Greauxing Resilience at Home

City of Charlotte, North Carolina:
Pilot Naturally Occurring Affordable Housing (NOAH) Subsidy Program


GEORGETOWN CLIMATE CENTER

Authors

Author and editor: **Katie Spidalieri**, Senior Associate, Georgetown Climate Center (GCC)

Authors:

- **Suhasini Ghosh,** Justice Fellow, GCC;
- **Lillian Zhou,** Research Assistant, GCC;
- **Noelle Gignoux,** Research Assistant, GCC;
- **Jesse Elliott,** Spring Research Assistant and Summer Research Fellow, GCC;
- **Katherine McCormick,** Institute Associate, GCC;
- **Jennifer Li,** Staff Attorney, Harrison Institute for Public Law, Georgetown University Law Center;
- **Kelly Cruce,** Adaptation Consultant, GCC; and
- **Caitlyn Cook,** Research Assistant and Summer Research Fellow, GCC.

The following students also provided significant research support: **Maren Kaiser,** Masters of Law in Environmental and Energy Law, Georgetown University Law Center and **Morgan McCue,** Masters in Environmental Meteorology and Policy, Georgetown University.

Acknowledgments

The authors would like to thank the **Doris Duke Charitable Foundation** for its generous support and guidance, and without whom the partnership efforts with Louisiana and Capital Region Planning Commission and this report would not have been possible.

We also appreciate the work of the following individuals who helped us finalize, format, and publish this report: **Brent Futrell,** Director of Design, Office of Communications, Georgetown University Law Center; **Peter Rafle,** Communications Director, GCC; **Caren Fitzgerald,** Communications Associate, GCC; and **Mark Rupp,** Adaptation Program Director, GCC.

Last but certainly not least, we would like to specially thank and acknowledge the following individuals for taking the time to speak with us, review drafts, and provide insights that were invaluable in helping to inform the development of the **Regional Vision** and these case studies: **Manny Patole,** Independent Consultant; **Christopher Tyson,** formerly Chief Executive Officer, Build Baton Rouge; **Gretchen Siemers,** Director, Planning and Special Projects, Build Baton Rouge; **Lee E. Melancon, III,** Director of Community and Economic Development, Mayor's Office of Community and Economic Development, City of Donaldsonville, Louisiana; **Bithia Ratnasamy,** Director of Housing, Executive Office, Atlanta Housing, City of Atlanta, Georgia; **Carolina Rodriguez,** Project Manager, Housing and Community Development, Department of City Planning, City of Atlanta, Georgia; **Jaren Abedania,** formerly Vice President of Real Estate, Westside Future Fund; **Bridget Wiles,** Chief Operations Officer, APD Urban Planning and Management, LLC; **O. Jesse Wiles**, Principal and Chief Executive Officer, APD Urban Planning and Management, LLC; **Amber Weaver,** Sustainability Officer, Office of Sustainability, City of Asheville, North Carolina; **Paul D'Angelo,** formerly Community Development Program Director, City of Asheville, North Carolina; **Stacy Merten,** formerly Long-Range Planning Manager, Planning and Urban Design Department, City of Asheville, North Carolina; **Vaidila Satvika,** Urban Planner, Planning and Urban Design Department, City of Asheville, North Carolina; **Marc Coudert,** Office of Sustainability, City of Austin, Texas; **Erica Leak,** Development Officer, Housing and Planning Department, City of Austin, Texas; **Erin Wood,** Planner, Watershed Protection Department, City of Austin, Texas; **Isaac W. Stein,** Design Principal, Dept.; **Maggie Tsang,** Managing Principal, Dept.; **Debbie Love,** City Planner, City of North Miami, Florida; **Christopher G. Miller,** President, The Piedmont Environmental Council; **John McCarthy,** Senior Advisor and Director of Strategic Partnerships, The Piedmont Environmental Council; **Cameron Herrington,** Living Cully Program Manager, Oregon; **Crystal Launder,** Housing Planner, Department of Housing and Human Services, City of Boulder, Colorado; **René C. Pastorek,** formerly Director of Planning and Development, St. John the Baptist Parish, Louisiana; **Tara Lambeth,** Coastal and Water Management Division Lead, St. John the Baptist Parish, Louisiana; **Jackie Baumann,** Chief Engineer, City of Gonzales, Louisiana; **Dave Canaan,** formerly Charlotte-Mecklenburg Storm Water Services Director, Land Use and Environmental Services Agency, Mecklenburg County, North Carolina; **Darryl Neher,** Chief Executive Officer, Fauquier Habitat for Humanity; **Elizabeth (Betsy) L. Dietel,** Senior Partner, Dietel and Partners; **Angela Chalk,** DHA GIP, Executive Director, Healthy Community Services; **Joel Holton,** Owner, J.B. Holton and Associates, LLC; **Jeremy Sharp,** Zoning Administrator, City of Norfolk, Virginia; **Christian Kamrath,** Adaptation Program Coordinator, Office of Resilience, Miami-Dade County, Florida; **Tameika Devine,** Possibilities Institute (former City Councilmember and Chair of the Affordable Housing Task Force, City of Columbia, South Carolina); **Janet Tharp,** Center for Planning Excellence; **Lyneisha Jackson,** Community Planner, Center for Planning Excellence; **Simone Higginbotham,** Scotlandville Community Development Corporation, North Baton Rouge, Louisiana; **Rinaldi Jacobs,** Full Circle Development; and **Erica Sims,** HDAdvisors, Maggie Walker Community Land Trust (Richmond, Virginia).

