

NOAH Multi-Family Affordable Housing Funding Support Request



ASCENT PINEVILLE

Presented to the Mecklenburg
Board of County Commissioners

January 17, 2024

NOAH Multi-Family Funding Support Request

BOARD ACTION-Naturally Occurring Affordable Housing (NOAH) Multi-Family Affordable Housing Funding Support Request

ACTION

Adopt a resolution authorizing the County Manager to negotiate terms and conditions and execute an agreement with Pineville NOAH, LLC under which Mecklenburg County would allocate a total of \$5,574,850 over a 20-year period to cover twenty (20) years of rental subsidy for thirty-six (36) affordable rental units at Ascent Pineville available to households earning 30% AMI and below.

Adopt a resolution authorizing a 20-year loan in the amount of \$3M in the form of a subordinate mortgage. The term of the loan will be commensurate with the term of the 20-year affordable deed restriction.

Authorize the County Manager to develop terms and conditions and execute a service agreement with Housing Collaborative (formerly Socialserve) to administer the rental subsidy program.

FISCAL IMPACT

The \$3M loan will be paid from the Affordable Housing Program Fund

The \$5,574,850 will be paid from the Affordable Housing Program Fund from property taxes paid.



NOAH Multi-Family Funding Support Request

HOUSING IMPACT FUND - Background

- **Housing Impact Fund** Housing Impact Fund is an innovative social impact equity fund committed to addressing housing insecurity and upward mobility in Mecklenburg County. Housing Impact Fund has acquired and preserved 1,071 NOAH units across Mecklenburg County since December 2020. In June, the organization announced a new \$67 million fund of private sector capital to preserve an additional 1,000 units or more over the next two years.
- The fund will set aside 30% of all units to households earning 30% AMI and below, 50% of units to households earning 60% AMI and below and 20% of units to households earning 80% AMI and below.
- Housing Impact Fund works in partnership with Ascent Housing to identify, acquire, finance, rehabilitate and operate NOAH properties. Ascent Housing is a pioneer in NOAH preservation, having executed solutions to create affordable housing units ranging from permanent supportive housing for individuals exiting chronic homelessness to households earning 80% of area median income (AMI).
- Housing Impact Fund delivers supportive services to all residents in the areas of health, education, financial literacy and workforce development. Its supportive service platform is orchestrated through a partnership with Atrium Health's Community Health Worker model.
- Lead investors in Housing Impact Fund include Truist, PNC, Atrium Health, Honeywell, Leon Levine Foundation and several dozen other Charlotte-based companies, foundations, individuals and family offices.



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HOUSING IMPACT FUND (HIF)- Success to Date

- Set aside 322 units for households earning 30% AMI and below, 72 units for households earning 50% AMI and below, 464 units for households earning 60% AMI and below and 213 units for households earning 80% AMI and below
- Acquired, preserved and completed renovations on the most affordable apartment community in Charlotte (Shamrock Gardens), two properties (Pines on Wendover & Maple Way) zoned for Myers Park schools, and one property (Lake Mist) directly adjacent to a light rail station. The organization is in the process of renovating its latest project, Charlotte Woods, which was acquired in September 2023.
- Launched a place-based supportive service platform in partnership with Atrium to utilize their Community Health Worker model. This model embeds specialized Community Health Workers to identify and address barriers for residents across key areas including financial wellness, workforce development, education and access to healthcare and nutrition. The program has attracted additional community resources including free laptops for households at each community and innovations such as the recent opening of a Community Based Primary Care Clinic within one of their communities.
- Developed an innovative rental subsidy program targeting 15-30% AMI households in partnership with Mecklenburg County, City of Charlotte and Housing Collaborative.
- Has completed \$14M in renovation work, with \$5 million now in progress, while achieving 90%+ MWSBE participation.



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Importance of Preservation

- Naturally Occurring Affordable Housing historically refers to unsubsidized rentals that are affordable because of low market values
- Due to substantial increase of market values and lack of state and federal funding NOAH's are pricing out of affordability
- This creative strategy secures rental subsidies for 30% AMI and below households for the length of the 20-year deed restriction at the amount equivalent to each project's property tax bill allowing for long-term affordable rents
- Preservation prevents displacement, dramatic rent increases and/or demolition of the property
- Without preservation families may start cycles of instability and disruption, which removes children from the consistency of their assigned school and support networks
- Households may be confronted with extreme barriers to housing due to inability to afford market rents, moving costs and new lease charges, credit/background history or other factors. This can increase the risk of homelessness



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NOAH Preservation County/City Subsidy Program 30% AMI and Below

FY2020

NOAH Property	Total Units	Total Set-Aside Units	Total Units Occupied	Average Tenant Rent
Lake Mist	144	22	12	\$322

