

Affordable Housing Bond Referendum Options



Raleigh





Agenda – January 21, 2020

- Bond referendum history
- Potential housing bond considerations
- Advocacy

Bond Planning Timeline

April 16, 2019



City Council Meeting – Staff received direction to present bond options

June 4, 2019



City Council Meeting – Bond options presented

August 20, 2019



City Council Meeting – Bond update with calendar options

September 12, 2019



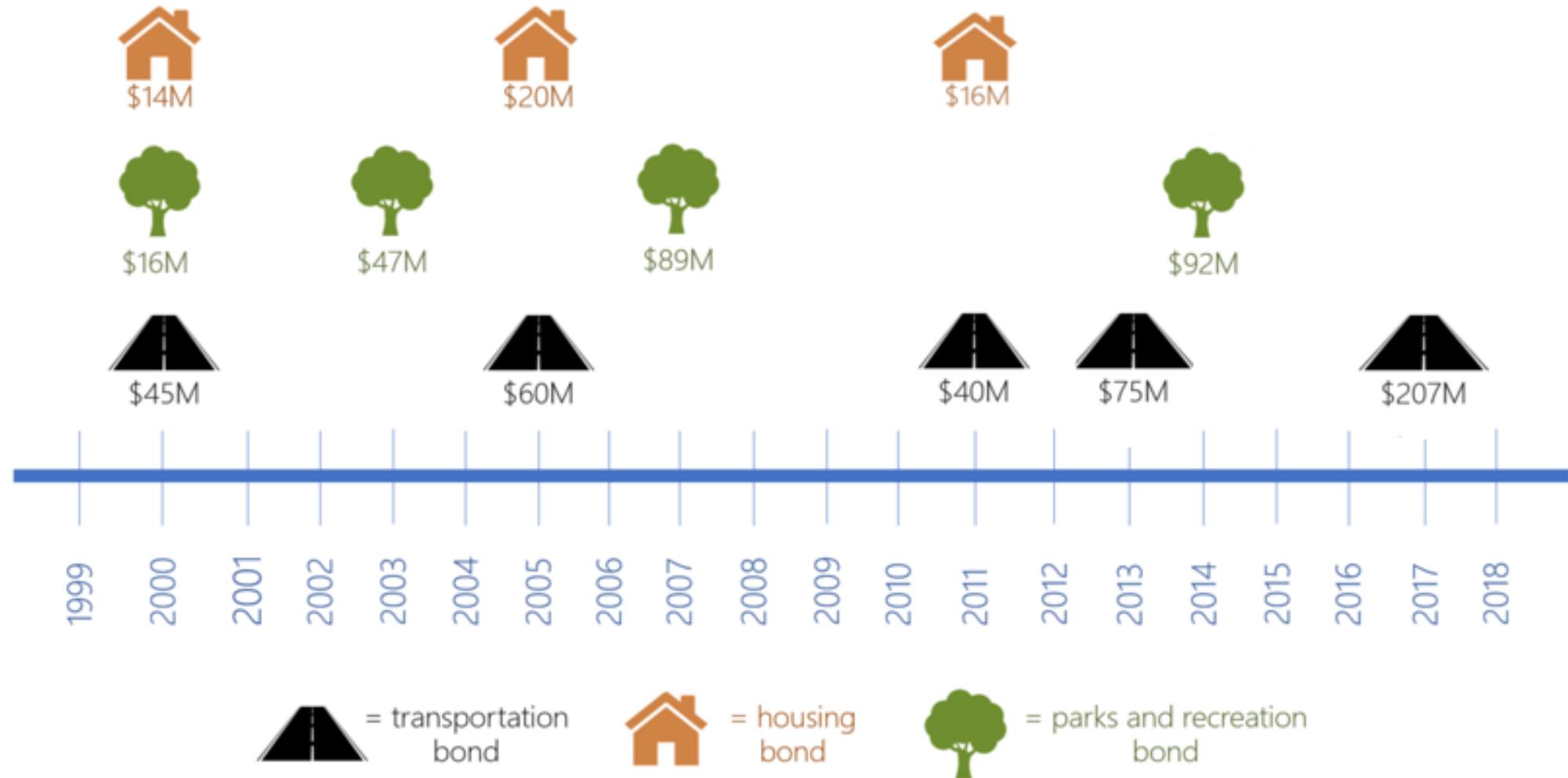
Met with WakeUp Wake County

September 13, 2019



Met with the Chamber of Commerce

History of Raleigh GO Bond Referendum



Bond Objectives

April 16, 2019 City Council Meeting

- Provide roughly equal geographic distribution project investments
- Provide a range of housing types and income levels in coordination with Wake County
- Include new units and rehabbed units where financially viable
- Seek innovative development partnerships
- Seek projects and land banking opportunities near planned transit routes (BRT)

Potential Bond Package Elements – June 4, 2019

- Transit Oriented Property Acquisition
- Public-Private Partnerships
- Low Income Housing Tax Credit Gap Financing
- Homeowner Rehabilitation
- Down Payment Assistance

*General consensus from City Council on spending plan and funding distribution

A percentage of bond proceeds will be suggested for each program, but the intent would be to construct policies that would maintain flexibility to reexamine and reallocate funding across program areas as priorities, opportunities or market conditions change.

