



Affordable Housing Bond Follow-up Report

September 1, 2020





Agenda

- Recap of elements and policy objectives
- Proposed combined funding matrix
- Existing income targeting by program
- Policy options for greater 30% AMI targeting

Elements and policy objectives



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

**Policy Focus: Equitable Development Around
Transit**



30% AMI Policy Objectives

Two of the five bond elements or buckets

- Public-private partnerships
- LIHTC gap financing

Combined Funding Matrix





Combined Funding Matrix

- Draft document based on conservative assumptions.
- Displays the full spectrum of income groups served.
- Per unit average subsidy in rental development gap financing based on increased 30% AMI targeting.

Housing Bond (over 5-year period)

Activity	Amount	Projected Beneficiaries
Site Acquisition	\$16 M	
Future tax credit development	(\$12 M)	\$1M per acre * 36 units per acre = 432 units (3 story zoning)
Preservation of NOAH or expiring tax credits	(\$4 M)	\$4M / \$65K avg per unit = 62 units
Public-Private Partnerships	\$28 M	
Permanent supportive housing	(\$10 M)	<u>50 unit</u> permanent supportive housing development for chronically homeless individuals.
Voluntary inclusionary projects	(\$18 M)	\$18 M / \$65K avg per unit = 277 units
Gap Financing - Rental Development	\$24 M	
9% and 4%		\$24 M / \$35K avg per unit (Increased from \$20,213 per unit subsidy due to 30% AMI targeting) = 685 units
Down Payment Assistance	\$6 M	
First-time homebuyers		\$6 M / \$30 K avg per unit = 200 units
Owner-Occupied Rehab	\$6 M	
Substantial Rehab Program		\$6 M / \$100K avg per unit = 60 units
TOTAL	\$80 M	1766 units

Current Income Targeting and Voucher Holders





Existing Income Targeting

- Most recent 13 LIHTC projects placed in service.
- Most recent 6 permanent supportive housing projects placed in service.
- Raleigh Housing Authority public housing and Section 8 program.



Existing Tax Credit Developments

In the 13 most recently funded properties:

- 14% of the units were required to target 30%AMI
- 37% of the units were occupied by 30% households
- 40% of tenants were voucher holders
- Average subsidy per unit was \$19,623



Recent Permanent Supportive Housing Developments

In the 6 most recently funded properties:

- 3% of the units were required to target 30%AMI
- 43% of the units were occupied by 30% households
- 46% of tenants were voucher holders
- Average subsidy per unit was \$49,662



Raleigh Housing Authority

Public Housing and Section 8

- 76.64% of public housing units occupied by 30% AMI or below.
- 83.37% of voucher holders 30% AMI or below.
- Approximately 300 vouchers annually become available.
- Only about 30% of new eligible voucher holders actually locate an available unit.



Raleigh Housing Authority

Public Housing and Section 8

- Public housing waiting list: 4,196 households
- Section 8 waiting list: 6,572 households
- 1,925 households on both waiting lists



30% AMI Policy Options

Operating and Funding Consideration

- A rental project where all units are targeting to 30% AMI cannot support any debt service;
- Such a project does not generate sufficient rental income to cover operating expenses; and therefore:
- 30% AMI units must be mixed with higher income targets for a project to be viable and sustainable.
- The tax credit program is the most cost effective method for creating the highest number of units.
- Non-profit partnerships can also target 30% AMI.



Public-Private Partnerships (\$28 Million)

Objective: EDAT.

Increasing Supply of Affordable Housing

- \$10 Million for permanent supportive housing for very low income (30% AMI or lower) chronically homeless individuals (50 units).
- \$10 Million for non-profit partners to create or preserve small scale projects where not less than one-third of total units serve 30% AMI or lower.
- \$8 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.



LIHTC Gap Financing - \$24 Million

Objective: EDAT.

Increasing the supply of affordable housing serving 30% AMI

- Require 25% of units in 9% tax credit projects to target 30% AMI.
- Require 10% of units in 4% tax credit projects to target 30% AMI.
- 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.

Discussion

