

Legislation Text

File #: 15-14091, Version: 1

Housing Trust Fund Support Request

Action:

Approve a \$2,425,000 Housing Trust Fund allocation to Ascent Real Estate Capital for the acquisition of the Lake Mist Apartments.

Staff Resource(s):

Pamela Wideman, Housing and Neighborhood Services
Miles Vaughn, Housing and Neighborhood Services

Explanation

- Ascent Real Estate Capital is requesting a Housing Trust Fund (HTF) allocation of \$2,425,000 for the acquisition of Lake Mist Apartments, located at 1100 Lake Mist Drive in Council District 3.
- Lake Mist Apartments meets the city's Naturally Occurring Affordable Housing (NOAH) criteria which include:
 - The property's age is greater than 15 years;
 - Rents are in the area median income (AMI) range that are at risk due to surrounding neighborhood dynamics;
 - The property can be rehabilitated to maintain a good quality of life for residents for the next 20 years or more;
 - The property is located in an area with close proximity to quality jobs, schools, and transportation infrastructure; and
 - The property is located in an area experiencing transformative change and property appreciation.
- The total development budget is \$20,084,000, which amounts to a 1:7 leverage ratio of HTF financing. The investment also includes a 20-year deed restriction for the preservation of 144 units at the following AMI levels:
 - 43 units at 30 percent AMI,
 - 7 units at 41 percent to 50 percent AMI,
 - 65 units at 51 percent to 60 percent AMI, and
 - 29 units at 61 percent to 80 percent AMI.
- A third-party inspection has been performed on the property to determine the existing property conditions.
- The proposed rehabilitation consists of the following:
 - Railing replacements;
 - Exterior lighting and safety improvements;
 - Site work and drainage improvements;
 - Heating, ventilation, and air conditioning unit and water heater replacements;
 - Appliance and lighting replacements; and
 - Flooring replacements.

Background

- In August 2018, City Council adopted the Housing Charlotte Framework which recommends:
 - Prioritizing large-scale 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.

- 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.

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