

SUCH A GOOD DOG p. 33 | CAN'T FORGET p. 18

# Charlotte<sup>®</sup>

The **CONVERSATION** issue

The Topics We Can't Ignore Anymore



POVERTY  
A Working Mother's Heartbreaking Struggles p. 50

DIVERSITY  
What We Can Learn From a High School



# WHAT IS AFFORDABLE??

## AMI – Area Median Income

- Charlotte 2016 AMI = \$70,700 for Family of 4
- 30% AMI = \$24,600 (“Extremely Low”) **\$615**
- 50% AMI = \$35,350 (“Very Low”) **\$884**
- 60% AMI = \$42,420 (“Low Income”) **\$1,061**
- 80% AMI = \$55,550 (“Workforce”) **\$1,414**

Must net out  
other housing costs!



# WHAT IS AFFORDABLE??

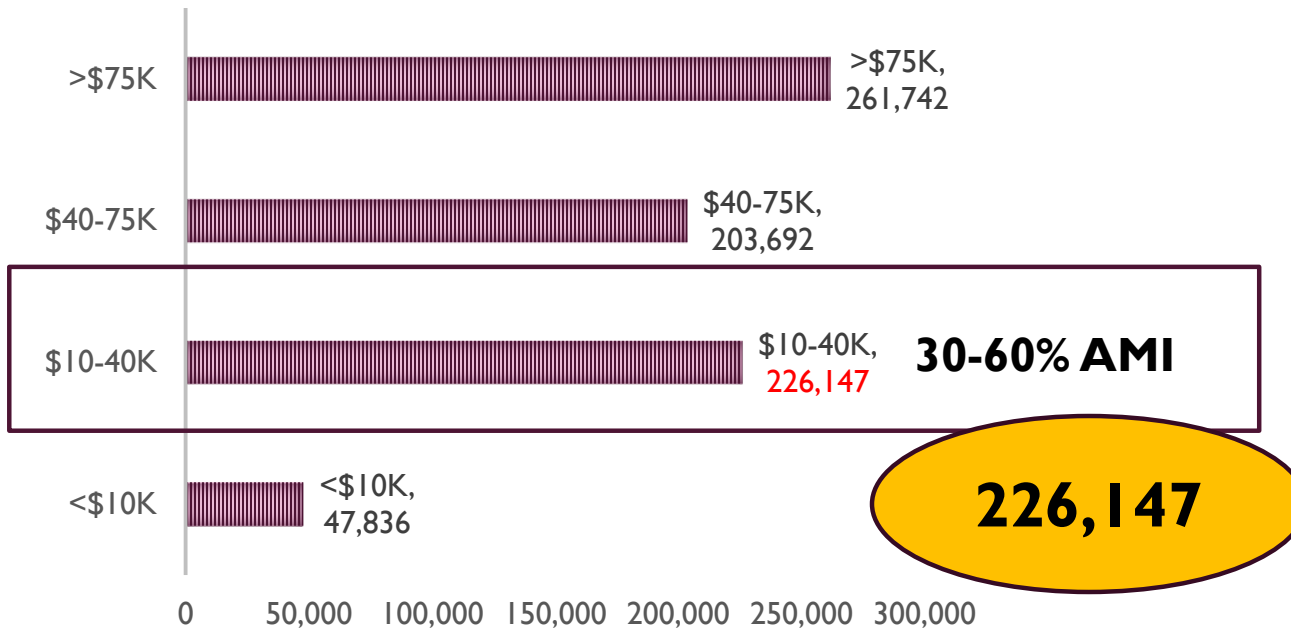
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## CHARLOTTE AVERAGE:

Receptionist \$22K  
Bank Teller \$28K  
Asst. Retail Manager \$42K  
Courier \$28K  
Nanny \$23K  
Mail Clerk \$27K  
Grocery Clerk \$23K  
Teacher \$37  
Teacher Assistant \$28K  
Graphic Designer (entry) \$40K  
Janitor \$23K  
Groundskeeper \$25K  
Medical Asst \$33K  
Insurance Agent \$36  
Personal Trainer \$30K

