

Housing and Community Funding Update

NOAH Investment Recommendation

MAY 22, 2023

Agenda

◀ **Housing and Community Funding Opportunities**

- Community Resilience Grants [ARPA-funded program authorized by Council in 2022]
- Housing Support Grants [staff recommended ARPA-funded program for Council feedback]

◀ **Naturally Occurring Affordable Housing (NOAH)**

- Charlotte Woods NOAH investment recommendation [for Council discussion and feedback]
- NOAH rolling RFP [for Council awareness]

Housing and Community Funding Opportunities



Summary of Nonprofit Grant Programs

	Community Resilience Grants	Housing Support Grants
Funding and Program Status	<ul style="list-style-type: none"> Approved by Council in 2022 and launched May 18, 2023 	<ul style="list-style-type: none"> Seeking Council feedback on program intent and funding
Total Program Funding	<p>\$2.5M [ARPA] Expect to award at least 20 grants</p>	<p>\$5M - \$6.5M [ARPA] Expect to award 3 – 7 grants</p>
Investment Focus Areas	<ul style="list-style-type: none"> Housing & Neighborhoods Equity & Inclusion Environment & Sustainability 	<p>Housing security and stability</p>
Eligible Use of Funds	<p>General operating support</p>	<p>Specific project(s) and/or programming</p>
Min/Max Funding Opportunity	<p>Maximum grant of \$250K</p>	<p>Grant range: \$250K - \$2.5M</p>
Program Intent	<p>Support the operating costs of non-profit agencies that serve communities adversely impacted by COVID, with 30% of total program funding devoted to grassroots organizations</p>	<p>Support capital and/or programming costs to address needs related to the homeless or unstably housed population, with all funding devoted to medium sized / emerging non-profits</p>

Housing Support Grant Program Summary

◀ Eligible organizations

- 501c3 organizations that 1) reported total annual revenue less than \$7.5M in the most recent fiscal year, and/or were founded less than ten years ago
- Must have a full-time staff and an operating board of directors

◀ Funding to be prioritized for requests that meet some/all of the following criteria

- Organization has a track record of delivering programming in minority communities
- Project or programming request focuses on Corridors of Opportunity areas of influence
- Use of requested funds will focus on hard-to-house populations such as formerly incarcerated residents, and/or homeless families, and/or households with rental subsidies
- Organization has a track record of incorporating supportive services into housing and/or homelessness-related programming

◀ Other program and process considerations

- Funding requests will be solicited through a RFP process
- Staff is exploring a non-profit capacity building service that could be offered to grantees, to enable grantees to address their greatest capacity building needs

Charlotte Woods NOAH Investment Opportunity

City of Charlotte NOAH Investment Criteria

NOAH Investment Guidelines Adopted by City Council in 2019	
✓	In a location at risk of conversion to higher rents and the threat of displacement of low-and-moderate income residents
✓	Affordability period of at least 15 years
✓	Funding prioritized for 60% AMI and below households, and at least 10% of units set-aside for 30% AMI households
✓	In an area with close proximity to quality jobs, schools and transportation infrastructure
✓	City investment per unit up to \$35K, with leverage ratio of at least 1:3

City of Charlotte's NOAH Track Record

◀ Eight successful NOAH investments since 2019

- Aggregate city support of \$28million, with a leverage ratio of 1:6
- Enabled preservation and long-term affordability for 1,335 units

◀ Layered Programming

- NOAH rental subsidy program
- Supportive service model

◀ Public-Private Partnership

- Housing Impact Fund
- Co-investments with Mecklenburg County



Charlotte Woods NOAH Proposal

◀ **Developer = Ascent Housing / Housing Impact Fund**

◀ **Location = District 1 [at Woodlawn / Scaleybark]**

◀ **266 Units**

- 155 One Bedroom Units
- 111 Two Bedroom Units

◀ **Current Market Rents**

- Average 1-BR - \$1,195 - \$1,324/month
- Average 2-BR - \$1,465 - \$1,546/month

◀ **Estimated Proposed Rents**

- \$360 to \$535* for 30% AMI & Below
- \$1,000 to \$1,175 for 60% AMI & Below
- \$1,050 to \$1,215 for 80% AMI & Below

