

## **Naturally Occurring Affordable Housing Rental Subsidy Program Guidelines**

### **Purpose**

The purpose of the Naturally Occurring Affordable Housing Rental Subsidy Program (Program) is to expand opportunities for low-income households to live in high-quality NOAH developments by creating new long-term rent subsidies for households earning 30% of the area median income (AMI) that do not have existing vouchers or other rent subsidies. This will be accomplished by working with mission-oriented groups including housing developers and property owners that are committed to preserving NOAH and serving low-to-moderate income households.

### **Program Eligibility**

- Mission-oriented owners of quality multi-family NOAH developments located in the city limits are eligible to participate, with emphasis on areas that are at risk of conversion to higher rents and the threat of displacement of low-and-moderate income residents.
- Owners must have demonstrated financial, management and maintenance history, including confirmed replacement reserves and a history of reinvesting in properties in their portfolio.
- Property must be older than 15-years, well-maintained and on the property tax rolls.
- Owners must be able to secure Mecklenburg County participation representing the County's portion of the property tax bill.
- While participation is anticipated to most often be in conjunction with other City financial support, such as Housing Trust Fund allocations, this is not required.

### **Program Rental Subsidy**

- For each project, the City will commit annual funding for the length of the property's deed restriction at an amount not to exceed the project's City property tax bill.
- The rental subsidy will pay the difference between what the resident household can afford (30% of their income) and the lesser of the property's asking rent or Fair Market Rent.
- Funding is administrated through a third-party non-profit housing services provider who identifies tenants and orchestrates the rental subsidy. Funding will only be drawn as subsidies are needed.
- The third-party non-profit will determine the rental subsidy amount that ensures eligible tenants only pay 30% of their income and the combined payment (tenant's rent + rental subsidy) does not combine to exceed the lessor of the property's asking rent or Fair Market Rent.
- Participation by Mecklenburg County, representing the County's portion of the property tax bill, is required for the success of the Program.

### **Program Goals**

It is the City's intent to expand opportunities for low-income households to live in high-quality NOAH developments to every extent possible while balancing other City priorities. While each NOAH rental-subsidy proposal will be evaluated on the unique characteristics of the property, ownership, management and funding proposal, the following goals are hereby established to serve as minimum guidelines for evaluation. Preference will be given to preservation scenarios that help the City meet and surpass these goals, with an emphasis given to proposals in areas that are at risk of conversion to higher rents and the threat of displacement of low-and-moderate income residents. Goals include:

- Preserve affordability of the NOAH development through deed restrictions/terms of affordability for a minimum of 20 years with a preference for longer terms, through deed restrictions or any other such legal agreements required by the City. Affordability of units will include:
  - Allocating a minimum of 80% of all units to residents earning 80% AMI and below, with majority of units set aside for 60% AMI and below.
  - Setting aside a minimum of 10% of units for participation in the Program, with a goal of 15%. These units will serve households at 30% AMI that do not have existing vouchers or other forms of rental assistance.
  - Overall, at least 20% of property's units must be set aside for 30% AMI and below households across all voucher and rental subsidy sources (including the Program).
  - Distributing rental subsidy evenly across one-bedroom, two-bedroom, and three-bedroom units (as applicable).
- Limit displacement through owner commitments that new residents who qualify for the rental subsidy will be housed as units come available through natural turnover.
- Partner with Mecklenburg County on rental subsidy commitments, representing the County's portion of the property tax bill. Owners of NOAH shall be responsible for securing the County's commitment to participate.
- Align with other City priorities and policies, including the Guidelines for preserving Naturally Occurring Affordable Housing.