



Affordable Housing Developer Meeting

January 12, 2023



- Welcome & Introductions
- Housing Development Fund
- Charlotte Housing Opportunity Investment Fund
- Proposed RFP Schedule
- Developer Comments & Input



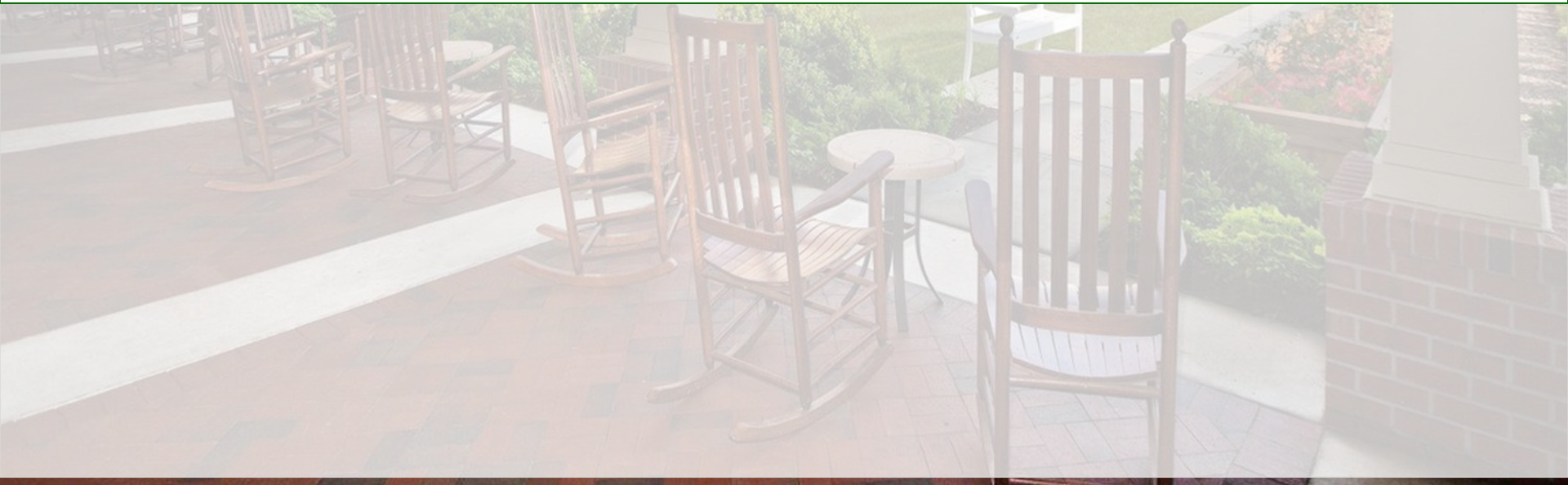
August 2018, City Council adopted the Housing Charlotte Framework built on three pillars:

- Creating new affordable housing
- Preserving existing affordable housing
- Creating family self-sufficiency





HOUSING DEVELOPMENT FUND



- Established in 2001
- Funded through voter-approved general obligation bonds (biannual)
- Since 2002, over \$260M has been approved by City Council to fund over 12,000 units and shelter beds



- Provides gap financing to both non-profit and for-profit developers for affordable housing throughout the City
- Flexible structuring
- At least 20% of the units must be targeted to 30% AMI Households



- Typical HTF financing structure:
 - Is “Soft” financing
 - Min 20-year cashflow contingent loan
 - Requires a minimum Debt Coverage Ratio of 1.15
 - Has debt service payments that are accruing cash flow contingent
 - Is subordinated debt



HTF EVALUATION CRITERIA

I. City Policies

- Number of years affordable
- Neighborhood displacement and revitalization

II. Development Strength

- Number of affordable units
- Income: 60% or less Area Median Income (\$57,780)
- Use of PBV's

III. Developer Experience

- Developer track record
- Property Management
- Maximum of two HTF awards

IV. Financial Strength

- Leverage of city funds
- City investment per unit

V.

Market Study/Compliance

- Proposed site
- Demand and capture rate
- Compliance Monitoring

VI.

