

City of Wilmington/New Hanover County
Workforce/Affordable Housing Ad hoc Committee
February 28, 2017
Meeting Notes

Present: Robert Rosenberg, Steve Spain, Dave Spetrino, Jody Wainio, Will Bland, Katrina Redmon, Gloria Green, Linda Smith, Paul D'Angelo, Phil Humphrey, Tilghman Herring

Staff –Suzanne Rogers, City of Wilmington; Jennifer Rigby, New Hanover County (NHC)
Julia Moeller, NCH; Rebekah Roth, NHC; Rachel LaCoe, COW

Absent: Elizabeth Dodson, Katrina Knight; Resigned: David Barnes, Carlos Braxton

Jody Waino, Chair, called the meeting to order and welcomed all.

Suzanne Rogers reviewed funding mechanism utilized by other jurisdictions to support affordable housing.

Jody referred to the brainstorm list from 12/13/16 meeting and the group discussed the following.

Discussion Topic: What funding mechanism(s) are most appropriate to accomplish the objectives set forth by this Committee? How should funds be used?

The Committee recommends the City and County establish a Housing Trust Fund (HTF) to receive public funding to support the production, preservation and access to housing that is affordable for families and individuals experiencing cost burden and/or a limited supply of appropriate safe, decent, housing in New Hanover County and the City of Wilmington.

Furthermore, several options are available to fund the HTF including, but not limited to, general fund appropriation, designated property tax, general obligation bond, and revenues from sale of real property. Taking this into consideration the committee recommends:

- Designate a penny of property tax revenue for the HTF, “penny for housing” ;
- Invest 10% of proceeds from the sale of City or County Surplus Real Property to the HTF;

Existing and new housing programs were identified to receive funding through the HTF. The committee recommends the HTF be used to:

- Increase funding for the Home Ownership Program (HOP) for workforce housing loans to eligible borrowers earning >80%-120% Area Median Income (AMI);
- Expand the HOP workforce loans (>80-120% AMI) to the unincorporated County (dependent upon NHC funding);
- Provide Low Interest Loans for developers producing housing that is affordable;
- Provide Down-payment Assistance funding;
- Create a Security Deposit Guarantee for landlords, similar to Rapid Rehousing Program model;
- Provide funds for Dilapidated Housing Rehabilitation, including the City’s Owner-Occupied Housing Rehabilitation Program; and

- Fund an on-going public awareness campaign efforts to continue to build awareness and support for housing that is affordable throughout the community.

The committee also recognizes other strategies and sources of revenue that should be supported to foster the production of housing that is affordable for households with incomes below 80 percent AMI. To that end the committee recommends:

- The Permanent Housing Advisory Board research the use of Limited Participation Bonds to support development of affordable housing. Winston Salem has successfully utilized this bond.
- City Council and County Commission should encourage and support, when appropriate, the use of Affordable Housing Bonds issued by the Wilmington Housing Authority as part of the 4% Low Income Housing Tax Credit program.
- Develop an incentive program using density bonuses in return for including affordable units in a development.
- City and County owned property identified for redevelopment should include an affordable housing requirement and an option for payment in-lieu to the HTF if the requirement is not met.

Prepared by: Julia Moeller, Rebecca Roth, Jennifer Rigby and Suzanne Rogers

Dollars and Sense



Best Practices

Housing Trust Fund

Distinct Fund to receive ongoing public financial support for the preservation and production of affordable housing and increase opportunities for families and individuals to access decent housing that is affordable.

Examples:

City of Asheville, est. 2000

City of Charlotte, est. 2001

Nussbaum Housing Partnership Fund, Greensboro, NC

Funding Tools- State & Federal

NC Housing Finance Agency (NCHFA) via Federal & State Government

- NC Housing Trust Fund: \$6.8m recurring in 2015; \$183m since 1987
- HOME: \$21.2m annual entitlement from HUD to be used in NC
- Mortgage Revenue Bonds: up to \$90 per capita; tax-exempt
- LIHTC: \$22.6m federal tax credits for NC
- Workforce Housing Loan Program: 2014 NC \$
- National Housing Trust Fund: 2015 \$ (Funded by Fannie Mae & Freddie Mac)

Funding Tools

Local Government

- Housing Bonds: Raleigh, Charlotte, Asheville, Greensboro
- Dedicated Property Tax: Durham 1¢; Greensboro .06¢
- CDBG/HOME/General Fund: City of Wilmington
- Land Use Incentive Grant: Asheville
- Synthetic TIF: Charlotte

Housing Bonds

On November 8th, voters supported:

- \$5 million dollars - Orange County. The referendum passed with 65% of the vote.
- \$25 million dollars -Greensboro. The referendum passed with 68% of the vote.
- \$25 million dollars -City of Asheville. The referendum passed with 71% vote.
- \$15 million dollars - Charlotte. The referendum passed with 70% vote.

Investments this large show not only that local elected officials recognize the needs of their communities, but also that there is statewide support among residents to do their part in housing this critical population

(source: Housing Matters Newsletter NCHC)

Dedicated Property Tax

- .06¢ Greensboro
- 1¢ Durham
- 1¢ Raleigh
- 1¢ Chapel Hill

Land Use Incentive Grant- Asheville, NC

The project must have at least three units, and all projects must have a minimum of 10% of total units affordable to households earning 80% or less of area median income (AMI), for a minimum of 15 years.

