

CHARLOTTE-MECKLENBURG STRATEGIES FOR AFFORDABLE HOUSING DEVELOPMENT

UNDERSTANDING THE SOLUTION

The key to increasing affordable housing development and ensuring long-term affordability 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. Interviews revealed two areas to address in Charlotte-Mecklenburg: financial feasibility of developing affordable housing and how to ensure long-term affordability of units.

FINANCIAL FEASIBILITY STRATEGIES	STRATEGY	DESCRIPTION	CHARLOTTE-MECKLENBURG CONTEXT
	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.	No expedited process currently exists.
	HOUSING IMPACT FEES	A fee on non-residential development that is used to offset the increased need for affordable housing because of development.	Previous legislation passed in North Carolina would likely make any housing impact fees impermissible.
	HOUSING TRUST FUNDS	Dedicated source of public funding for affordable housing.	Established in 2001, Charlotte's Housing Trust Fund is considered a best practice. However, funding for the fund must be approved every several years.
	LAND USE INCENTIVE POLICIES	Reduction in fees and grants backed by property taxes in exchange for inclusion of affordable and "locationally efficient" units.	No land use incentive policies currently exist but are feasible within North Carolina.
	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.	This strategy currently exists and can be expanded by the creation of a database of all land options.
	TAX INCREMENT FINANCING (TIF) 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 available and permissible within Charlotte-Mecklenburg, but have not been used widely.

	STRATEGY	DESCRIPTION	CHARLOTTE-MECKLENBURG CONTEXT
	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 available to Charlotte-Mecklenburg and can be expanded through increased education.
	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.	No affordable housing overlay zones currently exist in Charlotte-Mecklenburg.

LONG-TERM AFFORDABILITY STRATEGIES	STRATEGY	DESCRIPTION	CHARLOTTE-MECKLENBURG CONTEXT
	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.	No community land trust currently exists in Charlotte-Mecklenburg.
	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 the long-term affordability.	Deed restrictions are an available tool in Charlotte.
	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.	Employer assisted housing is an available tool and can be expanded in Charlotte-Mecklenburg by engaging employers around the strategy.
	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, it has not been used to date.

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