



Affordable Housing in Charlotte

The Position of the Greater Charlotte Apartment Association

Affordable housing in Charlotte is a critical issue for the community. A recent study conducted of the affordable housing need estimated that there was a shortage of as much as 34,000 units. There have been ongoing efforts to address the need by many different groups and continued work is needed. Nonetheless on a relative basis to other cities, Charlotte is more affordable than many, a credit to the resources and practices already in place. As additional work is undertaken to improve affordable housing in the community, it is useful to look at the roles and opportunities for the groups involved—government, non-profits, and business.

Government

Because affordable housing is a community - wide issue, the government role is important. Its support for affordable housing has often been in the form of critical financing through the use of tax credits or favorable mortgages since, on its own with market capital, affordable housing can be infeasible—particularly new construction. Rent subsidies provided to households in need can also be an efficient way to make housing affordable for those with limited resources and are generally provided with Federal funds administered locally but other government resources could be used. Another ripe area for better government utilization is to make better use of publicly-owned land in the housing development process.

An important, overlooked, and often misunderstood role for government is to provide an environment where housing can be produced and owned profitably. Governments with a very difficult regulatory environment are also often those places with the least affordable housing. San Francisco touts its requirements for affordable housing but in actuality has much less affordable housing than a city like Houston, where the business environment is more favorable. City policies on zoning, building codes, and fees for services all have an impact on housing cost and its availability.

Non-profits

Non-profit organizations with a focus on community needs provide important resources to affordable housing efforts. Because of the challenging economics of affordable housing, non-profit groups can step in where the market place cannot function effectively. The local Habitat chapter has been active for years and has broad community support. The Charlotte Mecklenburg Housing Partnership has been a successful developer of both single and multifamily housing using both government and private resources. Other groups such as the Urban Ministry and Salvation Army have focused on providing shelter, both temporary and permanent, to the homeless population. Several other groups have provided rent assistance and supportive services to households in need. In recent years, the local faith community has taken a much more active role in local affordable housing with good results. Some national non-profits buy and own apartments with a goal of keeping them affordable; one recently purchased a property in Charlotte. All these efforts have made an important impact on affordable housing in Charlotte.

Business

The business community has had an ongoing, important, and often unrecognized role in providing affordable housing in our community. For context, while in a recent year Charlotte Habitat built 46 homes, apartment owners in Charlotte provided over 20,000 apartments that rent for under \$800 per month - almost all of them occupied by households with annual incomes at or below 50% of Area Median Income. The existing housing stock in Charlotte is its most important affordable housing resource and could provide more affordability by increased use of some of the programs above including rent subsidies and non-profit ownership. Another key reason that Charlotte has affordable housing stock is that new supply can and has been added, providing availability and inventory and limiting any scarcity.

Recently it has been proposed that new apartment development set aside a certain number of new apartments to provide as affordable housing. Regardless of whether a developer agrees to do this or not, it is a reduction in the value of his individual property in order to provide a community wide benefit—not something that seems fair or appropriate. To the extent that it makes new development less feasible, such a policy could have the unintended consequence of limiting supply and actually driving up housing costs. We think that there are better methods to improve Charlotte's housing affordability.

In summary they are:

- Government financing of new developments through use of tax credits and favorable mortgages
- Rent subsidies provided to households in need through public and/or private sources
- Non-profit development and ownership of affordable housing
- A favorable business environment for the provision and operation of housing
- Utilization of publicly-owned land



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