



# Naturally Occurring Affordable Housing Funding Support Request

City Council Action Item Review

February 25, 2019

# Briefing Objectives

- ▶ Background
- ▶ Housing Trust Fund Status
- ▶ Naturally Occurring Affordable Housing (NOAH) Funding Proposal
- ▶ Next Steps



# Background

- ▶ **August 2018:** Council adopted the “Housing Charlotte Framework” which recommended:
  - ▶ Prioritizing large-scale NOAH properties, and
  - ▶ Establishing a preservation fund to subsidize developer acquisition of NOAH
  - ▶ Deploying resources to partner with developers to preserve at-risk NOAH properties with City subsidies



# Housing Trust Fund Status

Housing Trust Fund	
Beginning Balance:	\$50,000,000
Less 4% Tax Credit Projects:	- \$9,524,000
Remaining Balance:	\$40,476,000

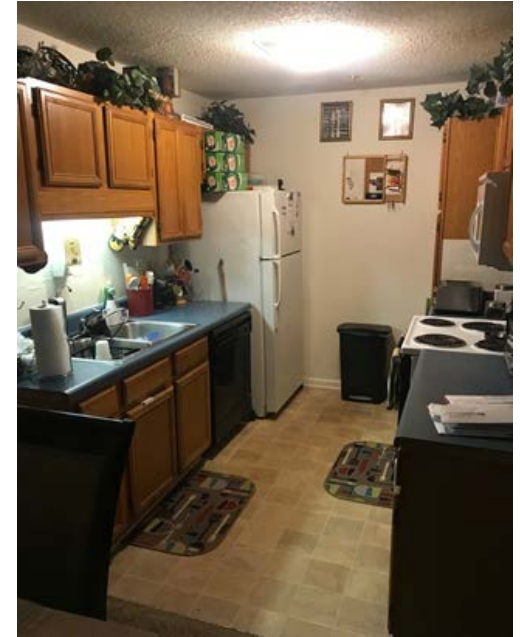
# Proposed NOAH Criteria

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✓	Older than 15 years
✓	Rents in AMI range that are at-risk due to surrounding neighborhood dynamics
✓	Can be rehabilitated to maintain good quality of life for residents for 15 years or more
✓	In an area with close proximity to quality jobs, schools and transportation infrastructure
✓	Minimum 1:3 leverage ratio
✓	Neighborhood is experiencing transformative change and property appreciation



# NOAH Proposal

- ▶ **Developer:**
  - ▶ Ascent Real Estate Capital and Laurel Street Residential
- ▶ **NOAH Property:**
  - ▶ Sharon Oaks Apartments
  - ▶ 4701 Arching Oak Lane
  - ▶ Council – District 5
  - ▶ Originally built in 1961 and the early 1990s



# NOAH Proposal

- ▶ Sharon Oaks Apartments
- ▶ 98 Apartment Units
  - ▶ 20 One-Bedroom Units
  - ▶ 78 Two-Bedroom Units
- ▶ Current Rents
  - ▶ Average 1-BR - \$697/month
  - ▶ Average 2-BR - \$873/month



# NOAH Proposal (Proposed Rehabilitation Work)

- ▶ Roof replacement/repairs
- ▶ Siding / fascia / soffit replacement / repairs (to address rot and deterioration)
- ▶ Balcony and railing replacement (to address rotting wood)
- ▶ Masonry repairs (to address structural issues)
- ▶ Improvements to site drainage (to prevent flooding)





# Surrounding Area





# Surrounding Area

Apartments proximate to:

- ▶ Quality housing stock - new, existing and under construction
  - ▶ Cotswold, Meridian Place, Moderna, Oakhurst on Monroe (mixed-use)
- ▶ Single-family and multi-family price appreciation
- ▶ New, quality retail
  - ▶ Starbucks @ MoRA Point, Common Market, Aldi, Oakhurst on Monroe (mixed-use)
- ▶ Access to public transportation



# Sharon Oaks Apartments



# Sharon Oaks Funding Request

	OPTION 1	OPTION 2
Proposed AMI	# Units	# Units
30% <i>(with voucher support)</i>	20	20
50%	10	10
<b>60%</b>	<b>48</b>	<b>24</b>
<b>80%</b>	<b>0</b>	<b>24</b>
Non-Restricted	20	20
<b>Total Units</b>	<b>98</b>	<b>98</b>

<b>HTF Request</b>	<b>\$2,100,000</b>	<b>\$1,850,000</b>
Total Cost	\$9,350,000	\$9,350,000
Affordability Period	15 Years	15 Years
<b>Leverage Ratio</b>	<b>3:1</b>	<b>4:1</b>
<b>HTF Investment Per Unit</b>	<b>\$21,428</b>	<b>\$18,877</b>



## Next Steps

- ▶ Next Steps - Council will consider approval of funding for Sharon Oaks NOAH preservation (Option 1 or Option 2) at tonight's business meeting.