

City Council Meeting Follow-Up Items From September 12th Council Meetings

Mayor and Council Questions

Topic

NOAH Preservation and Rental Subsidy Request

Question

Would like us to look at the language we put in place.

How much \$ are we putting into subsidies vs how much money are we getting back in taxes and what happens to those taxes, are they put in the general fund. And if not what is the benefit? (Mayfield)

Response

the Peppertree Apartments rental subsidy program will be applicable to half of the units set aside for 30-percent AMI households. This is consistent with the previous Council-approved NOAH rental subsidy programs. For Peppertree Apartments, this translates to 44 units that will participate in the rental subsidy program. The rental subsidy is co-funded by the City of Charlotte and Mecklenburg County, with the City and County covering approximately 36% and 64% of the subsidy, respectively [based on current property tax rates]. The City's portion of the subsidy is funded through the Innovative Housing Program (General PAYGO Capital Investment Plan). The maximum amount of the City's annual aggregate subsidy for the 44 units will be capped by the amount of the Peppertree development's annual city property tax bill [e.g., \$90,244 in 2022]. The rental subsidy program does not entail a tax refund of any kind. Instead, the annual city property tax bill associated with Peppertree Apartments will establish a "not to exceed" amount for the aggregate rental subsidies that are funded by the Innovative Housing Fund. In addition, the city pays the rental subsidies only when the applicable units are occupied [i.e., the program is structured to ensure that payments are made only when necessary].

The amount of the rental subsidy for each of the 44 units will depend on a number of factors, including the specific AMI level for the household and the number of bedrooms for the unit. The rental subsidy pays the difference between what the resident household can afford [i.e., 30% of their income] and the property's asking rent [which shall not exceed the applicable Fair Market Rent as determined by HUD]. Since this rental subsidy program is co-funded by the City and County, it is estimated that our per-unit subsidy will be approximately \$200/month at the outset of the program. Please refer to the table below for an illustrative example of the rental subsidy program for one unit.

Example:

Monthly asking rent for one unit	\$950	
Less: Tenant contribution [i.e., affordable monthly rent for 30% AMI household]	(\$500)	
Difference between asking rent and tenant contribution = total monthly rental subsidy	\$450	
City Portion of total monthly rental subsidy = 36% of \$450		\$162
County portion of total monthly rental subsidy = 64% of \$450		\$288