

**CITY OF CHARLESTON
AFFORDABLE HOUSING STRATEGIC PLAN
FOR THE USE OF BOND FUNDS**

Executive Summary:

The City of Charleston remains one of the most desirable places to live, work and raise a family. The Charleston area has seen an unprecedented increase in its population growth and demand for housing. The rise in housing demand creates the need for increased housing opportunities for households at all economic levels. The City of Charleston, in coordination with private, public, and non-profit housing developers have made significant contributions to the provision of affordable housing. However, the City of Charleston seeks to enhance the efforts made to date by expanding the supply of affordable rental housing available on Charleston’s Peninsula, West of the Ashley, Daniel Island, James and Johns Island.

The voters of the City of Charleston passed a \$20M Bond Referendum in November 2017 to assist in the creation of housing affordable to persons at every spectrum of the affordability range. The goal of including affordable housing in these areas is one that was articulated in the City of Charleston’s 2015 Consolidated Plan, the City of Charleston’s Comprehensive Plan and more recently in the 2017 Report, “Out of Reach.” As the development of affordable housing remains one of the most pressing issues facing the Charleston community, Charleston City Council approved a Bond Fund Allocation Plan that provided an approximate number of rental units that could be achieved in concert with development partners across the City of Charleston. Funds from the bond will achieve the goals detailed below over one to five years beginning in 2019. The goals are as follows:

1. Housing opportunities designed to ensure that the breadth of housing opportunities continue to exist for generations to come.
2. Housing opportunities that address the needs of residents requiring rental housing.
3. Housing opportunities provided across a broad range of family incomes, including families whose incomes are less than sixty percent of the Area Median Income (AMI).
4. Housing with a variety of price points to ensure economic integration within and between neighborhoods.
5. Housing with the highest quality build and appearance with products used to maintain the property over the life of the building.
6. A Housing finance model that ensures economic sustainability for the future development of housing.

Bond Terms:

City of Charleston voters authorized the City of Charleston City Council to issue a bond in the amount of \$20M (“Bond Funds”). The City of Charleston has five (5) years to deploy the Bond Funds from the date the Bond Referendum was approved. The term of the Bond is twenty (20) years.

Development Opportunities in the City of Charleston:

Development efforts will be targeted throughout the City of Charleston to include: Peninsula, West Ashley, Daniel Island, Johns Island and James Island.

Development Partners:

Developers awarded funding from the City of Charleston Bond Funds must have a valid business license for the conduct of business in the State of South Carolina, County and City of Charleston. The City of Charleston encourages collaborations between Non-Profit and For-Profit development entities.

Oversight and Management:

The City of Charleston will engage a local organization to serve as Fund Manager. The Fund Manager will have the capacity and experience in understanding affordable housing finance, underwriting, lending and loan servicing. The organization selected to oversee and manage the Bond program will work in concert with the City of Charleston to ensure standard underwriting guidelines and loan criteria are followed.

Housing Types:

Funding from the Bond will finance diverse multi-family rental developments to include townhouses, apartments, renovated, single-family detached, infill houses and the adaptive reuse of existing buildings. State Statute requires that rental housing only is funded by Bond Funds.

Transportation and Service Accessibility:

Bond Funds will be targeted to developments located in close proximity to an active or planned public transit stop or terminal, Grocery Store, Doctor’s Office/ Medical Office, and other key services outlined in the Bond Application Criteria.

Long Term Affordability:

All developments financed with the Bond will have recorded covenants that ensure long-term affordability. Thirty (30) years is the minimum affordability period but a longer period may

be required based on the number of units produced and Bond Funds contributed to the development.

Target Population:

The developments will serve individuals and families with incomes at the full spectrum of need from thirty (30%) percent of the Area Median Income (AMI) to one hundred and twenty percent (120%) AMI. AMI in 2018 is \$74,500 based on a family of four at 100% of the AMI. Mixed income communities are encouraged (a range of affordable and market rate units), although Bond funding can only be applied to affordable units. See the attached Area Median Income (AMI) Chart, marked as Exhibit A.

Marketing and Outreach Strategies:

Each development team shall seek to affirmatively further fair housing by marketing the availability of housing constructed with Bond Funds to the widest audience feasible through various news mediums, to include: radio, newspaper, social media and television.

