

Housing Commission Proposed Incentive Program



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PROPOSED INCENTIVE PROGRAM

The Housing Commission recommends that the Municipal Code, Title 21, be amended to include additional incentive programs applicable to the development of new affordable housing.



Proposed Incentive Program

- At our presentation in February, the Board of Mayor and Aldermen requested additional information. The request falls into three categories of program specifications.
- Road and Parkland Impact Fee Offsets for construction of new affordable housing units with sales prices up to \$248,000.
- The construction of rental units that utilize Low Income Housing Tax Credits (LIHTC).
- Available to nonprofit, for profit, or a combination of both
- Properties would be deed restricted for a maximum of fifty (50) years
 - ~ \$13,000 per unit
 - Total \$1,000,000



Program Specifications

1) Buyer/Renter Qualification

- Similar to programs used by banks and Habitat
 - Use in-depth criteria which may include bank statements, income tax records and personal data
- Maximum income based on the HUD Metropolitan Statistical Area Median Income
 - For a family of four in 2019 is \$74,900
- Orchestrated and monitored by a 3rd party
 - Community Housing Partnership is example of agency that could do this

Program Specifications, cont.

2) Builder / Developer

- Program is open to both for profit and non-profits or a combination of both

3) Unit requirements

- Sale or rental price must be affordable to a family whose income is no more than 80% of median household income based on the annual Housing & Urban Development Metropolitan Statistical Area Income Table

Financial Impact

- The Housing Commission recommends the Board appropriate an initial contribution of One-Million Dollars (\$1,000,000.00) from the General Fund for the proposed program. This amount would pay the Road and Parkland Impact Fees for up to 78 single family homes
- The Board would be requested to make an appropriation for the program through the budget each year
- Amount could vary from year to year based on success of program and available resources

Example Annual Return to the City of Franklin From New Homeowners

Gross Inc	# of Families	To City of Franklin	To FSSD	Total to Franklin
\$45,000	151	\$40,698	\$326,195	\$366,893
\$58,000	90	\$61,236	\$414,098	\$475,334
TOTAL	241	\$101,934	\$740,293	\$842,227
Less Franklin Incentive		\$2,368,986		\$2,368,986
Net 1st year		(\$2,267,052)		(\$1,526,759)
Net 2nd Year		(\$2,165,117)		(\$684,532)
Net 3rd Year		(\$2,063,183)		\$157,695
Net 4th Year		(\$1,961,248)		\$999,922
Net 5th Year		(\$1,859,314)		\$1,842,149
Net 6th Year		(\$1,757,379)		\$2,684,376
Net 7th Year		(\$1,655,445)		\$3,526,603
Net 8th Year		(\$1,553,510)		\$4,368,830

Thank You