Community Engagement:

- Convene at least two neighborhood meetings to present proposed development to community

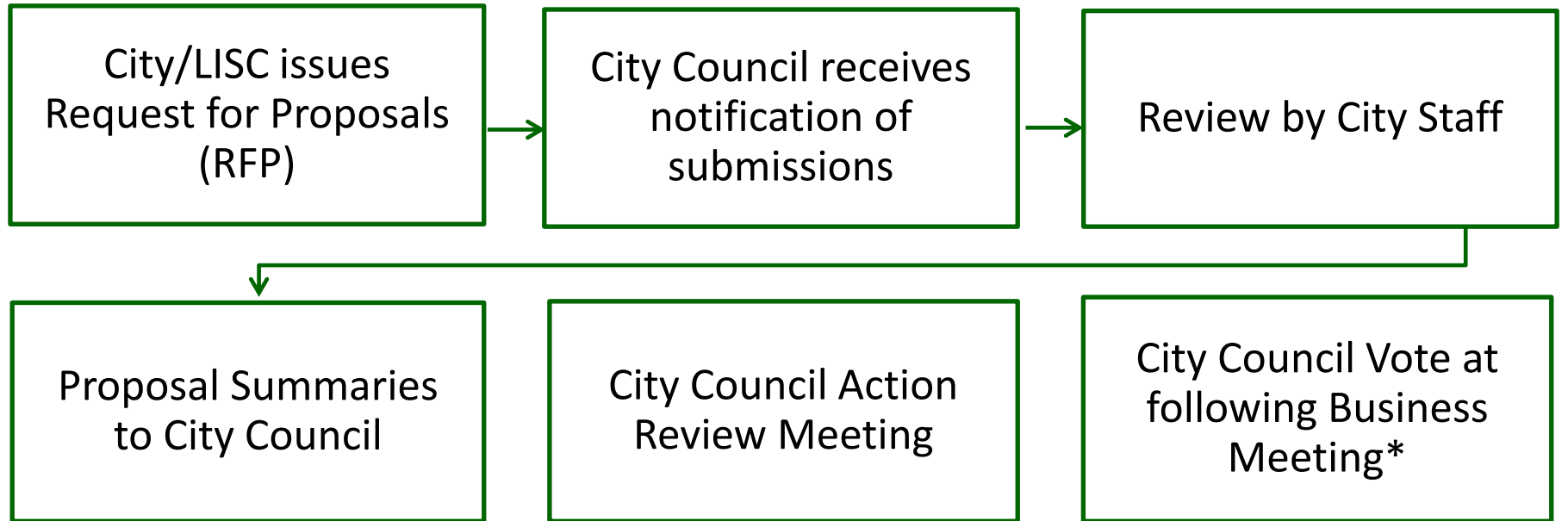
VII.

Site Score:

- Proximity
- Access
- Change
- Diversity

PROPOSAL REVIEW PROCESS

Phase I



*Projects involving state housing bonds require subsequent Council action

Phase II

Investment Review
(10 – 15 days)

Phase III

Investment Funding
(Contingent on LIHTC
award as applicable)

Phase IV

Construction and
Monitoring

WHAT'S NEW FOR THE JANUARY 2023 ROUND?

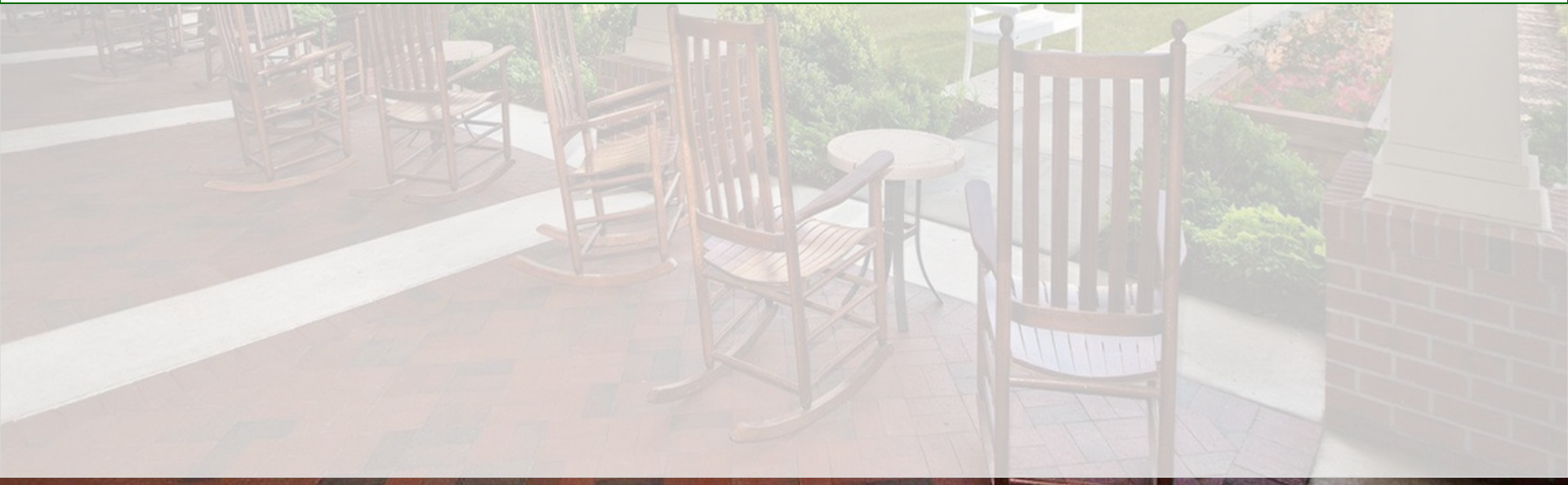
- Homeownership Component Included
- Developers to absorb up to \$25,000 in legal closing costs
- Annual Asset Management Fee \$50/unit /year escalating 3%
- At least 10% of the units targeted to 30% AMI households must be rented to Voucher holders
- Source of Income Protection Policy for households with rental subsidies
- Must use Accela Planning Software to submit sketch plans
- Federal HOME/CDBG Funds available
- New Homeownership Checklist & Workbook
- Firm funding commitment expirations