No statements or opinions contained within this case study report, the Regional Vision, or Georgetown Climate Center's Adaptation Clearinghouse should be attributed to any individual or organization included in the above *Acknowledgements*.

©2022, Georgetown Climate Center
Georgetown University Law Center
600 New Jersey Avenue, NW
Washington, DC 20001

GeorgetownClimate.org

Greauxing Resilience at Home: A Regional Vision

AdaptationClearinghouse.org

Cover Photos:

(background image) Credit: **Rachelle Sanderson.**

(images from left to right) Credit: **Dee Love**; **Architects Southwest** for Build Baton Rouge in *Ardendale Master Plan and Guiding Principles*; and **Louisiana Sea Grant**.

Full List of Case Studies

ABOUT THIS REPORT

Louisiana is one of the hardest-hit areas in the United States as extreme weather events and regular flooding become more frequent and intense.[1] These challenges often fall “first and worst” on Black, Indigenous, and People of Color or “BIPOC” and low-income communities.[2] This is especially true in the U.S. Gulf Coast region and the state of Louisiana.

Over time, these challenges are being exacerbated by population increases and transitions as climate and non-climate drivers (e.g., people moving out of urban centers into more rural areas) influence where people choose — or are able — to live.

In southeast Louisiana, resilient, affordable housing initiatives are critical to ensuring equitable adaptation that takes into consideration the myriad overlapping challenges facing all Louisianans, but especially those living in communities that have long borne a disproportionate burden of risk.

Over a two-year period between fall 2020 and spring 2022, **Capital Region Planning Commission** and **Georgetown Climate Center** partnered with dozens of people from government, private, and nonprofit sectors and community stakeholders in Region Seven of the **Louisiana Watershed Initiative**.[3] The result of that partnership effort is **Greauxing Resilience at Home: A Regional Vision**[4] (Regional Vision), a resource to inform Region Seven’s ongoing work to increase community resilience by promoting affordable housing and nature-based solutions.

Regional and local governments in Region Seven can use the Regional Vision to identify potential legal, planning, and policy tools and projects to increase the affordability and availability of housing and the use of nature-based solutions. In addition, the Regional Vision offers insights for policymakers across Louisiana, throughout the Gulf Coast region, and nationally.

This report is composed of 24 individual case studies developed by Georgetown Climate Center to support the Regional Vision. These case studies describe best and emerging practices, tools, and examples from Louisiana and other U.S. jurisdictions to make progress on these complex and challenging issues. These case studies are intended to provide transferable lessons and ideas for regional and local governments addressing housing and mitigating flood risk as integrated parts of comprehensive community resilience strategies. Collectively, these case studies present a suite, although not an exhaustive list of tools and approaches that can be used to facilitate any of these efforts.

---

1 State of La., Louisiana Climate Action Plan: Climate Initiatives Task Force Recommendations to the Governor 15–16 (Feb. 2022), *available at* **https://gov.louisiana.gov/assets/docs/CCI-Task-force/CAP/ClimateActionPlanFinal.pdf**.

2 *See id.* at 15–17.