Energy Efficient and Environmentally Friendly Strategies:

Bond Funds will be targeted to developments that have Energy Efficient and Environmentally-friendly Strategies implemented throughout the development.

Deployment Timeline:

Developers may apply for bond funding by completing a Letter of Intent and Bond Fund application. The Letter of Intent is available on the web-site of the City of Charleston Department of Housing and Community Development and Procurement Division. The initial timeline for deployment of Bond Funds is detailed below. A schedule will be published detailing when subsequent Bond Fund applications are due.

November 2017: \$20M Bond Referendum approved.
July -August 2018: Obtain approval of Bond Fund Strategy from the Community Development Committee of City Council and City Council.
October 2018: Release Letter of Intent to the Development Community.
October 2018: Release a Request for Qualifications for a Fund Manager
November 2018: Letters of Intent due from Development Entities.
December 2018: Select a Fund Manager.
December 2018: Notify Development Entities to complete a full application.
January 2019: Award conditional approvals.
February 2019 – Fund developments.
December 2019:

Incentives Available to Developers Constructing Affordable Housing:

- a. **Charleston Water Systems Affordable Housing Incentive Program defers or reduces the payment of water and wastewater impact fees for developments providing affordable for-sale or rental housing. Program details and applications are available by contacting South Carolina Community Loan Fund at 843.973.7285**
- b. **Other incentives are being reviewed. The Development Community will be advised of any additional incentives prior to the commencement of the development.**
- c. **Tax incentives, including, but not limited to, Low Income Housing Tax Credits (LIHTC), are not guaranteed with the use of Bond Funds. Developers are solely responsible for determining eligibility for and amount of any applicable tax credits.**

APPLICATION CRITERIA		
<p>The criteria detailed below will be used to review and rank proposals received for funding. Each applicant’s capacity and proven track record in completing neighborhood revitalization projects along with the project’s feasibility will be considered; however, the factors listed below along with point values will be used in determining which projects are funded:</p>		
CRITERIA	DESCRIPTION	MAX SCORE
LOAN SUMMARY (20 Points)	Applicant has document(s) of collateral, financing, leverage, cash contributions and other documented contributions.	8 Points
	Funds requested are less than 25% of Bond Funds available.	6 Points
	Funds requested are less than 50% of Bond Funds available.	4 Points
	Funds requested are less than 75% of Bond Funds available.	2 Points
AFFORDABILITY PERIOD IMPOSED (15 Points)	The development has an affordability period imposed for 90 years or longer.	10 Points
	The development has an affordability period imposed for 50 year minimum.	3 Points

	The development has an affordability period imposed for 30 years or less.	2 Points
ORGANIZATIONAL SUMMARY(5 Points)	Applicant(s) provided evidence of capacity and viable references.	5 Points
READINESS TO PROCEED (10 Points)	Development will be completed within 18 months after contract execution.	5 Points
	Development will be completed within 24 months after contract execution.	3 points
	Development will be completed within 36 months after contract execution.	2 Points
ENERGY EFFICIENCY, ENVIRONMENTALLY FRIENDLY STRATEGIES (10 Points)	Applicant has provided a list of environmentally friendly and sustainable strategies that will be implemented in their development. Items include, but are not limited to, use of durable materials, Energy Star-compliant heating, cooling, hot water equipment and appliances, flood proofing techniques, and sustainable and resilient design.	7 Points
	The proposed development is at a higher ground elevation and is not located in a low lying area.	3 Points
SERVICE AND TRANSPORTATION ACCESSIBILITY (10 Points)	Proximity to active or planned Public Transit stop or terminal.	2 Points
	Proximity to Pharmacy or Drug Store, Doctor’s Office/Medical Office, Emergency Clinics, Urgent Care Facilities or Hospital that are open to the public.	2 Points
	Proximity to full Service Grocery Store.	1 Point
	Proximity to Convenience Store and Gas Station, Restaurants, Retail Shopping Areas.	1 Point
	Proximity to Public Elementary, Middle or High School.	1 Point
	Proximity to Public Park or Playground, Public Libraries, Museums, Cinemas, Bowling Alleys,	1 Point