WHAT'S NEW FOR THE JANUARY 2023 ROUND?

- Tiered Review Process
- New Construction Multifamily developments will be reviewed in two tiers
- Tier 1
 - Projects that meet tier 1 funding limits
 - Agreed to accept some or all of their award in federal funding
 - Are eligible and apply for NCHFA RPP funding
 - Development located in district 6 or 7
- Tier 2
 - All other projects
- NOAH, Supportive Housing and single-family projects reviewed separately



PROPOSED REQUEST FOR PROPOSAL SCHEDULE



PROPOSED HTF/CHOIF RFP SCHEDULE

Milestone	Dates
Post RFP / Receive Questions	January 13/20, 2023
Sketch Plan Review	By March 17 , 2023
Proposal Submission Deadline	February 10, 2023
Market Study Due Date	March 13, 2023
Final Planning Support Letter	April 5, 2023
City Council Approval	April 24, 2023



A wide-angle photograph of the Charlotte skyline at dusk or dawn. The sky is a clear, deep blue. In the foreground, a calm body of water reflects the city's lights and buildings. The skyline includes several prominent skyscrapers, such as the Bank of America Corporate Center (a tall, blue, triangular building) and the Duke Energy Building (a tall, orange, rectangular building). To the left, a large, modern, white building with a flat roof is visible. In the middle ground, there are several trees with bare branches, suggesting a cooler season. A parking lot with many cars is visible to the left of the trees. The overall scene is a mix of urban architecture and natural elements.

Charlotte Housing Opportunity Investment Fund

January 12, 2023

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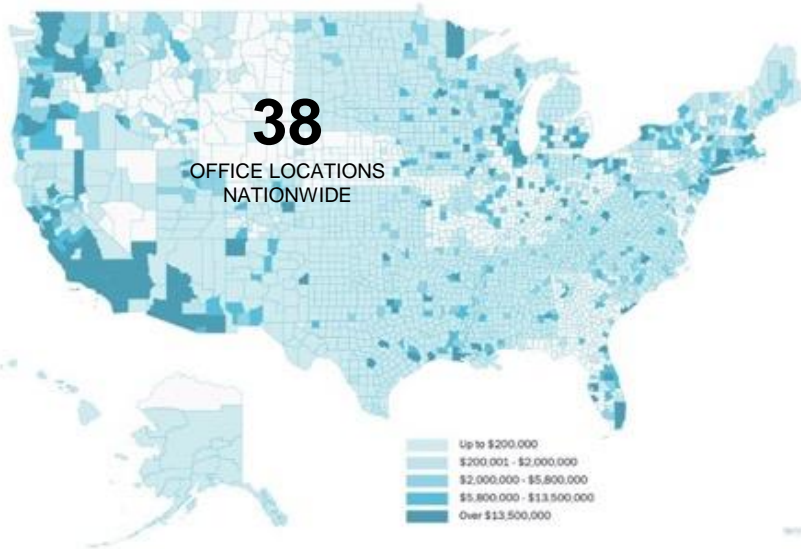
LISC Fund Management, LLC (the "Company") is registered with the U.S. Securities and Exchange Commission as an investment adviser.