According to the September 2015 amended Land Use Incentive Grant Policy, the incentive is that for every 10 points earned, the developer can receive:

- One year of economic incentive (equivalent to city property taxes in excess of currently assessed taxes of one year annually).
- A 10% reduction in zoning, building, driveway, and grading permit fees as well as plan review and water service connection fees.

Synthetic TIF: Charlotte

- 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.
- May be used for the funding of affordable housing developments, among others. In terms of affordable housing, TIFs may pay for costs directly related to the project, such as construction costs, or costs related to the expected need for new infrastructure, such as new roads and utilities. Importantly, because TIF uses public dollars to support private developments, the projects must show that the development would not have occurred *but for* the utilization of TIF.

CDBG/HOME/General Fund: City of Wilmington

- Community Development Block Grant- < 80% AMI (\$600,000)
 - HOP Mortgage Program
 - Down payment Assistance
 - Gap financing PSH
 - Rehabilitation Owner-Occupied Housing
 - Emergency Shelter for Homeless & Homeless Services
 - Public Services
 - Land Acquisition
- HOME Investment Partnership - < 80% AMI (\$500,000)
 - Housing Production SF & Rental
 - Gap Financing LIHTC, PSH
 - Down payment Assistance
 - Rehabilitation
- General Fund (\$300,000)
 - Owner-Occupied Housing Rehabilitation Loans 50%-80% AMI
 - Owner-Occupied Housing Rehabilitation Loans <50% AMI Forgivable Loans
 - HOP Loans 80%-120% AMI

Best Practice Durham, NC

Before



After



Southside
Neighborhood
Revitalization
Strategy Area



Southside Neighborhood Revitalization Strategy Area

Leveraging

• Low Income housing Tax Credit (LIHTCs) For the Lofts	\$12,000,000
• CDBG-Section 108 Loan	\$8,800,000
• Home Investment Partnership Fund	\$5,750,000
• Neighborhood Stabilization Program III Fund	\$500,000
• McCormack Barron Salazar equity	\$3,000,000
• Private Mortgages for 25 below 80% AMI houses at the Bungalows	\$2,500,000
• Private equity and/or market rate mortgages for over 80% AMI homes	\$4,025,000
• City of Durham below 80% AMI secondary & forgivable mortgages	\$1,000,000
• Purchasers' down payment from savings/NCHFA grants	\$216,000
• Duke University Incentives (to date)	\$10,000





Washington Terrace was built in 1950 and is located east of downtown Raleigh only a few blocks from rapidly gentrifying neighborhoods.

Adjacent to St. Augustine's University, this property sits on 25-acres and features [245 rental units](#).

About Washington Terrace





- on-site childcare and possibly a charter school.

138 Garden Apartments in 8 buildings

- 54 one-bedrooms
- 54 two-bedrooms
- 30 three-bedrooms

24 Townhouses in 6 buildings

- 24 two-bedrooms



Best Practices Raleigh, NC

Washington Terrace

Imagining. Creating. Building. Together.

Community Housing Capital	\$3,000,000
City of Raleigh (bond funds)	\$2,100,000
DHIC	101,000
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	\$5,200,000

Purchase Financing



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City of Wilmington Use of HOME Funds

Lockwood Village

60, one and two bedroom rental units for low to moderate income households



Started construction spring 2014 at 4900 South College Road



City of Wilmington Use of HOME Funds

Lockwood Village

- CASA (Community Alternatives for Supportive Abodes) non-profit affordable housing developer



*City of Wilmington Use of HOME Funds
Lockwood Village*

Leverage:

City of Wilmington HOME Funds	\$650,000
NC Tax Credit Loan	\$749,445
North Carolina Housing Finance Agency Rental Production Program	\$800,000
Bank Loan	\$217,685
US Low Income Housing Tax Credit (NCHFA)	\$5,129,287

City of Wilmington Homeownership Opportunities Program (HOP)

- 84 loans previous 7 years; 400 + loans since 1991

- 2 Partner Banks

- FY15: \$501,100
CBDG/HOME and Gen Fund Expended

- FY15: \$861,900
Other Funds Expended

- 100% Financing @
current interest rate 1st
and 0% second

- 620 Minimum Credit
Score

- Maximum Loan
\$225,000



Summary

- There **ARE** Affordable Housing tools available that have been successfully used in other municipalities
- Partnerships are important / Public & Private
- Win Win works Best!

Public Policy Paves the Way



Long Range Planning Initiatives to bring action for Affordable Housing:

FOCUS – A comprehensive plan for a sustainable region

Plan NHC – New Hanover County's first Comprehensive Plan

Create Wilmington – City of Wilmington's first Comprehensive Plan

Public Input

- Integrate a mixture of ages in a neighborhood
- Gently increase density through garage apartments, carriage homes
- Mix housing price points to ensure schools are diverse
- Provide a variety of housing types and price points

Regional Goal:

Create more housing choices and opportunities for all segments of the population.

Plan NHC Goal

Provide a range of housing types, opportunities, and choices.

- Incentives to reduce development costs
- Affordable Housing Task Force
- Work one on one with developers experienced in providing Affordable Housing

City of Wilmington Comprehensive Plan Draft Housing Policies

- Promote Diversity of Housing Options
- Affordability
- Fair Housing

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