3 The Louisiana Watershed Initiative is an effort to create a paradigm shift in floodplain management towards a strategy that approaches flood risk reduction from a nature-based solutions and land-use-based approach. A part of this approach includes identifying eight separate regional watershed management areas to assist in achieving cross-jurisdictional activities.

Region Seven is one of these eight watershed regions. Region Seven encompasses the upper part of the toe of Louisiana’s boot. It spans eastward from the Mississippi River near Baton Rouge across the Northshore (i.e., north of Lakes Pontchartrain and Maurepas) to Mississippi and along the Mississippi River to the Bonnet Carré Spillway. The region includes 13 parishes and 45 incorporated municipalities.

4 To reflect their connection to Louisiana’s cultural heritage, the project team and members of Region Seven that participated in this process chose to use the word “Greaux,” a French-inspired phonetic spelling of the word “Grow,” to brand this product.

Where possible, all the case studies share a consistent organizational format to allow easier cross-comparison of tools, processes, and takeaways:

- The **Background** section introduces the regional and local context (e.g., location, demographics) for each case study, including the following facing each jurisdiction: extreme weather risks, housing and environmental challenges, and development pressures.
- The **Housing** section focuses on the legal, planning, and policy tools and projects that have been designed and implemented to support the growth and preservation of housing affordability and availability.
- The **Environment** section highlights how vulnerable habitats like floodplains and other open spaces are being restored, conserved, and protected as a part of comprehensive resilience strategies to provide important ecosystem and community benefits like reducing flood risk and creating community assets, such as parks and trails.
- The **Community Engagement** section summarizes how governments have provided different types of public engagement opportunities and how affected residents have contributed to these planning and decisionmaking processes.
- The **Funding** section identifies how the programs, plans, and projects discussed have been funded by federal, state, and local government and private and nongovernmental sources.
- The **Next Steps** section captures the anticipated future actions that featured case study jurisdictions may take in implementing these tools and strategies.
- The **Considerations and Lessons Learned** section concludes with the primary takeaways from each example that other regional and local policymakers and communities may consider when developing or implementing their own housing and resilience strategies using these legal, planning, and policy tools.

A few additional notes about the case studies:

- **The case studies selected prioritize relatable and scalable models from places similar to Louisiana:** Wherever possible, Georgetown Climate Center aimed to acknowledge and lift up the work of jurisdictions and nongovernmental actors in Region Seven and neighboring watershed regions to inspire peer-to-peer sharing and actions from as close to home as possible. These resources are drawn from 12 states, with an emphasis on regions and local areas in the Gulf and Mid-Atlantic: Colorado, Florida, Georgia, Illinois, Iowa, Louisiana, New York, North Carolina, Oregon, South Carolina, Texas, and Virginia. Examples and lessons drawn from these regions are easiest to apply to a Louisianan context because they feature similar geography or analogous impacts from flooding and other climate effects.
- **There are no perfect, "one-size-fits-all" solutions:** While the case studies and resource entries informing the Region Vision are instructive for Region Seven and beyond, none of them are "perfect" examples of how to solve these complex and challenging issues. Georgetown Climate Center found no single case study or resource that provides a point-for-point or model for what Region Seven is trying to accomplish. No other jurisdiction identified is currently trying to integrate housing, flooding, equity, resilience, and population changes together in a single plan, ordinance, or policy. However, some jurisdictions are moving in that direction, or are making progress on discrete elements of what will eventually become a more holistic strategy. Therefore, this report and the Regional Vision draw analogous connections and recommendations that can be combined to facilitate more comprehensive planning and land-use efforts.

The case studies in this report were informed by interviews with practitioners and community leaders in charge of designing and overseeing this work. No statements or opinions, however, should be attributed to any individual or organization included in the *Acknowledgements* section of this report.

It is also important to note that the examples described in each case study are ongoing and the content included in this report is current as of spring 2022. For future updates about these and other case studies and the Regional Vision, please visit **Greauxing Resilience at Home: A Regional Vision** and Georgetown Climate Center's **Adaptation Clearinghouse**.

