

## Legislation Text

File #: 15-16685, Version: 1

### Naturally Occurring Affordable Housing Rental Subsidy Program

**Action:**

**Approve the Guidelines for a city-wide Naturally Occurring Affordable Housing (NOAH) Rental Subsidy Program to expand opportunities for low-income households to live in high-quality NOAH developments through the creation of new long-term rental subsidies.**

**Staff Resource(s):**

Pamela Wideman, Housing and Neighborhood Services

**Explanation**

- Most of Charlotte’s existing affordable rental options, and particularly options for low- to moderate-income households, are Naturally Occurring Affordable Housing (NOAH) developments. The preservation of NOAH is noted as a national best practice for maintaining the supply of quality affordable housing and is identified as a key strategy in the Housing Charlotte Framework.
- Rental subsidies reduce housing instability for low-income families; improve outcomes for children; and help to reduce poverty, homelessness, and other hardships.
- The NOAH Rental Subsidy Program (Program) will work with mission-oriented developers and groups to expand opportunities for low-income households to live in high-quality NOAH developments located in the city by creating new long-term rent subsidies for households earning no more than 30 percent of the area median income (AMI) (currently \$25,250 for a family of four) who do not have existing vouchers or other rent subsidies.
- Owners of participating NOAH developments will:
  - Allocate a minimum of 80 percent of all units to residents earning 80 percent AMI (currently \$67,350/family of four) and below, with the majority of units set aside for 60 percent AMI and below (currently \$50,520/family of four), through long-term deed restrictions,
  - Set aside a minimum of 10 percent of the total units for participation in the Program, with a goal of 15 percent,
  - Distribute rental subsidies evenly across one-bedroom, two-bedroom, and three-bedroom units as applicable,
  - Secure a commitment from Mecklenburg County to participate with a County rental subsidy for the County’s portion of the development’s property tax, and
  - Commit to housing new residents who qualify for the rental subsidy as units come available through natural turnover to avoid displacement.
- The rental subsidies will pay the difference between what the resident household can afford (30 percent of their income) and the lesser of the property’s asking rent or Fair Market Rent.
- For each NOAH development approved for participation in the Program, the City will commit annual funding for the length of the property’s deed restriction at an amount not to exceed the property’s City property tax bill.

**Background**

- In August 2018, City Council adopted the Housing Charlotte Framework which recommends preserving NOAH properties and aligning local resources to support opportunities to use rental subsidies to support target populations, particularly in areas with strong pathways to opportunity.
- On March 25, 2019, City Council adopted Guidelines for Preserving Naturally Occurring Affordable Housing (guidelines). The goals of the guidelines include:

- Limiting displacement of current residents by preserving existing affordability;
  - Preserving quality affordable and workforce housing by increasing the number of available deed-restricted units and the physical structure of the units;
  - Providing low-interest loans so that high-performing for-profit and non-profit owner operators can purchase and/or upfit NOAH properties and preserve them as affordable;
  - Allowing existing owners to participate in return for deed restrictions and demonstrated management and maintenance history; and
  - Aligning guidelines with other city policies.
- On November 9, 2020, City Council approved a pilot NOAH Rental Subsidy Program at Lake Mist Apartments that created 22 new long-term rental subsidies for low-income residents. Nine households have been housed and full absorption is anticipated by September 2022 as units come available through natural turnover.

**Committee Discussion**

- On August 18, 2021, the Great Neighborhoods Committee reviewed the guidelines for a NOAH Rental Subsidy Program and unanimously agreed to recommend full Council consideration of the Program (Council members Graham, Bokhari, Eiselt and Watlington; Council member Winston was absent).

**Fiscal Note**

Funding: General Capital Investment Plan

**Attachment(s)**

Naturally Occurring Affordable Housing Rental Subsidy Program Guidelines