◀ **Proposed AMI Mix**

- 30% AMI or less: 80 units
- 31% - 60% AMI: 133 units
- 61% - 80% AMI: 53 units

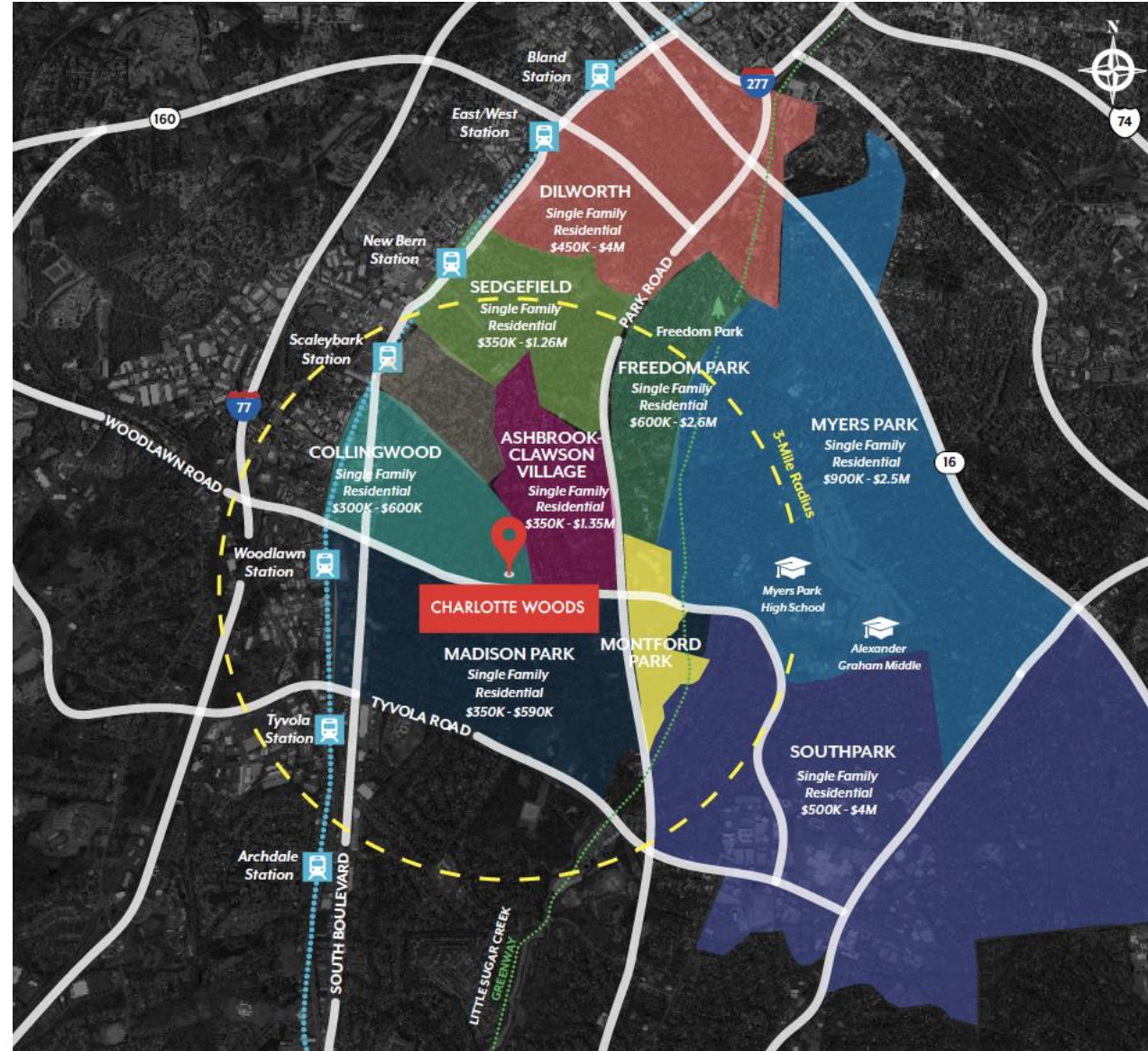


* Rent range for 30% AMI households based on participants in rental subsidy program [see slide 12]

Charlotte Woods: Surrounding Area

Apartments proximate to:

- Convenient access to Uptown and other major employment and service hubs
- Close to Park Road Shopping Center, and zoned for AG Middle and Myers Park High
- Close to:
 - pharmacies
 - grocery/shopping
 - bank branches
 - CATS bus route
 - Blue line



3-MILE RADIUS

\$139,602
AVERAGE
HOUSEHOLD INCOME

\$583,745
AVERAGE
HOME VALUE

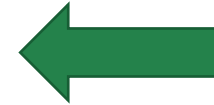
80.7%
% COLLEGE +
EDUCATED

Charlotte Woods: Proposed Sources of Funds

Funding Sources	Amount
Senior Debt	\$18,000,000
Housing Impact Fund II	\$14,075,000
City of Charlotte	\$8,000,000
Mecklenburg County	\$4,000,000
Total	\$44,075,000



First investment of “round two” of the Housing Impact Fund



Funding source = Housing Trust Fund

City Cost Per Unit	Leverage Ratio
\$30,075	1:5

City of Charlotte and Mecklenburg County funding contingent on actions by Council and Board of Commissioners, respectively

NOAH Proposal

(Rental Subsidy Program)

- ◀ Collaborative city / county program
- ◀ Creates new long-term rent subsidies for 30% AMI households that do not have existing vouchers
- ◀ Yearly aggregate subsidy amount funded by the city not to exceed the amount of city taxes paid on the property
- ◀ Subsidy administered by a third-party and paid after verifying household eligibility



Charlotte Woods Subsidy Proposal

New Subsidies	40 units (15% of total)
AMI Served	30% and below
City Property Tax (2022)	\$112,929
Affordability / Subsidy Period	20-years
Estimated Present Value of 20-year City Subsidy	\$1.8M

Charlotte Woods: Key Takeaways

- ◀ Large NOAH preservation opportunity in an area experiencing substantial rent growth
- ◀ Meets or beats all city NOAH-related guidelines/goals
- ◀ Public/private sector funding collaboration with Housing Impact Fund and Mecklenburg County
- ◀ Emphasis on city priorities related to:
 - Affordable housing and anti-displacement
 - Near-term access to 30% AMI units
 - Expansion of rental subsidies for 30% AMI households
 - Exceed MWSBE goals (i.e., > 90% of rehab work to be minority-led)
 - Supportive services and economic mobility

Next Steps

◀ Charlotte Woods

- Council vote on June 12th [contingent on Action Review feedback]
- Board of County Commissioners expected to consider the funding request in June

◀ NOAH Rolling RFP

- RFP posted May 19, 2023
- RFP parameters consistent with Housing Trust Fund “Tune Up”
- Funding recommendations will be presented to Council as opportunities emerge