City of Charlotte, North Carolina

Pilot Naturally Occurring Affordable Housing (NOAH) Subsidy Program

EXECUTIVE SUMMARY

The City of Charlotte, North Carolina is one of the fastest growing metropolitan areas in the country, and where the price of housing has increased exponentially in recent years. Like many large urban centers, Charlotte faces challenges in meeting the demands for affordable and available housing. In 2020, the Charlotte City Council adopted the Pilot Naturally Occurring Affordable Housing (NOAH) Rental Subsidy Program ("Pilot NOAH Program") to help preserve some of the city's over 20,000 units of housing that are considered naturally affordable, i.e., without the assistance of government subsidies.[1] Under the Pilot NOAH Program, the city provides financial assistance to private developers who agree to keep the units affordable rather than rebuild them or raise rent, which may lead to the displacement of current residents. Working in tandem with private investors who help subsidize the initial acquisition of NOAH properties, the Pilot NOAH Program has been created to help preserve the city's affordable housing stock. The preservation of NOAH housing is one component of Charlotte's broader strategy for preserving and creating affordable housing for low-and moderate-income residents, and can be illustrative for cities that seek to leverage additional public-private partnerships to improve housing affordability and availability in their jurisdictions.

BACKGROUND

Charlotte is located in North Carolina's Piedmont Region and situated close to the South Carolina border. A banking hub and the nation's second largest financial center, Charlotte is also one of the fastest growing regions in the country.[2] Under the 2020 Census, Charlotte surpassed San Francisco to become the 15th largest U.S. city by population.[3] The city's rapid growth did not abate with the

---

[1] Nate Berg, *Charlotte May Have Cracked the Code on Affordable Housing. Here's How*, FAST CO. (Jan. 25, 2021), https://www.fastcompany.com/90597128/charlotte-may-have-cracked-the-code-on-affordable-housing-heres-how.

[2] Carolyn Duren & Armughan Khawaja, *Charlotte, NC outpacing nationwide growth in banking, set for further expansion*, S&P GLOBAL (May 16, 2019), https://www.spglobal.com/marketintelligence/en/news-insights/trending/kdZchEwDkYSXozJJ7Z8gQA2.

[3] *Best Places to Retire 2021: Charlotte, NC*, FORBES (May 2021), https://www.forbes.com/places/nc/charlotte/?sh=6fe0ff0052e6; Danielle Chemtob & Gavin Off, *Charlotte growth pushes it past San Francisco to become 15th biggest city in the US*, WBTV.COM (May 21, 2020, 2:08 PM), https://www.wbtv.com/2020/05/21/charlotte-growth-pushes-it-past-san-francisco-become-th-biggest-city-us/.

coronavirus (COVID-19) pandemic. As the pandemic drove residents away from larger urban centers, Charlotte saw an influx of residents attracted to the city's mild weather and lower costs of living.[4]

The economic growth has not been felt evenly across Charlotte's nearly 900,000 residents.[5] According to a 2014 study on 50 of the country's largest metro areas, Charlotte ranked last in social and economic mobility.[6] With tens of thousands of residents relocating each year to the Charlotte metro area and surrounding Mecklenburg County, the city's housing supply and affordability is not meeting demand.[7] In the last ten years, the city's need for affordable housing has doubled to 34,000 units.[8] On top of the need for additional units, there is also growing demand for increased affordability within the existing housing stock, with rent rising 45 percent in the last decade.[9] In 2019, 46,000 of Charlotte's renters were considered housing cost-burdened, or, in other words, spending more than 30 percent of their monthly income on housing costs.[10] Meanwhile, the City of Charlotte receives fewer housing vouchers through the Department of Housing and Urban Development (HUD) than other cities of comparable, or even smaller, size.[11] Even before the COVID-19 pandemic, 13,000 people were on a waitlist for the Section 8 Housing Choice

---

[4] Rachel Lundberg, *Charlotte remains one of the fastest-growing cities amid COVID-19 pandemic,* WCNC.COM (Dec. 18, 2020, 5:38 PM), https://www.wcnc.com/article/news/local/covid19-pandemic-covid-moving-relocating-stayathome-workfromhome-home-city-newyork-austin-charlotte-california/275-2c705aa0-137e-4219-b215-ed317df03300; Katie Peralta Soloff, *Could coronavirus actually speed up Charlotte's growth?*, AXIOS CHARLOTTE (May 28, 2020), https://charlotte.axios.com/218931/could-coronavirus-actually-speed-up-charlottes-growth/.

[5] *QuickFacts: Charlotte City, North Carolina*, C.S. CENSUS BUREAU, https://www.census.gov/quickfacts/charlottecitynorthcarolina (last visited Jan. 2022).