Housing Bond Package

Categories		Package #1 - \$50,000,000	Package #2 - \$75,000,000
Transit Oriented Development - Site Acquisition	30%	15,000,000	22,500,000
LIHTC Gap Financing	25%	12,500,000	18,750,000
Public-Private Partnerships	25%	12,500,000	18,750,000
Homeowner Rehabilitation	10%	5,000,000	7,500,000
Downpayment Assistance	10%	5,000,000	7,500,000
Annual Operating Cost		\$500,000 - \$1,000,000	
Total Anticipated Tax Impact *		0.58¢ - 0.65¢	0.83¢ - 0.90¢
Annual Impact to Property Owner **		\$15.43 - \$17.24	\$22.23 - \$24.05

* Total anticipated tax impact includes bond package PLUS annual operating cost

** Average value of a home in Raleigh used for analysis: \$268,830 (per Wake County)



Staff Direction

Staff was directed to consult with the Chamber of Commerce and WakeUp Wake County regarding possible campaign.

Feedback:

- Stakeholder engagement insufficient
- Land use and regulatory conflicts



December 17 Work Session

- Affordable housing update from City staff
- Presentation/discussion – Durham Mayor Steve Schewel
- Council feedback to staff
 - Desire to see broad range of opportunities for participation
 - Consult with Chamber on referendum advocacy.



January 21 Discussion Points

- Mayor and City Council will consider the creation of one advisory committee to engage stakeholders on housing.
- Chamber will lead one combined quality of life bond advocacy effort.
- Refinement of the acquisition “bucket” based on Council feedback.



Property Acquisition (New Activity)

- Funds to acquire property for future development/redevelopment or preservation:
 - Along BRT Corridors
 - Along high frequency transit corridors, or other priority locations.
- The objective of this new activity is to obtain site control near future transit investments directly and via broad partnerships with the private sector, including the non-profit community.
- Desired site sizes range from those large enough to support tax credit projects to small “missing middle” development or preservation opportunities. Program and policy development would be required.



Public – Private Partnerships (New Activity)

- Solicit development partners via an RFP
- Respond to opportunities initiated by the private sector
- A flexible source to respond to changing market conditions
 - The RFP process will be new and would require program and policy development. For example, staff would need to create a process for accepting applications and establish criteria for evaluating proposals.



Low Income Housing Tax Credit Gap Financing

- Funds to serve as targeted gap financing to tax credit projects in proximity to transit or other priority locations:
 - Expands an existing program
 - Includes both 4% and 9% projects
 - Site acquisition assistance is allowed due to high land cost



Homeowner Rehabilitation

Funds provide forgivable home rehab loans:

- Represents an expansion of an existing program
- Supports geographic targeting - proximity to high frequency transit corridors
- Enables long-term homeowners up to 80% AMI to remain in place
- Historically, most homeowners have incomes below 60% AMI and some are very low income



Down Payment Assistance

Funds would provide:

- Assistance to homebuyers up to 80% AMI
- Opportunities to secure homes in proximity to high frequency transit corridors
- Opportunities to purchase higher density townhomes, cottage courts, and condominiums that may be developed along transit corridors
- An expansion and refinement of an existing program



Accessory Dwelling Unit Financing

- Not bond eligible but local funding could be considered for income restricted program.
- Pending Durham/TJCOG work
 - Survey existing financing programs
 - Assessment of barriers, financing and other
 - Results to be shared with Raleigh



Property Tax Relief

Not bond eligible but local funding could be considered.

Durham

- Initiated a pilot program that has now been discontinued.

Charlotte

- 142 homeowners assisted to date
- Average grant amount \$109
- Total payments made \$25,116

A photograph of a residential street with brick houses and trees. The houses are two-story brick buildings with white trim around the windows and doors. There are several trees, some with bare branches and some with green leaves. The sky is blue with some light clouds. The overall scene is a typical suburban neighborhood.

Peer City Considerations

- City of Durham passed \$95 million in 2019 of which approximately \$50 million is for Durham Housing Authority.
- City of Charlotte 2018 Housing Bond was \$50 million.
- City of Greensboro 2016 Housing Bond was \$25 million.



Existing Funding in Raleigh

- Bond proceeds would supplement what Raleigh already has to invest:
 - \$6 million annually from HUD
 - \$6 million annually from the 2016 tax increase (from the Penny)

Key questions and Next Steps