	Skating Rinks, College or Professional Sporting Event venue.	
	Proximity to Fire Station (including Volunteer Fire Stations).	1 Point
	Full Service Banks or Credit Union.	.50 Point
	Other service or accessibility item.	.50 Bonus Point
PROJECT SUMMARY: Housing Units Per Area Median Income (AMI) (15 Points)	Affordable rental units dedicated to very low income households, (50% of median and below).	5 Points
	Affordable rental units dedicated to low and moderate income households, (51% to 80% of median).	4 Points
	Affordable rental units dedicated to moderate income households, (80% to 120% of median).	4 Points
	Affordable units that are included with market rate units (must be financed by a source other than City of Charleston Bond Funds).	2 Points
MARKET/ NEEDS ASSESSMENT: Rental Rates (15 Points)	Rents affordable to very low income households, (50% of median and below), Affordable and market rates included.	5 Points
	Rents affordable to low and moderate income households, (50% to 80% of median), Affordable and market rates included.	4 Points
	Rents affordable to moderate income households, (80% to 120% of AMI), Affordable and market rates included.	4 Points
	Marketing and Outreach Strategies.	2 Points
TOTAL POSSIBLE SCORE		100 Points

Conclusion:

The need for housing attainable to the working population and low, very low and moderate income residents in the Charleston community has been evaluated and discussed in a number of written reports prepared by a number of diverse organizations - the Charleston Metro Chamber of Commerce, the Regional Development Alliance, the Realtors Association, the SC Community Loan Fund, local governments and others, for more than ten years. According to one report, “Out of Reach 2017”, published by the National Low Income Housing Coalition, no minimum wage worker in any state can afford a one-bedroom apartment at Fair Market Rent (FMR) working the standard 40-hour week without paying more than thirty (30%) of their income. At minimum wage, an individual would have to work 61-78 hours per week to afford a one-bedroom apartment.

A thriving city is weakened by an unaffordable housing market that fails to meet the needs of its residents. Housing is linked to business, economic development, tourism, health, neighborhood vitality, community, education, the environment, transportation and land use. The City of Charleston has a history of fulfilling its commitment to affordable and workforce housing at various levels of income. This commitment continues to be fulfilled through collaborative private and nonprofit partnerships. The success of the bond and each of its components will be achieved through strategic collaborations and aggressive implementation of the strategies described herein.

Exhibit A

City of Charleston

Department of Housing and Community Development

**Income Limits
FY 2018-19**

	Extremely low income <u>30%</u>	Very low income <u>50%</u>	Low Income <u>60%</u>	Low income <u>65%</u>	Moderate Income <u>80%</u> Workforce Housing	Median family income <u>100%</u>	City of Chas. Homeownership Initiative income limit <u>120%</u>	Beazer Homes [Daniel Island] <u>150%</u>
HOUSEHOLD SIZE								
1	\$15,650	\$26,100	\$31,320	\$33,930	\$41,750	\$52,200	\$62,640	\$78,300
2	\$17,900	\$29,800	\$35,760	\$38,740	\$47,700	\$59,600	\$71,520	\$89,400
3	\$20,150	\$33,550	\$40,260	\$43,615	\$53,650	\$67,100	\$80,520	\$100,650
4	\$22,350	\$37,250	\$44,700	\$48,425	\$59,600	\$74,500	\$89,400	\$111,750
5	\$24,150	\$40,250	\$48,300	\$52,325	\$64,400	\$80,500	\$96,600	\$120,750
6	\$25,950	\$43,250	\$51,900	\$56,225	\$69,150	\$86,500	\$103,800	\$129,750
7	\$27,750	\$46,200	\$55,440	\$60,060	\$73,950	\$92,400	\$110,880	\$138,600
8	\$29,550	\$49,200	\$59,040	\$63,960	\$78,700	\$98,400	\$118,080	\$147,600

To establish consistent income limits, the City of Charleston is using the HOME Program's published limits for the 30, 50, 60, and 80 percent limits. The 65, 120 and 150 percent limits are calculated using the 100% area median income adjusted for family size.

Effective June 1, 2018