FY2022

Maple Way	60	9	3	\$424
Pines at Wendover	44	6	2	\$538
Shamrock Gardens	265	40	7	\$318

FY2023

Peppertree	292	44	21	\$321
Charlotte Woods	266	40	3	\$320

- Units will become available due to natural turnover and rental subsidy is provided to households earning 30% AMI and below
- Funding from Mecklenburg County is drawn down as needed when units are occupied



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Rental Subsidy Program

PROGRAM DETAILS

- Ascent/Housing Impact Fund will implement a 20-year deed restriction designating 30% of units set aside to households earning 30% AMI and below, 50% of set aside units to households earning 60% AMI and below and 20% of units set aside to households earning 80% AMI and below.
- Half of the 30% units set aside for 30% AMI and below households (15% of each property) will serve individuals/families experiencing extreme housing insecurity without existing access to tenant-based vouchers or rental subsidies.
- Ascent/Housing Impact Fund will distribute set asides evenly across one-bedroom, two-bedroom and three-bedroom units (as applicable at each property).
- No existing property residents will be displaced by the program. New residents who qualify for the rental subsidy will be housed as units come available through natural turnover.
- Housing Collaborative will determine a 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 maximum of Fair Market Rent.
- When applicable, the rental subsidy agreements will only move forward if the City of Charlotte commits to appropriating rental subsidy funding equivalent to its share of property taxes under the same guidelines.



Ascent Pineville

Property Overview

- 240 units
- Built in 1985
- Located in Pineville off of Park Road near Highway 51
- Walking distance to a grocery store, pharmacy, restaurants and other services
- Very well-maintained community with clubhouse, pool, fitness center
- 136 – 1-bedroom units
- 104 – 2-bedroom units
- More than 2/3 of units have been renovated with upgraded finishes



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Ascent Pineville – Tenant Rent (NOAH Rental Subsidy Program)

Current Asking 1 Bedroom Rent	Submarket Average 1 Bedroom Rent	<i>Projected</i> 1 Bedroom Rents
\$1,080 - \$1,350	\$1,250 - \$1,500	\$240 - \$490

Current Asking 2 Bedroom Rent	Submarket Average 2 Bedroom Rent	<i>Projected</i> 2 Bedroom Rents
\$1,245 - \$1,550	\$1,475 - \$1,750	\$265 - \$615