About LISC

Since 1979, LISC has been creating an impact

\$26.7 billion invested

\$75 billion in total development



AA- S&P Rated CDFI

Based on LISC's financial stability, track record of performance and community impact.

463,215 Homes

Affordable homes built and/or preserved

78.5 million sf

of community, retail and commercial space including:

- Early childhood centers
- Schools
- Fields/recreational spaces
- Healthcare centers

119,000+ Children

Served each year through 227 schools & early childhood centers

435 Athletic fields

and recreational spaces serving 745,000 children

105 Healthy Food Projects

Including grocery stores and farmers markets

The Local LISC Charlotte Team



**RALPHINE
CALDWELL**

EXECUTIVE
DIRECTOR



**ALBERT
"RUSTY"
MILLS**

DEPUTY
DIRECTOR



Since 2019, LISC Charlotte has invested over \$60 million in the Charlotte community.

The National LISC Fund Management Team



**GEORGE
ASHTON**

MANAGING
DIRECTOR



**TIFFANY
DURR**

SENIOR DIRECTOR,
FUND INVESTMENTS



**BEN
GLISPIE**

SENIOR ORIGINATOR



**EMILY
HARDIN**

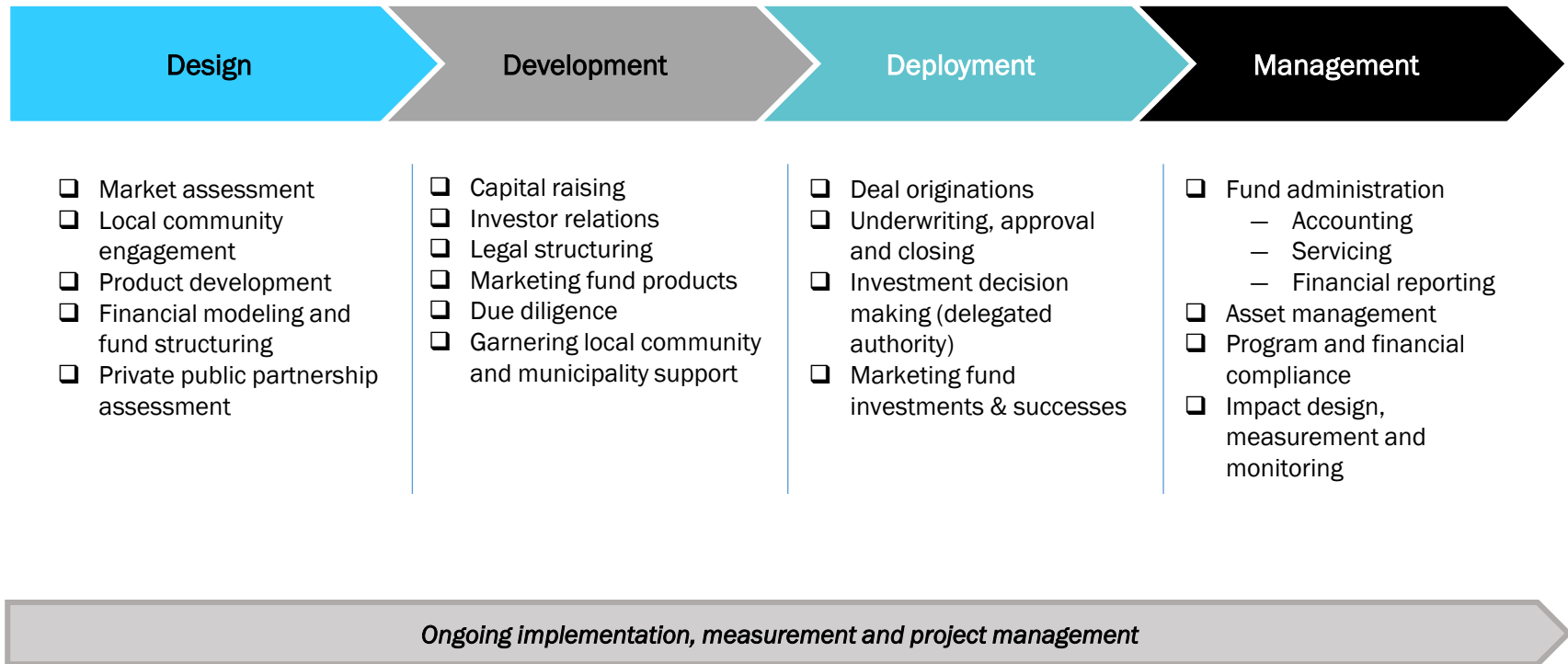
DIRECTOR, CREDIT &
UNDERWRITING

We are mission driven investment experts dedicated to capitalizing communities of opportunity across the US.


