies of Harvard University*. http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/w08-3_mintz-roth.pdf

[103] Davis 2006.

[104] Ibid.

[105] Ibid.

[106] Ibid.

[107] City of Asheville. 2015. "Best Practices for Affordable Housing: Eleven Methods Used by Communities to Create & Preserve Affordable Housing Across the Nation." http://www.ashevillenc.gov/Portals/0/city-documents/communitydevelopment/Best%20Practices%20_Final.pdf

[108] Joint Center for Housing Studies of Harvard University. 2000. "Employer-assisted housing: Competitiveness Through Partnership." http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/mpill_w00-8.pdf

[109] Ibid.

[110] Ibid.

[111] Ibid.

[112] Greater Minnesota Housing Fund 2014.

[113] Ibid.

[114] Joint Center for Housing Studies of Harvard University 2000.

[115] Greater Minnesota Housing Fund 2014.

[116] Ibid.

[117] Ibid.

[118] Ibid.

[119] Joint Center for Housing Studies of Harvard University 2000.

[120] Ibid.

[121] Afshar, A. 2006. "New arguments for employer-assisted housing." *New England Community Developments,* 1, 1-6. http://www.bostonfed.org/commdev/necd/2006/q1/EmployerAssistedHousing.pdf

[122] Greater Minnesota Housing Fund 2014.

[123] Ibid.

[124] Ibid.

[125] Joint Center for Housing Studies of Harvard University 2000.

[126] First Homes. "Home." Accessed July 28, 2016. http://www.firsthomes.org/home.php

[127] Greater Minnesota Housing Fund 2014.

[128] First Homes, "Home".

[129] Brown, Karen. The Brookings Institute. 2001. "Expanding Affordable Housing Through Inclusionary Zoning: Lessons from The Washington Metropolitan Area." https://www.brookings.edu/wp-content/uploads/2016/06/inclusionary.pdf

[130] Stromberg, Brian and Lisa Sturtevant. 2016. "What Makes Inclusionary Zoning Happen?" http://media.wix.com/ugd/19cfbe_2b02286eba264acd872fd2edb3d0cb8f.pdf

[131] HousingPolicy.org. 2012. "Inclusionary Zoning." Accessed June 28, 2016 http://www.housingpolicy.org/toolbox/strategy/policies/inclusionary_zoning.html?tierid=109

[132] Brown 2001.

[133] HousingPolicy.org 2012.

[134] Ibid.

[135] Stromberg, Brian and Lisa Sturtevant 2016.

[136] Brown 2001.

[137] Ibid

[138] Ibid

[139] HousingPolicy.org 2012.

[140] Ibid.

[141] Brown 2001.

[142] Sturtevant, Lisa A. 2016. "Separating Fact from Friction to Design Effective Inclusionary Housing Programs." http://media.wix.com/ugd/19cfbe_9a68f933ed6c45bfb5f8b7d2ef49dda0.pdf

[143] City of Austin. 2008. "S.M.A.R.T. Housing Policy Resource Guide", 4. https://www.austintexas.gov/sites/default/files/files/Housing/Application_Center/SMART_Housing/smart_guide_0708.pdf

[144] City of Austin. 2016. "Review of the S.M.A.R.T. Housing Program." http://www.austintexas.gov/edims/document.cfm?id=247830

[145] City of Austin 2008.

[146] Ibid.

[147] Urban Land Institute. n.d. "City of Austin." Accessed July 28, 2106. http://uli.org/wp-content/uploads/ULI-Documents/Austin-web1.pdf

[148] Allbee, Johnson, and Lubell 2015.