

Legislation Text

File #: 15-21188, Version: 1

Affordable Housing Development Support Requests including Lease of City-Owned Property

Action:

- A. Approve \$13,194,000 in Housing Trust Fund allocations for the following affordable housing developments contingent upon their receiving a Low-Income Housing Tax Credit award from the North Carolina Housing Finance Agency, where applicable:**
- Arrowood Homes, \$2,500,000, (four percent Low-Income Housing Tax Credit) in Council District 3,
 - Aveline Legacy Druid Hills Duets II, \$462,000, (Homeownership) in Council District 1,
 - Central at Old Concord, \$4,200,000, (four percent Low-Income Housing Tax Credit) in Council District 1,
 - Kings on Lamar, \$2,432,000, (Supportive Housing) in Council District 1,
 - Swan Run Apartments, \$2,400,000, (Naturally Occurring Affordable Housing) in Council District 7,
 - Sycamore Station II, \$1,200,000, (four percent Low-Income Housing Tax Credit) in Council District 1,
- B. Approve \$4,325,000 in federal fund allocations (Community Development Block Grant, Housing Opportunities for Persons with AIDS, and HOME Investment Partnerships Program) for the following affordable housing developments contingent upon their receiving Low-Income Housing Tax Credit awards from the North Carolina Housing Finance agency, where applicable:**
- Arrowood Homes, \$3,000,000, (four percent Low-Income Housing Tax Credit) in Council District 3,
 - Mount Moriah Seniors, \$825,000, (nine percent Low-Income Housing Tax Credit) in Matthews, North Carolina,
 - Sycamore Station II, \$500,000, (four percent Low-Income Housing Tax Credit) in Council District 1,
- C. Adopt a resolution approving an option agreement and long-term ground lease of city-owned property located at 7202 South Boulevard (parcel identification number 205-173-03) with Arrowood Homes Owner, LLC, for the development of the Arrowood Homes multi-family affordable housing development,**
- D. Approve an annual reimbursement to Housing Collaborative in an amount not to exceed the city portion of the parcel's property tax bill for Swan Run Apartments for a Naturally Occurring Affordable Housing Rental Subsidy Program over a 20-year period for 14 new long-term rental subsidies at Swan Run Apartments for households earning 30 percent and below the area median income, and**
- E. Authorize the City Manager to execute, amend, extend and renew contracts and other required documents to complete these transactions.**

Staff Resource(s):

Shawn Heath, Housing & Neighborhood Services
Warren Wooten, Housing & Neighborhood Services

Explanation

Action Items A and B

- On June 30, 2023, the city issued a Request for Proposals (RFP) to aid in the production of affordable housing units. The RFP included funding opportunities through the Housing Trust Fund, Community Development Block Grant, HOME Investment Partnerships Program, and Housing Opportunities for Persons with AIDS.
- Additionally, in May 2023, the city issued a rolling RFP for Naturally Occurring Affordable Housing (NOAH) Acquisition, Rehabilitation and Subsidy.
- In response to these RFPs, ten proposals were received, including one NOAH proposal, seeking various types of gap financing support including nine percent and four percent tax credits from the North Carolina Housing Finance Agency (NCHFA). Two of the proposals were subsequently withdrawn by the developers.
- Approval of the recommended developments will add 716 affordable long-term deed restricted rental housing units and 14 affordable homeownership units to the city's existing supply.
- The recommended developments meet all submission requirements. Additionally, the following guiding principles were adhered to in the evaluation of the proposals:
 - Ensuring affordable, multi-family housing developer experience,
 - Creating mixed-income developments in areas of opportunity,
 - Achieving long-term affordability, and
 - Maximizing the leverage of available resources.
- Additionally, the NCHFA will base their final tax credit awards on:
 - Market demand and local housing needs,
 - Ability to serve qualified residents for the longest affordability period,
 - Design and quality of construction, and
 - Financial structure and long-term viability.