*These team members support deployment of CHOIF
See the rest of the national team at www.liscstrategicinvestments.org.*

LISC Fund Management

The LISC Fund Management team structures, launches, and manages specialty investment funds with a mission focused on inclusive economic development and creating communities of opportunity. Our core service include:



Charlotte **Housing Opportunity** Investment Fund



CHOIF is a private investment fund focused on addressing the Charlotte's affordable housing crisis by creating and preserving affordable housing and leveraging the City of Charlotte Housing Trust Fund (HTF) to deepen the impact.

LISC manages and deploys CHOIF dollars through tailored investment products geared to maximize Charlotte HTF's dollars alongside low-cost debt, housing vouchers, and private capital.

CHOIF Overview

CHOIF was launched in 2019 with \$53 million in commitments and closed on \$43 million in third party capital.

LISC Charlotte in conjunction with LISC Fund Management, manage the CHOIF and partners directly with the City of Charlotte to maximize and leverage the private and public capital.



As of 3/31/2022

CHOIF Goals & Impact Metrics

The CHOIF's primary goal is to increase the availability of and access to quality, community driven affordable housing in areas of opportunity by investing private capital to develop new or preserve existing housing.

CHOIF Impact Focus	Key Metrics
Capital Deployment	# closed deals \$ Equity and debt investment
Affordability	# of affordable units % of units at or below 30% AMI
Areas of Opportunity	Proximity to transit, healthcare, grocery, childcare/schools and jobs.
Community Stability	Affordability term Community engagement
Maximizing HTF	\$ of HTF leveraged Timeline for deployment of CHOIF

CHOIF Products

Debt

- Senior or Subordinate
- \$3 million max per project
- Max 95% LTV
- Rate: 3.75%
- Amortization 35 years after interest only period
- Term up to 18 years
- DSCR minimum (all in) 1.10x stabilized, amortizing
- Full recourse to borrower and sponsor until stabilization.

Equity

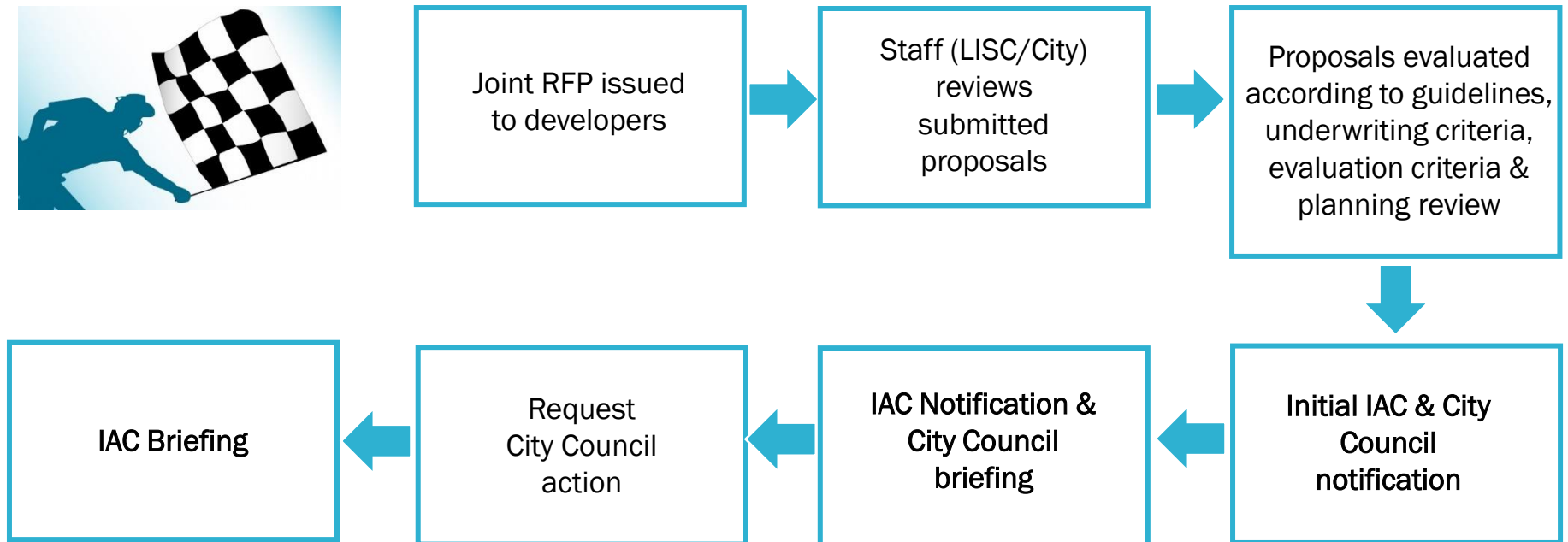
- Non-LIHTC projects
- Preferred or Common
- \$3 million max per project
- 5% IRR
- Equity requirement of 5% (preferred) or 10% (common) from Sponsor.

