

Legislation Text

File #: 15-10348, Version: 1

Housing Trust Fund Support Request

Action:

Approve one of the following option recommendations from Housing and Neighborhood Development Committee for acquisition and rehabilitation to the Sharon Oaks Apartments:

Option A: \$2,100,000 with a unit mix of:

- 20 units at 30 percent AMI (Area Median Income),
- 10 units at 50 percent AMI,
- 48 units at 60 percent AMI, and
- 20 units unrestricted with current rents at 60 percent AMI, or

Option B: \$1,850,000 with a unit mix of:

- 20 units at 30 percent AMI,
- 10 units at 50 percent AMI,
- 24 units at 60 percent AMI,
- 24 units at 80 percent AMI, and
- 20 units unrestricted with current rents at 60 percent AMI.

Committee Chair:

LaWana Mayfield, Housing and Neighborhood Development

Staff Resource(s):

Pamela Wideman, Housing and Neighborhood Services

Miles Vaughn, Housing and Neighborhood Services

Explanation

- In August 2018, City Council adopted the Housing Charlotte Framework which recommends:
 - Prioritizing large-scale Naturally Occurring Affordable Housing (NOAH) properties, and
 - Establishing a preservation fund to subsidize acquisition of NOAH properties, which is noted as a national best practice for preserving existing affordable and workforce housing, throughout the country.
- Ascent Real Estate Capital and Laurel Street Residential are requesting a Housing Trust Fund (HTF) allocation for acquisition and rehabilitation of the Sharon Oaks Apartments, located at 4701 Arching Oak Lane, in City Council District 5.
- The total development budget is \$9,400,000. The investment also includes a 15-year deed restriction for the preservation of units at two different proposed funding and unit mix options, which are:
 - Option A: \$2,100,000 (1:3 leverage ratio) with a unit mix of:
 - 20 units at 30 percent AMI,
 - 10 units at 50 percent AMI,
 - 48 units at 60 percent AMI, and
 - 20 units unrestricted.
 - Option B: \$1,850,000 (1:4 leverage ratio) with a unit mix of:
 - 20 units at 30 percent AMI,
 - 10 units at 50 percent AMI,
 - 24 units at 60 percent AMI,

- 24 units at 80 percent AMI, and
 - 20 units unrestricted.
- Sharon Oaks meets the proposed NOAH criteria, which includes:
 - Older than 15 years,
 - Rents are in the AMI range that are at risk due to surrounding neighborhood dynamics,
 - Can be rehabilitated to maintain a good quality of life for residents for the next 15 years or more,
 - Located in an area with close proximity to quality jobs, schools, and transportation infrastructure,
 - Located in an area experiencing transformative change and property appreciation, and
 - Achieves the minimum public/private leverage ratio of 1:3.
- Additionally, a third party inspection has been performed on the property to determine the existing property conditions.
- The proposed rehab will consist of the following:
 - 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), and
 - Improvements to site drainage (to prevent flooding).

Committee Discussion

- On Wednesday, February 20, 2019, the Housing and Neighborhood Development Committee voted unanimously (Driggs, Harlow and Newton; Mayfield and Egleston were absent) to approve the HTF support request, allowing Council to vote on one of two options, consistent with the proposed NOAH guidelines.
- Additionally, Council unanimously agreed that this proposal is consistent with the proposed NOAH guidelines that were recommended for approval on February 20, 2019, and will be discussed with full Council during the March Strategy Session Meeting.

Charlotte Business INclusion

All HTF funded projects and their developers are subject to MWSBE goals determined based on the amount of the HTF allocations received.

Fiscal Note

Funding: Housing Trust Fund