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Funding Proposal

20 YEARS

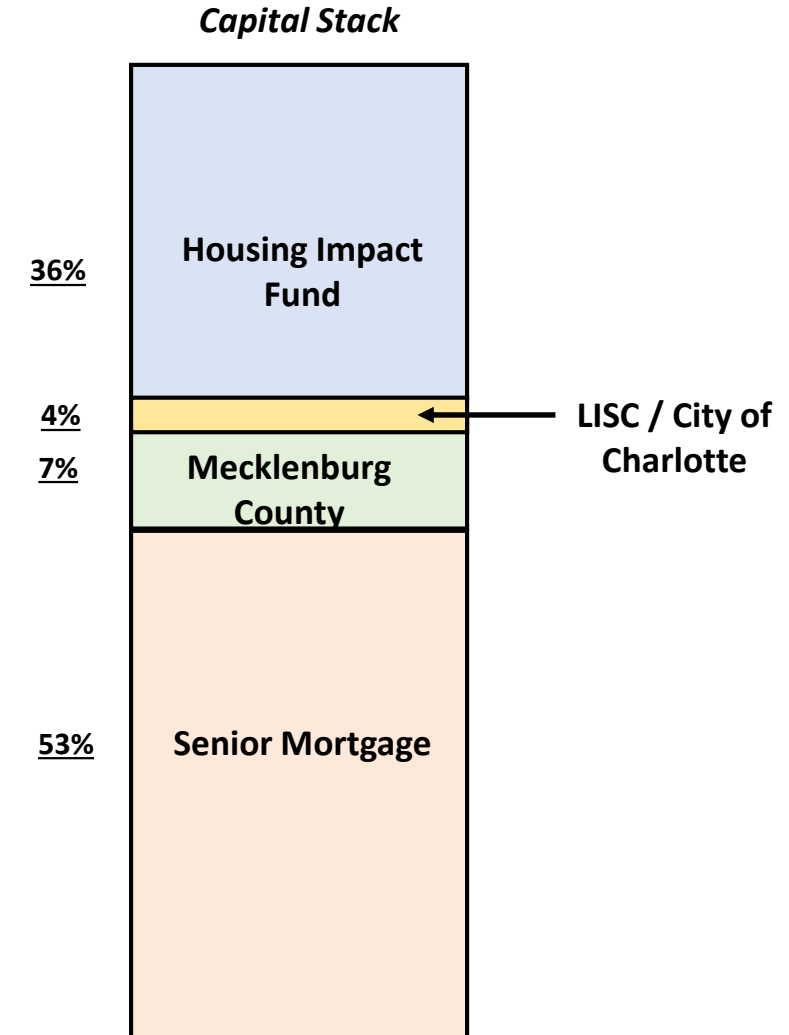
Loan Financing Request

- \$3M investment from Mecklenburg County

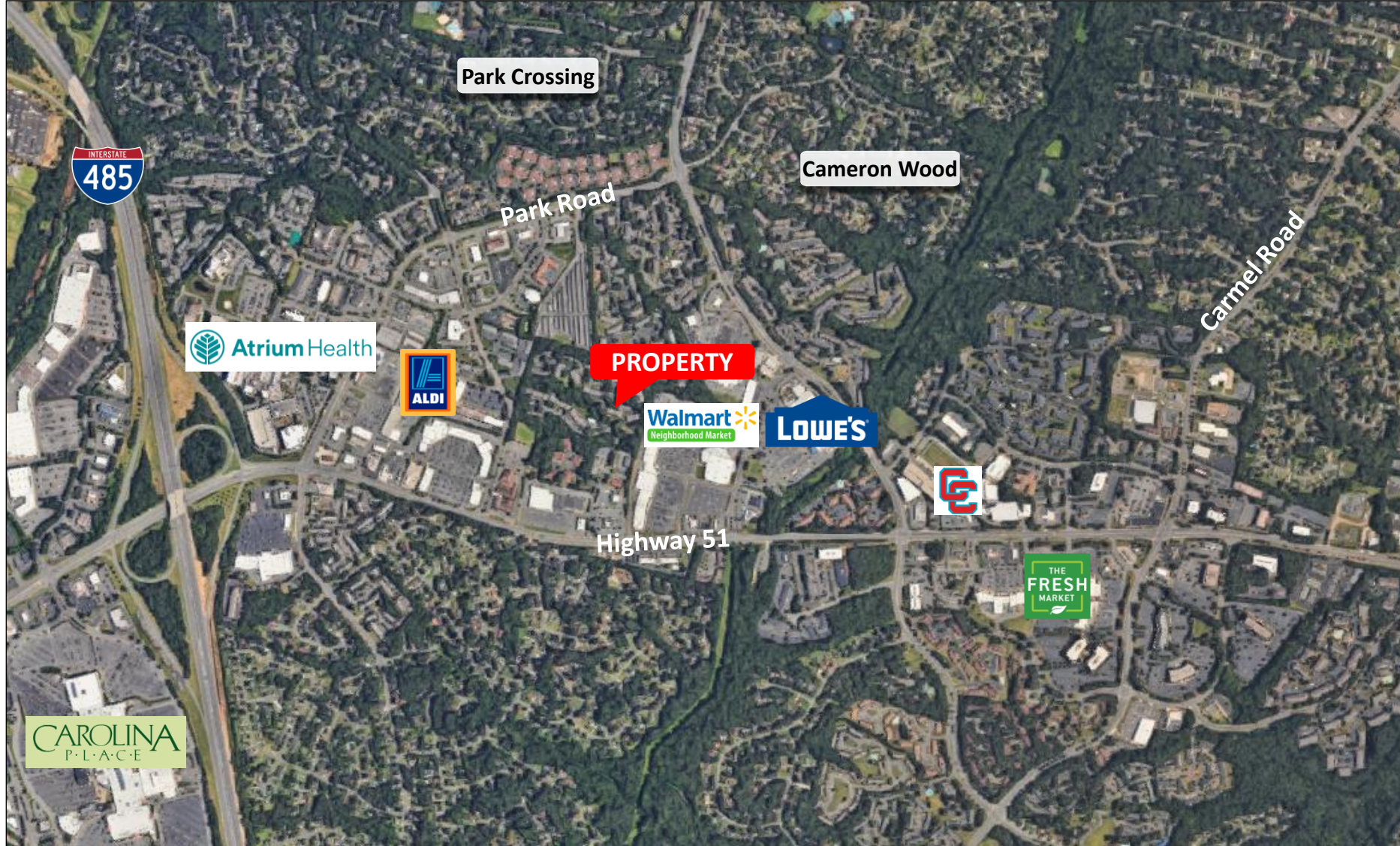
Rental Subsidy Request

- \$5.6M investment from Mecklenburg County

Financing Sources	% of Project	Amount
Housing Impact Fund	36.04%	\$14,650,000
LISC / City of Charlotte	3.69%	\$1,500,000
Mecklenburg County	7.38%	\$3,000,000
Senior Mortgage	52.89%	\$21,500,000
Total Financing Sources	100.00%	\$40,650,000



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