Item C

- On November 9, 2021, the city issued a Request for Proposals for the city-owned property at 7202 South Boulevard (parcel identification number 205-173-03) (City Property).
- On February 14, 2022, City Council authorized staff to work with The NRP Group to finalize their preliminary affordable housing development proposal for a multi-family affordable housing development (Arrowood Homes) on the City Property, to include potential city financial support through a future RFP, and negotiating conveyance of the City Property.
- The NRP Group has requested city gap funding, reflected in Action Items A and B, for the Arrowood Homes multi-family affordable housing development, with a ground lease of the City Property.
- The ground lease transactions will include:
 - An option to ground lease, with an initial term through August 10, 2024, and two additional extensions upon mutual agreement of the parties, the first for a period of 180 days and the second for 90 days.
 - A long-term ground lease with basic terms including:
 - Lessee: Arrowood Homes Owner, LLC (an affiliate of NRP Group)
 - Term: 99 years
 - Rent: \$1.00/year
 - Affordable Housing: Development of 120 multifamily housing units affordable to households earning 80 percent and below the area median income (AMI) as proposed in Actions A and B.

Item D

- Ascent Housing, or an affiliate, proposes to acquire and renovate Swan Run Apartments, including creating new long-term rental subsidies for 30 percent AMI households.
- Swan Run is a 92-unit existing multi-family NOAH development at 4600 Swan Meadow Lane (parcel identification numbers 211-273-21, 211-541-08, and 211-274-01) (NOAH Property).
- Of the total 28 units that will serve households earning 30 percent and below of the AMI, Ascent

Housing has agreed to set aside 14 units for 30 percent AMI households that do not have existing vouchers or other forms of rental assistance, through the city's NOAH Rental Subsidy Program.

- The city will commit to annual funding for the length of the NOAH Property's 20-year deed restriction at an amount not to exceed the development's annual city property tax bill. The maximum amount of reimbursement will be adjusted each year in correspondence with the actual amount of the current year's property taxes. In 2022, the development's city property tax bill is \$20,590.46.
- The rental subsidies will pay the difference between what the resident household can afford (30 percent of their income) and the lesser of the Swan Run Apartments asking rent or Fair Market Rent.
- The city's funds will be provided to Housing Collaborative, a local non-profit organization, who will identify eligible tenants and administer the NOAH rental subsidy on behalf of the city.
- The city's rental subsidies are contingent upon approval by the Mecklenburg County Board of County Commissioners to provide rental subsidies for the county's portion of the property taxes.

Background

- On August 27, 2018, City Council adopted the Housing Charlotte Framework, which recommends expanding the supply of high-quality rental housing by building affordable housing, preserving existing NOAH, and promoting family self-sufficiency initiatives.
- On February 25, 2019, City Council approved the Guidelines for Evaluation and Disposition of City Owned Land for Affordable Housing.
- On March 25, 2019, City Council approved the Guidelines for preserving NOAH.
- On November 8, 2021, City Council approved the NOAH Rental Subsidy Program Guidelines.
- On June 13, 2022, City Council adopted the U.S. Department of Housing and Urban Development's Annual Action Plan (Plan) which identifies the need for affordable, safe, and decent housing for low-and-moderate income families and reaffirms the goals of the Housing Charlotte Framework.
- The recommended city support is consistent with the strategies outlined in these city policies including the City-Owned Real Estate and Facilities Policy, demonstrates local alignment with state-supported affordable housing developments, and allows for local leveraging of tax credit awards and the use of best practices to further the city's housing goals.

City Council Discussion

City Council received a briefing on the affordable housing development support requests during their September 11, 2023 Action Review.

Charlotte Business INclusion

All HTF funded projects and their developers are subject to M/W/S/BE goals determined based on the amount of the HTF allocations received.

Fiscal Note

Funding: General Capital Investment Plan, Community Development Block Grant, HOME Investment Partnerships Program, Housing Opportunity for Persons with AIDS.

Attachment(s)

September 11, 2023 Action Review Presentation
Resolution