CHOIF Underwriting Guidelines

Detailed underwriting guidelines will be provided in the RFP

<u>Term</u>	<u>Guideline</u>
Vacancy	Minimum 5%
Exit Analysis	70% LTV, 6% Cap Rate on proforma NOI
Developer Fee	Maximum 7%
NOI Trending	2% income, 3% expenses
Management Fee	5% of net rental income
Construction Contingency	5% on new construction; 10% on rehab
Affordability	<ul style="list-style-type: none">• Min. 20% of the units at 30% AMI• Min. 50% of the units at 50% AMI

CHOIF RFP Process

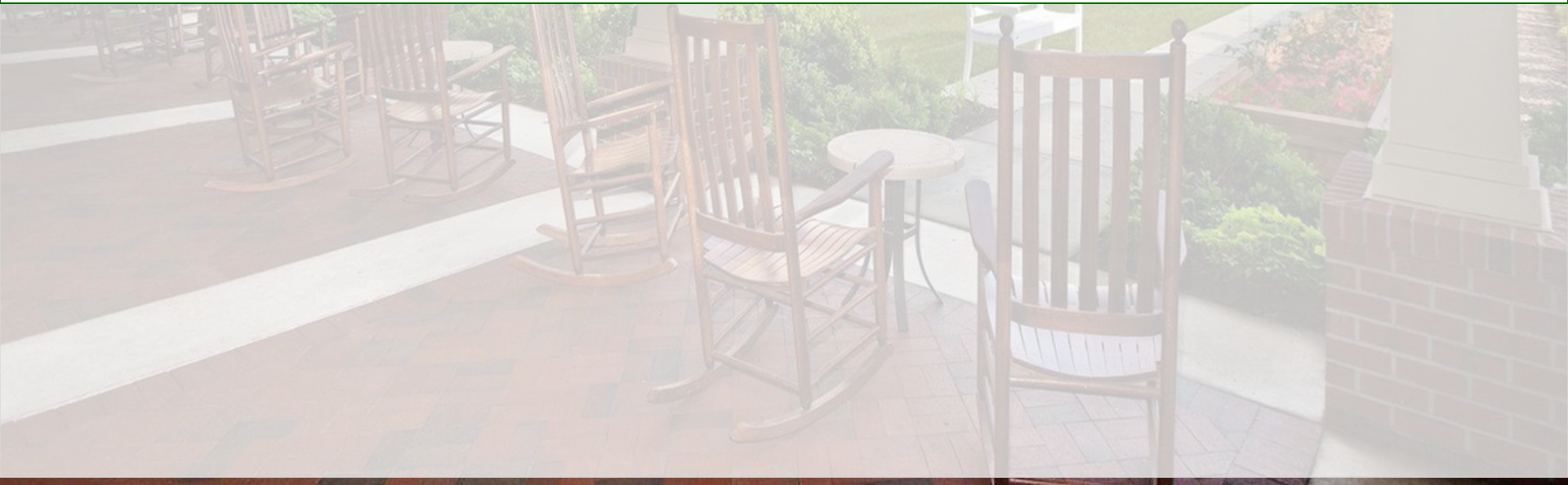


Important Notes

- CHOIF debt is “must pay” or hard debt. It is not soft money and is not cash flow contingent.
- CHOIF reviews and approves deals independently from the City of Charlotte
- CHOIF can provide Support Letters/Application Letters for LIHTC projects. However, a Letter of Intent will not be provided until tax credits have been committed.
- LOI’s are issued after underwriting, presentation to LFM Intake Committee and are subject to legal review.
- All LOI’s are subject to funding availability



DEVELOPER COMMENTS & INPUT



Housing Trust Fund

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