

Preserving Affordable Housing in Charlotte

By Vi Alexander Lyles, National Leagues of Cities, June 25, 2019

The city of Charlotte, North Carolina, welcomes approximately 100 new residents per day, making it the 9th fastest growing city in the country. And it's no wonder: The city truly is, what some call, a "place of opportunity."

Charlotte is a hub for many things, most notable of which is jobs. The city boasts the second largest banking market in the U.S. and is home to many other top-notch industries and employers. But more importantly, Charlotte is a livable city, with a decent cost of living, a host of professional sports teams and an international airport that can fly you all over the world, from Rome to Hawaii. Not only that, if you do decide to stay local, we have cultural and recreational amenities that will thrill and entertain you all four seasons of the year.

But like many other growing cities throughout our country, Charlotte has an inadequate supply of affordable housing and is experiencing rapid gentrification in many of our neighborhoods.

Therefore, as a city, we must ensure that both new and existing residents are able to live in quality, safe and affordable homes in neighborhoods with proximity to jobs, schools, transportation infrastructure and economic opportunity.

We recognize that in our current environment of limited federal, state and local financial supports to produce affordable housing supply, cities won't be able to merely build their way out of this crisis. We must also strive to preserve the affordable housing supply that we already have.

I believe there are several proven methods that can help us meet the housing needs of our citizens, such as forging partnerships with the private sector, the philanthropic community, and faith-based institutions, while also implementing innovative new policies and guidelines geared toward affordability.

For example, Charlotte's newest set of housing affordability guidelines centers around Naturally Occurring Affordable Housing (NOAH). NOAH properties are defined as older unsubsidized housing stock that exists at a relatively inexpensive market-rate price point.

In Charlotte, NOAH properties exist as both single-family and multi-family housing. In fact, Charlotte's largest supply of existing affordable rental options, particularly those options for low-to-moderate income households, are typically large-scale NOAH developments. The preservation of NOAH properties is noted as a national best-practice for maintaining the supply of quality affordable housing.

In February of 2019, the Charlotte City Council approved its first set of NOAH guidelines to be used to direct local housing trust fund investments and to leverage other public and private sector investments for the preservation of NOAH in multi-family developments across the city. These guidelines are grounded in achieving the following goals:

- Preserving existing multi-family affordable housing units
- Increasing and maintaining the supply of affordable housing, and
- Preventing involuntary displacement in rapidly gentrifying areas

The purpose of these new NOAH guidelines is to establish a uniform process for the evaluation of NOAH properties in the city, set forth criteria, provide clarity and reflect desired outcomes relative to the city's participation in, and support of, the acquisition and rehabilitation of NOAH properties.

Furthermore, Charlotte's new NOAH guidelines have been designed to facilitate the city working with private-sector partners to create mixed-income neighborhoods, provide patient debt financing to help owner-operators to renovate and preserve NOAH properties, and minimize displacement by increasing the number of long-term deed restricted affordable housing units.

The following goals have been established to serve as minimum guidelines for evaluation:

- Maintaining affordable rents with current Area Medium Income (AMI) levels where most rents are 80 percent AMI or below,
- Prioritizing funding for units at 60 percent AMI and below consistent with other city affordable housing policy objectives,
- Including a minimum of 10 percent of units made available to 30 percent AMI tenants; vouchers or other rental assistance can be considered in achieving this goal,
- Promoting income diversity through AMI mix or unrestricted units when possible,
- Implementing deed restrictions and terms of affordability for a period of time that aligns with City priorities, typically a minimum of 15 years with a preference for longer terms, through deed restrictions or any other such legal agreements required by the city,
- Limiting displacement of current residents throughout the construction phase and beyond,
- Addressing deferred maintenance and life safety issues evidenced by a city-approved physical needs assessment that addresses interior and exterior conditions, and
- Providing for ongoing maintenance of the property to preserve its long-term life through owner's replacement reserves.

While Charlotte's NOAH Guidelines were only approved this year, they've already resulted in the preservation of 98 units of affordable housing for 15 years. Whereas in the past, housing units were often torn down or rehabilitated in such a way that tenants were forced out, Charlotte's new NOAH guidelines now encourage responsible

development, helping families better afford quality homes in their own neighborhoods while welcoming new residents in need of affordable housing. In my book, that's a win-win situation.