[6] Raj Chetty et al., *Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States*, Q. J. ECON. (June 2014), *available at* http://www.equality-of-opportunity.org/assets/documents/mobility_geo.pdf; *see also* OPPORTUNITY INSIGHTS, CHARLOTTE OPPORTUNITY INITIATIVE (2020), *available at* https://opportunityinsights.org/wp-content/uploads/2020/11/OI-CharlotteReport.pdf.

[7] UNC-CHARLOTTE & CHILDRESS KLEIN CTR. FOR REAL EST., THE 2021 STATE OF HOUSING IN CHARLOTTE REPORT (2021), *available at* https://issuu.com/belkcollege/docs/2021_11_11_stateofhousingreport2021.docx; Jenna Martin, *Charlotte metro's population keeps climbing, new Census figures show,* CHARLOTTE BUS. J. (Mar. 26, 2020, 8:00 AM), https://www.bizjournals.com/charlotte/news/2020/03/26/charlotte-metros-population-keeps-climbing-new.html#:~:text=The%20Charlotte%2DConcord%2DGastonia%20Metropolitan,the%20nation%27s%20384%20metro%20areas.

[8] Katie Peralta Soloff, *Could coronavirus actually speed up Charlotte's growth?*, AXIOS CHARLOTTE (May 28, 2020), https://charlotte.axios.com/218931/could-coronavirus-actually-speed-up-charlottes-growth/.

[9] *I can't afford to live here: An in-depth look at Charlotte's affordable housing crisis,* WCNC.COM (Sep. 30, 2019, 10:19 PM), https://www.wcnc.com/article/money/markets/real-estate/affordable-housing-crisis/charlottes-affordable-housing-crisis/275-061d2e3f-2a1c-4536-8ce8-a568e604f03c.

[10] *Id.*

[11] *Id.*

Voucher Program.[12] These persistent housing challenges have spurred a renewed push for affordable housing solutions across the city.

OVERVIEW OF THE PILOT NATURALLY OCCURRING AFFORDABLE HOUSING (NOAH) RENTAL SUBSIDY PROGRAM

In November 2020, the Charlotte City Council adopted a pilot program to help address the city's shortage in tenant-based housing vouchers and to increase the affordability of market-rate housing for low-to moderate-income (LMI) households. The Pilot Naturally Occurring Affordable Housing (NOAH) Rental Subsidy Program was passed with unanimous bipartisan support from Charlotte's City Council.[13] Under the Pilot NOAH Program, the City of Charlotte has pledged to work with developers of NOAH properties to preserve long-term affordability for renters earning between 30 and 80 percent Area Median Income (AMI), or roughly $25,250 annually for a family of four in Charlotte.[14]

While there is no uniform definition for NOAH properties within the housing industry, "naturally occurring affordable housing" is typically used to describe privately owned, existing residential properties (e.g., single-family homes or apartment complexes) that are rented at affordable rates without the use of a government subsidy. As such, NOAH is sometimes referred to as "non-subsidized affordable rental housing." Common features of NOAH properties include:

> **At least 15-years-old.** NOAH buildings are de facto affordable in part due to the age of the building stock. Most NOAH properties were built between 1940 and 1990.
>
> **Classified as Class B or C rental buildings or complexes with over 50 units**. Class B and C properties are commonly understood within the industry to refer to buildings with four or more rental units (i.e., a commercial property that generates income). Class B and C properties fall on the middle and lower ends of the spectrum, respectively, in terms of

---

[12] *Id*. The Section 8 Housing Choice Voucher Program is a housing assistance program funded by the U.S. Department of Housing and Urban Development and administered by local public housing agencies (PHAs). Under the voucher program, PHAs pay a housing subsidy directly to the landlord, such that the low-income residents and other qualifying participants need only pay the unsubsidized portion of the rent. *Housing Choice Vouchers Fact Sheet,* U.S. DEP'T OF HOUS. & URB. DEV., https://www.hud.gov/topics/housing_choice_voucher_program_section_8#hcv01 (last visited Jan. 18, 2022).

[13] Sarafina Wright, *City Council votes yes to rental subsidy program for low-income families*, QCITY METRO (Nov. 9, 2021), https://digitalbranch.cmlibrary.org/charlotte-journalism-collaborative/city-council-votes-yes-to-rental-subsidy-program-for-low-income-families/.

