



Raleigh

Affordable Housing Bond Policy Options

June 16, 2020





Today's Presentation

Recap bond "buckets"

Offer policy considerations

Increasing number of units
affordable at 30% AMI

Discussion and feedback

Recommended Bond Package Elements

Bond Elements	Percent Allocation	Amount
Transit-Oriented Site Acquisition	20%	\$16,000,000
Public-Private Partnerships	35%	\$28,000,000
LIHTC Gap Financing	30%	\$24,000,000
Owner-Occupied Home Rehabilitation	7.5%	\$6,000,000
Down Payment Assistance	7.5%	\$6,000,000

Total Bond Package – \$80M



Transit Oriented Site Acquisition (\$16 Million)

Objective: Equitable Development Around Transit (EDAT)

Policy Options: Funds can be used for the following:

- Direct acquisition by the COR for future LIHTC development. (and)
- Via RFP, provide funds to private entities for the acquisition and preservation of existing affordable rental units primarily serving 60% AMI and below or the acquisition of sites for infill or “missing middle” development providing affordable rental or homeownership opportunities. (or)
- Limit acquisition funds to private entities for affordable rental projects only.



Public-Private Partnerships (\$28 Million)

Objective: EDAT.

Increasing Supply of Affordable Housing

- \$10 Million for permanent supportive housing for very low income chronically homeless individuals (50 units). (and)
- \$18 Million plus regulatory incentives for new rental development where not less than 20% of the units are affordable at 60% AMI for not less than 30 years (voluntary inclusionary model) or the development of “missing middle” affordable homeownership opportunities. (or)
- Limit partnerships to the development of affordable rental housing only.



LIHTC Gap Financing

Objective: EDAT.

Increasing the supply of affordable housing

- Advisory committee supports a higher percentage of units affordable at 30% AMI than produced over the past five years.
- Advisory committee recognized that additional City subsidy is required to accomplish that.
- The City (or County) subsidy required to create a 30% AMI unit is more than double the amount needed to create a 60% AMI unit and thus fewer total units can be created with same amount of funding.



LIHTC Gap Financing

Baseline: 2015-2019 Tax Credit Funded Projects

4% or 9%	Total Units	City Funding	County Funding	30% AMI	40-50 % AMI	60% AMI	70% AMI
4%	2,260	\$41,567,704	\$6,069,296	0	173	1,997	90
9%	449	\$ 5,233,000	\$1,888,000	87	59	303	0
Totals	2,709	\$46,800,704	\$7,957,296	87	232	2,300	90



LIHTC Gap Financing

Baseline: 2015-2019 Tax Credit Funded Projects

4% or 9%	Total Units	City Funding Total Per Unit	County Funding Total Per Unit	30% AMI Units Number Percent	40 - 50% AMI Units Number Percent	60% AMI Units Number Percent	70% AMI Units Number Percent
4%	2,260	\$41,567,704	\$6,069,296	0	173	1,997	90
		\$18,393	\$2,686	0%	8%	88%	4%
9%	449	\$5,233,000	\$1,888,000	87	59	303	0
		\$11,655	\$4,205	19%	13%	67%	0%
Total	2,709	\$46,800,704	\$7,957,296	87	232	2,300	90
		\$17,276	\$2,937	3%	9%	85%	3%



LIHTC Gap Financing

Key baseline take-aways

- 30% AMI units account for 3.2% of total units and 19.4% of 9% units.
- 40-50% AMI units account for 8.6% of total units, 13.1% of 9% units and 7.7% of 4% units.
- City and County subsidy per unit for 4% and 9% projects combined is \$20,213.
- With total funding of \$24 million and per unit gap financing of \$20,213, approximately 1,187 units could be created based on past income targeting.



LIHTC Gap Financing

Policy Options to achieve deeper income targeting

- Require that not less than 30% of units in 9% projects target 30% AMI.
- Require that not less than 10% of units in 4% projects target 30% AMI.
- Require tax credit developers to commit to a 40 year period of affordability.



Owner-Occupied Home Rehabilitation (\$6 million)

Objective: EDAT.

Income Targeting: 80% AMI and below

Maximum Loan Amount: \$100,500. Interest Rate: 0%. Must have lived in the home at least five years prior to application.

- For owners age 62+ or disabled, loan is forgiven after 5 years.
- For owners under age 62, loan is forgiven after 15 years.
- Geographic proximity to transit to be determined.
- Policy Option: Limit program to 50% AMI and below.



Down-payment Assistance (\$6 million)

Objective: EDAT.

Income Targeting: 80% AMI and below

Policy Options

- Replicate existing program: \$20,000, 0% forgiven over 20 years, maximum sales price of \$260,000 (300 buyers assisted). (or)
- Create new program to acknowledge higher values near transit: \$30,000, 0% deferred and repaid upon sale, maximum sales price of \$340,000 (200 buyers assisted). (and)
- Provide enhanced assistance to buyers who previously lived in the area.
- Geographic proximity to transit to be determined.

Discussion