# HOUSEHOLD COMPOSITION CHARLOTTE MSA (2015 EST)



*30% of  
Households can  
only afford  
\$350-900/mo  
in rent*

# RENTAL OPTIONS <\$900 ARE LIMITED & SHRINKING

|                    |            | <u>Lease-Up</u> | <u>1-5</u>     | <u>6-15</u>    | <u>16-30</u> | <u>30+</u>          |
|--------------------|------------|-----------------|----------------|----------------|--------------|---------------------|
| <u>Bedroom</u>     | 1          | \$1,261         | \$1,186        | \$1,069        | <b>\$874</b> | <b>\$709</b>        |
|                    | 2          | \$1,565         | \$1,374        | \$1,167        | \$1,006      | <b>\$840</b>        |
|                    | 3          | \$1,594         | \$1,474        | \$1,295        | \$1,166      | \$958               |
|                    | <b>AVG</b> | <b>\$1,403</b>  | <b>\$1,348</b> | <b>\$1,161</b> | <b>\$966</b> | <b>\$808</b>        |
| <u>Rent Growth</u> | 1 YR       | 2.60%           | 2.60%          | 2.60%          | 4.40%        | <u><b>6.40%</b></u> |
|                    | 5YR        | 2.50%           | 2.20%          | 3.00%          | 4.30%        | <u><b>5.00%</b></u> |
| <u>Class Type</u>  | A          | \$1,543         | \$1,440        | \$1,474        | \$1,306      | na                  |
|                    | B          | \$1,082         | \$1,008        | \$1,002        | \$990        | \$919               |
|                    | C          | na              | na             | <b>\$726</b>   | <b>\$696</b> | <b>\$663</b>        |

~500 units vacant

**Supply is limited to Class C & aged supply... with rent growth of 6.4%**

# CASE STUDY EXAMPLE

|                       | <b>Market</b>     | <b>LIHTC</b>      |
|-----------------------|-------------------|-------------------|
| <b>Revenue/Unit</b>   | <b>\$1,200</b>    | <b>\$750</b>      |
| NOI/Yr                | 940,000           | 450,000           |
| <b>Max DS</b>         | <b>817,000</b>    | <b>391,000</b>    |
| CFADS                 | 122,000           | 59,000            |
|                       |                   |                   |
| <b>Per Unit Costs</b> |                   |                   |
| Land                  | 15,000            | 5,000             |
| Hard Costs            | 130,000           | 116,000           |
| Soft Costs            | 25,000            | 30,000            |
| Reserves              | 5,000             | 5,000             |
| <b>Per Unit</b>       | <b>175,000</b>    | <b>156,000</b>    |
|                       |                   |                   |
| <b>Total Costs</b>    | <b>17,500,000</b> | <b>15,600,000</b> |
|                       |                   |                   |
| First Mtg             | \$14,700,000      | \$7,000,000       |
| <b>Equity</b>         | <b>2,800,000</b>  | <b>8,600,000</b>  |
| % Equity              | 16%               | 55%               |