[14] Britt Clampitt, *New subsidy program to help low-income households rent existing affordable housing,* CHARLOTTENC.GOV (Nov. 18, 2021), https://charlottenc.gov/newsroom/cityhighlights/Pages/Rental-Subsidies.aspx.

age, rent, location, amenities, and other attributes.[15] By comparison, Class A buildings tend to be more recently constructed, charge higher rent, and include amenities, such as pools and fitness centers.

Do not receive subsidies. NOAH properties can be rented at lower rates due to the physical characteristics of Class B and C buildings. Therefore, what keeps NOAH properties affordable are their below-market-rate features rather than a reliance on government subsidy programs, such as the federal Low-Income Housing Tax Credits (LIHTC) program. While many residents of NOAH housing hold tenant-based housing vouchers and may therefore receive the benefits of both types of programs, the units themselves are not directly subsidized by any government program.[16]

Intended for low-and moderate-income households. NOAH units are more affordable for LMI households, whose income range between 30 to 95 percent AMI.[17] By comparison, NOAH properties would be prohibitively expensive for extremely low-income (ELI) households, or those with incomes under 30 percent AMI.[18]

NOAHs are currently the most common type of affordable housing in the United States.[19] Given their prevalence, and the fact that the preservation of existing affordable housing remains more time and cost-efficient than constructing new affordable housing, the preservation of NOAHs is critical for keeping low-to moderate-income renters from being displaced.[20]

However, NOAH properties are also susceptible to market speculation and can lose their affordability over time, for example, when onsite renovations increase the value of a property, or when the physical condition of a building deteriorates.[21] Therefore, the preservation of NOAH

[15] *What is a Class A, Class B, or Class C property?*, REALTY MOGUL, https://www.realtymogul.com/knowledge-center/article/what-is-class-a-class-b-or-class-c-property (last visited Jan. 18, 2022).

[16] Lauren Lindstrom, *Here's how Charlotte could help turn property taxes into rent help,* CHARLOTTE OBSERVER (Nov. 2, 2021, 4:35 PM), https://www.charlotteobserver.com/news/local/article255472911.html.

[17] *Glossary*, U.S. DEP'T OF HOUS. & URB. DEV., https://archives.huduser.gov/portal/glossary/glossary.html (last visited Jan. 18, 2022).

[18] *Naturally Occurring Affordable Housing Benefits Moderate Income Households, But Not the Poor*, NAT'L LOW INCOME HOUS. COAL. (Nov. 7, 2016), https://nlihc.org/resource/naturally-occurring-affordable-housing-benefits-moderate-income-households-not-poor.

[19] The exact number of NOAH housing is unknown. However, according to 2016 estimates by the real estate and analytics firm CoStar, at least 5.5 million rental units (or 63 percent of the affordable housing stock) across cities in the United States meet the definition of NOAH. *Naturally Occurring Affordable Housing*, COSTAR (Oct. 11, 2016), *available at* https://2os2f877tnl1dvtmc3wy0aq1-wpengine.netdna-ssl.com/wp-content/uploads/ULI-Documents/ULI_NAAHL_Presentation.pdf.

[20] *What is preservation?*, NAT'L HOUS. TR., https://www.nationalhousingtrust.org/what-preservation (last visited Jan. 19, 2022).

[21] Matt Schreiber, Joint Ctr. for Hous. Studies Harv. U. & NeighborWorks America, Proactive Preservation of Unsubsidized Affordable Housing in Emerging Markets: Lessons from Atlanta, Cleveland, and Philadelphia (2018),

properties requires the commitment of mission-driven developers who are willing to accept a smaller return on investment, and who have the financial means to compete against better-capitalized, real estate investment firms and developers who may place residents at risk of displacement, either by demolishing and rebuilding the property, or raising the rent after making capital improvements. Accordingly, preserving NOAH properties requires dedicated sources of financing, and, as Charlotte's Pilot NOAH Program demonstrates, sustainable partnerships between the private sector and local government.

HOUSING

Pilot Naturally Occurring Housing Affordable Housing (NOAH) Subsidy Program

Charlotte's focus on the preservation of NOAH properties began in 2018, when the City Council adopted the Housing Charlotte Framework, which recommended prioritizing resources and partnering with developers to acquire and preserve at-risk NOAH properties to ensure long-term affordability for current and future residents.[22] In December 2020, the City Council formally approved the Pilot NOAH Rental Subsidy Program, which assists private developers with acquiring and preserving NOAH properties, and creates a pathway for LMI renters to live in market-rate housing.

