

Analysis of 2019 4% LIHTC Request for Proposal (RFP)

Issued: 04/26/2019

The City of Charlotte issued the new 4% LIHTC Proposal RFP on 04/26/2019. Below is a summary of our analysis of the RFP comparing it to the prior Year RFP (pre *Housing Charlotte Framework*). We will provide later a comparison of the newly released RFP to the Charlotte Housing Opportunity Investment Fund (CHOIF) process.

Additions to the RFP based upon the *Housing Charlotte Framework* with Equitable Communities comments.

- Requires Income Averaging for all 4% LIHTC Deals (this allows for the project to include a mix of AMI levels from 30% to 80% but must average 60% AMI)
- Minimum of 20% of Total Units targeting Households earning \leq 30% AMI (most needed)
- In addition, a **prioritized waitlist** for an additional 10% of total units for Households earning \leq 30% AMI that have **Housing Vouchers** (this is good but it does not require actually filling the 10% of Units with 30% AMI residents holding rental vouchers nor does it require accepting vouchers for more than the minimum 10% of total units)
- Comply with the newly published Housing Location Guidelines (Unfortunately, the scoring methods used have not been made public. In addition, there are no minimum values for any component, or overall weighted average score set by City Council)
- Inform the respective City Council representative for the project's location
- Convene at least 1 Neighborhood Meeting (One meeting is inadequate to make available to residents with challenging work schedules)
 - Proposal must include an Outreach & Marketing Plan (No goals set for the Plan)
 - Notify all residential property owners within $\frac{1}{2}$ mile of the site (should include RESIDENTS)
 - Any Nearby Neighborhood Organization registered with the City's Neighborhood Contact List
 - Meeting notice must be sent at least 1 week prior and be held no earlier to 6:00 pm (Notice should occur at least 3 weeks prior to give people time to adjust their schedule. We also suggest a second meeting be scheduled for a different time of day to accommodate differing schedules)
 - Document any concerns raised at the meeting and describe plans to address as appropriate
- Requires a minimum of 20 years Deed Restricted Affordability (Good change - previously NOAH Rehab projects could be as low as 5 years based upon the size of the deal.)
- New Limits on the amount of funding provided for a project (Prior years had no maximum amount of funding cap and only had a 50% of total unit cost maximum)
 - HTF Only No City Land / No CHOIF Funding \$30,000 / unit capped at \$3 million (i.e. max 100 Units)
 - No City Land with HTF & CHOIF Funding \$20,000 / unit capped at \$2 million (i.e. max 100 Units)
 - City Land with HTF Funding \$20,000 / unit capped at \$2 million (i.e. max 100 Units)
 - (The addition of limits on the cost funded per unit with a total funding cap limits will change the type of deal that can be submitted for funding. This may significantly limit the number and type of developments that are submitted for approval. The overall Cap of funding should be reconsidered or raised. The economies of scale are not reflected in the new limits.
 - FYI: Neither of the 2 4% LIHTC deals approved last year would meet these requirements. One would be excluded based upon the cost / unit & total funding request and the other achieve a lower cost / unit by increasing the size to 180 apartments which exceeds the new guideline cap of 100 units)

What we think is **missing** from the RFP

- No steps in the process are mentioned that “*involve the community, inform and seek community input on bond-funded housing support requests*” as committed to in the *Housing Charlotte Framework*.
- Requirement that the Developer must not discriminate based upon income source (must accept vouchers for all rent levels) ([This requirement is contained within the LISC process for CHOIF Funding](#))
- Reconciliation between the North Carolina Housing Finance Agency (NCHFA) location scoring process and the new Housing Location Guidelines scoring process. ([This issue became significant in the discussion of the 9% LIHTC deals at the city council meeting in April. We suggested this analysis be performed prior to the April Meeting](#))
 - The NCHFA location scoring process assigns ‘bonus points’ for developments in low income neighborhoods. This rewards development in lower income neighborhoods in conflict with the City’s stated location preferences.
 - The 4% LIHTC Deals are ‘non-competitive’ meaning that they get funding if they meet minimum NCHFA requirements. This enables the city to prioritize local priorities over the NCHFA bias towards low income neighborhoods.
- The RFP details an annual compliance validation process for projects over 25 units. [What is missing from the process is the mention of ongoing reporting of performance of the funded proposals.](#) Based upon the detail annual review process an Annual Community performance report could be easily added. This would increase the community’s confidence in the ongoing benefits being received by the community from the Housing Trust Fund spending.