# COMMON ISSUES FOR DEVELOPERS

## **Construction**

Obtaining Bids / Compliance  
Labor / Schedule  
Costs

## **Interest Rates / Timing Gaps**

## **Land... zoning & affordability**

## **Competing in Acquisitions**

## **Community Misconceptions**



# APPENDIX

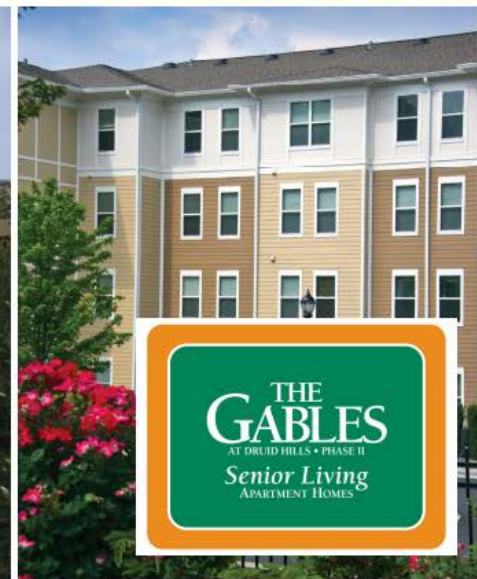


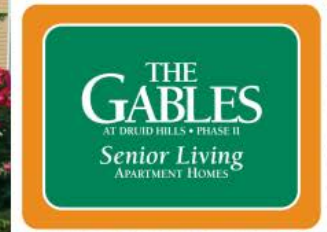






 THE HOUSING  
PARTNERSHIP



 THE  
GABLES  
AT DRUID HILLS • PHASE II  
Senior Living  
APARTMENT HOMES

# POVERTY AND INEQUALITY: THE “BEST” & WORST

TABLE 1. Upward Mobility in the 50 Largest Metro Areas: The Top 10 and Bottom 10

| Rank | Commuting Zone     | Odds of Reaching Top Fifth from Bottom Fifth | Rank | Commuting Zone   | Odds of Reaching Top Fifth from Bottom Fifth |
|------|--------------------|--|------|------------------|--|
| 1    | San Jose, CA       | 12.9%  | 41   | Cleveland, OH    | 5.1%   |
| 2    | San Francisco, CA  | 12.2%  | 42   | St. Louis, MO    | 5.1%   |
| 3    | Washington, D.C.   | 11.0%  | 43   | Raleigh, NC      | 5.0%   |
| 4    | Seattle, WA        | 10.9%  | 44   | Jacksonville, FL | 4.9%   |
| 5    | Salt Lake City, UT | 10.8%  | 45   | Columbus, OH     | 4.9%   |
| 6    | New York, NY       | 10.5%  | 46   | Indianapolis, IN | 4.9%   |
| 7    | Boston, MA         | 10.5%  | 47   | Dayton, OH       | 4.9%   |
| 8    | San Diego, CA      | 10.4%  | 48   | Atlanta, GA      | 4.5%   |
| 9    | Newark, NJ         | 10.2%  | 49   | Milwaukee, WI    | 4.5%   |
| 10   | Manchester, NH     | 10.0%  | 50   | Charlotte, NC    | 4.4%   |

Note: This table reports selected statistics from a sample of the 50 largest commuting zones (CZs) according to their populations in the 2000 Census. The columns report the percentage of children whose family income is in the top quintile of the national distribution of child family income conditional on having parent family income in the bottom quintile of the parental national income distribution—these probabilities are taken from Online Data Table VI of Chetty et al., 2014a.

Source: Chetty et al., 2014a.

## Source:

Stanford Center, The Poverty and Inequality Report 2015

[http://inequality.stanford.edu/sites/default/files/SOTU\\_2015\\_economic-mobility.pdf](http://inequality.stanford.edu/sites/default/files/SOTU_2015_economic-mobility.pdf)

# SOLUTIONS TO CONSIDER

1. Expedited and Predictable Processes & Fee Waivers
2. Housing Impact Fees
3. Housing Trust Funds
4. Land Use Incentive Policies
5. Strategic Use of Public, Private and Non-Profit Owned Lands
6. Tax Increment Financing and Synthetic TIFS
7. Increased use of 4% LIHTC Financing
8. Affordable Housing Overlay Zone
9. Community Land Trusts
10. Affordable Housing Deed Restrictions
11. Employer Assisted Housing

# ANNUAL INCOME BRACKETS

## 2017 HUD Median Income Guidelines

### Annual Income / Family Size

|   | 120%      | 115%      | 110%      | 100%     | 80%      | 60%      | 50%      | 30%*     |
|---|-----------|-----------|-----------|----------|----------|----------|----------|----------|
| 1 | \$59,400  | \$56,925  | \$54,450  | \$49,500 | \$39,600 | \$29,700 | \$24,750 | \$14,850 |
| 2 | \$67,920  | \$65,090  | \$62,260  | \$56,600 | \$45,250 | \$33,960 | \$28,300 | \$17,000 |
| 3 | \$76,440  | \$73,255  | \$70,070  | \$63,700 | \$50,900 | \$38,220 | \$31,850 | \$20,420 |
| 4 | \$84,840  | \$81,305  | \$77,770  | \$70,700 | \$56,550 | \$42,420 | \$35,350 | \$24,600 |
| 5 | \$91,680  | \$87,860  | \$84,040  | \$76,400 | \$61,100 | \$45,840 | \$38,200 | \$28,780 |
| 6 | \$98,520  | \$94,415  | \$90,310  | \$82,100 | \$65,600 | \$49,260 | \$41,050 | \$32,960 |
| 7 | \$105,240 | \$100,855 | \$96,470  | \$87,700 | \$70,150 | \$52,620 | \$43,850 | \$37,140 |
| 8 | \$112,080 | \$107,410 | \$102,740 | \$93,400 | \$74,650 | \$56,040 | \$46,700 | \$41,320 |