Under the Pilot NOAH Program, the city helps developers acquire and preserve NOAH properties by providing them with an annual rental subsidy for a minimum of 20 years — or the duration of a deed restriction — at an amount not to exceed the city's annual property tax bill. The subsidy is then used to cover the difference between what an LMI household can afford and the rent on the unit. In exchange, participating developers and owners (if a separate entity from the developer) agree to affordability restrictions to limit rent growth, and to make units affordable to residents at specific income levels as the units become available through natural turnover.

Additionally, property owners must meet the program's target residential AMI levels: [23]

- 80 percent of units occupied by households earning at or below 80 percent AMI;

---

available at https://www.jchs.harvard.edu/sites/default/files/media/imp/harvard_jchs_schreiber_gramlich_2018.pdf; John Huson, *Opinion: Why Saving NOAH Won't Solve Our Housing Crisis*, U.N.C. Charlotte Urb. Inst. (Aug. 5, 2020), https://ui.charlotte.edu/story/opinion-why-saving-noah-won%E2%80%99t-solve-our-housing-crisis.

[22] Charlotte Dep't Hous. & Neighborhood Servs., Enterprise Cmty. Partners, Housing Charlotte: A Framework for Building and Expanding Access to Opportunity Through Housing Investment (2018), *available at* https://www.charlottenc.gov/HNS/Housing/Strategy/Documents/Housing%20Charlotte%20Framework.pdf.

[23] Britt Clampitt, *New subsidy program to help low-income households rent existing affordable housing,* CHARLOTTENC.GOV (Nov. 18, 2021), https://charlottenc.gov/newsroom/cityhighlights/Pages/Rental-Subsidies.aspx.

- 20 percent of units occupied by households earning at or below 30 percent AMI, using the NOAH rental subsidy program or other subsidy source (e.g., housing choice vouchers); and
- 10 percent of units occupied by households at or below 30 percent AMI, subsidized entirely through the NOAH rental subsidy program.

Further, qualifying properties must be at least 15 years old, well-maintained, and listed on municipal property tax rolls. In addition to focusing on areas that are at specific risk of conversion of higher rents, developers must also demonstrate a strong financial, management, and maintenance history.[24] The program is administered on behalf of the city by a third-party, nonprofit housing services provider in Charlotte, Socialserve, which helps to identify potential tenants for the program.[25]

In 2020, the city's Pilot NOAH Program was first launched at Lake Mist Apartments, a rental complex in South Charlotte that houses approximately 95 percent Latino residents. As of early 2022, the Pilot NOAH Program has been used to help convert more than 500 units in the city to NOAH housing through the acquisition of six rental properties, each operating under a 20-year deed restriction that dedicates all units to households earning between 30 to 80 percent AMI.[26]

FUNDING

The acquisition of properties under the Pilot NOAH Program is a joint effort by the city (through the Housing Trust Fund), a developer (Ascent Housing), and private investors (through the Housing Impact Fund).

In 2018, voters in Charlotte approved to dramatically increase the city's Housing Trust Fund from $15 million to $50 in order to commit additional resources to the preservation and creation of affordable housing across the city. The Housing Trust Fund, which is a tax-funded, voter-approved bond established to help finance housing projects, has been used to help support the Pilot NOAH Program by partially financing the acquisition of the NOAH properties [27] For example, during the

---

[24] Naturally Occurring Affordable Housing City-wide Rental Subsidy Program, CITY OF CHARLOTTE (Aug. 18, 2021), *available at* https://charlottenc.gov/CityCouncil/Committees/Neighborhood%20docs/NOAH%20Rental%20Subsidy%20Program_Aug%2018%202021.pdf.

[25] *Id*.

[26] *Id*.

