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

<table>
<thead>
<tr>
<th>Bond Elements</th>
<th>Percent Allocation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit-Oriented Site Acquisition</td>
<td>20%</td>
<td>$16,000,000</td>
</tr>
<tr>
<td>Public-Private Partnerships</td>
<td>35%</td>
<td>$28,000,000</td>
</tr>
<tr>
<td>LIHTC Gap Financing</td>
<td>30%</td>
<td>$24,000,000</td>
</tr>
<tr>
<td>Owner-Occupied Home Rehabilitation</td>
<td>7.5%</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>Down Payment Assistance</td>
<td>7.5%</td>
<td>$6,000,000</td>
</tr>
</tbody>
</table>

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)

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