[27] Lauren Lindstrom, *Beyond apartments, Charlotte affordable housing fund may support for-sale homes*, CHARLOTTE OBSERVER (Sep. 14, 2021, 5:54 PM), https://www.charlotteobserver.com/news/business/development/article254218633.html; CITY OF CHARLOTTE, NATURALLY OCCURRING AFFORDABLE HOUSING CITY-WIDE RENTAL SUBSIDY PROGRAM (Aug. 18, 2021), *available at*

acquisition of Lake Mist Apartments, the city contributed approximately $2.4 million for the $18.5 million acquisition, while the remainder was financed through the Housing Impact Fund (HIF), a for-profit, social impact equity fund.[28]

Launched by a coalition of private investors in 2020, the HIF was created for the express purpose of acquiring and preserving 1,500 units of NOAH housing in Charlotte by 2022. The HIF was capitalized through: [29]

> $38 million from local investors, including Truist Financial Corporation ($15 million); Atrium Health; Lending Tree; Movement Mortgage; real estate development firms; and other investors; and
>
> $20 million from Charlotte Housing Opportunity Investment Fund (CHOIF), a private sector housing investment fund launched by the Foundation for the Carolinas and managed by the Local Initiatives Support Corporation (LISC).

Importantly, in order to help maintain future affordability after the expiration of the 20-year deed restriction, investors in the HIF agreed to allocate 60 percent of funds from future sales of properties acquired through the HIF to a separate fund dedicated to preserving long-term affordability.[30]

CONSIDERATIONS AND LESSONS LEARNED

Charlotte's Pilot NOAH Program provides an example of a partnership model between local governments and developers with mission-driven affordable housing goals. The city's experimentation with using public-private partnerships to preserve NOAH housing can serve as a model in other localities that seek to build a bridge between market-rate housing and what low- and moderate-income renters can afford.

Due to the prevalence of NOAH homes compared to government-subsidized housing, cities can prioritize resources to preserve existing NOAH properties to help prevent the displacement of many existing residents, particularly as the building stock ages. Rather than leave older buildings to the speculative market — where they could be demolished and rebuilt, or rented at higher rates

---

https://charlottenc.gov/CityCouncil/Committees/Neighborhood%20docs/NOAH%20Rental%20Subsidy%20Program_Aug%2018%202021.pdf.

[28] *Id*.

[29] *Id*.; *see also* Ryan Pitkin, *Housing Impact Fund Announces Large Affordable Housing Purchase*, QUEEN CITY NERVE (Dec. 21, 2021), https://qcnerve.com/shamrock-gardens-affordable-housing/; Ashley Fahey, *$58M fund launches to preserve affordable housing in Charlotte, with local corporate players among investors*, CHARLOTTE BUS. J. (Nov. 3, 2020), https://www.bizjournals.com/charlotte/news/2020/11/03/naturally-occurring-affordable-housing-fund.html?s=print.

[30] Nate Berg, *Charlotte May Have Cracked the Code on Affordable Housing. Here's How*. FAST CO. (Jan. 25, 2021), https://www.fastcompany.com/90597128/charlotte-may-have-cracked-the-code-on-affordable-housing-heres-how.

— cities can work with private developers to subsidize the acquisition of NOAH properties to maintain affordability and mitigate the risk of displacing current residents.[31] In return, developers can agree to a deed restriction to maintain affordability for existing and future residents. Other cities could work with mission-oriented developers who are interested in obtaining below-market but positive rates of return, while helping to provide affordable housing to residents.

In particular, cities with a significant population of low-to moderate-income residents could prioritize the preservation of existing NOAH properties to help meet the needs of LMI residents and households. Many LMI residents do not have access to tenant-based housing vouchers, either because they do not meet eligibility requirements, or because they live in a city that has a shortage of vouchers. The preservation of NOAH housing is especially critical in cities facing a growing population, and where housing demand may not meet supply, placing existing residents who pay below-market-rate rent at risk of displacement.

To help finance NOAH preservation, local governments should leverage public-private partnerships to help diversify sources of money to acquire NOAH properties. In Charlotte, the properties acquired through the Pilot NOAH Program have been financed primarily through the private Housing Impact Fund. While the HIF investors were able to contribute $58 million through a single year of fundraising, the reach of the HIF alone would have been insufficient without additional financial equity. Partnering with cities that have affordable housing bond programs can help bridge and stretch the equity needed to make the initial investment in NOAH properties. Even if a city provides only a percentage of the required financing, it may be sufficient to incentivize developers to raise the remaining amount once the city's commitment is demonstrated, as seen in Charlotte.

[31] Satana Deberry, *Housing Matters: Finding NOAH*, N.C. HOUS. COAL. (Sep. 2017), https://nchousing.org/housing-matters-finding-noah/.