



Working together to end homelessness

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Roof Above partnership preserves affordable housing through \$50 million purchase of East Charlotte apartment community

- *Atrium Health, donors, city and county support creative housing solution in Charlotte*
- *Community transition will happen over time with no current residents to be displaced*
- *Rent limits will keep apartments affordable for households earning range of incomes*

CHARLOTTE, N.C. (Sept. 1, 2020) – With affordable housing disappearing across the country, Roof Above is thrilled to announce its purchase of an entire apartment community that will preserve 341 apartments in east Charlotte for individual and family households earning a range of incomes.

In a \$50 million deal made possible through a remarkable public-private partnership, Roof Above, Charlotte’s leading provider of services for people experiencing homelessness, has acquired HillRock Estates on 23 acres near Kilborne Drive. Through deed restrictions, Roof Above will ensure the apartments remain affordable for at least 27 years for households earning below the city’s median income.

A philanthropic gift of \$5 million, the largest single private gift ever received by Roof Above, and a gift of \$2 million, both donated anonymously from two Charlotte families, made the deal possible. Atrium Health also was crucial in securing the property, providing a \$5 million low-interest loan to Roof Above in exchange for the use of 50 apartments over time to house Atrium workers in need of assistance. Financing also was provided by Bellweather Enterprise through a Fannie Mae loan, as well as the city of Charlotte’s voter-approved Housing Trust Fund. An innovation grant of \$600,000 from Local Initiatives Support Corporation (LISC) and additional philanthropic donations totaling \$1 million rounded out the funding for the project.

“We are so grateful for our corporate, philanthropic and government partners in this innovative solution that will provide housing for so many individuals and families,” said Roof Above CEO Liz Clasen-Kelly. “HillRock Estates embodies the kind of bold thinking we had in mind last year when we merged Urban Ministry Center and Men’s Shelter of Charlotte to form a single, more impactful organization.”

Atrium Health President and CEO Eugene A. Woods said his organization’s investment in HillRock reflects Atrium Health’s ongoing commitment to ensuring affordable housing options in the Queen City and is part of the healthcare system’s broader efforts to close existing equity gaps in the community.

“At Atrium Health, we know that one of the key determinants of a person’s health is a safe and affordable place to live,” said Woods. “Having a strong and reliable home base gives people the foundation to lead healthier and happier lives. Investing in affordable housing for the communities we are privileged to serve – including essential workers within our Atrium Health family – is an important and meaningful part of fulfilling our mission to provide health, hope and healing – for all.”

Charlotte faces a deficit of at least 34,000 affordable housing units, primarily for families making 60% or less of the city's median income. Rental housing prices are climbing along with the city's growth, and properties that once were affordable for low-income families have been replaced with new more upscale homes financially out of reach for many families.

Roof Above's project preserves what is known as Naturally Occurring Affordable Housing (NOAH), which comprises unsubsidized rental properties that are typically Class B and Class C apartment buildings with 50 units or more, built between 1940 and 1990. Such housing stock is vanishing across the country due to redevelopment, and communities are struggling to find creative ways to protect these affordable properties for essential and service workers, public servants and people with disabilities.

Roof Above teamed up with Ascent Real Estate Capital, a leader in NOAH preservation in Charlotte, to execute the acquisition, financing and affordability plan for the project. Ascent will serve as operating partner and asset manager of the property in partnership with Roof Above.

Roof Above stepped in to buy HillRock Estates just as the re-development trend moved into the community and began to drive up rental prices. Rent restrictions will be phased in as turnover occurs, with apartments made affordable to households making 80% of the city's median income and less. At least 75 of the 341 units will be designated for individuals who have had long-term experiences of homelessness, and Mecklenburg County will provide funding for on-site services to support those tenants in retaining their housing.

"The beauty of HillRock is that it's funded primarily through private sources and will operate much like any apartment community does," Clasen-Kelly said, "yet at the same time will accommodate households with a range of incomes including some of Charlotte's most vulnerable residents."

Brent Torstrick with Robinson Bradshaw represented Roof Above as legal counsel on a pro bono basis. S.L. Nusbaum Realty Company will provide property management services. NKF's Multifamily Capital Markets Managing Directors Jason Kon and John Munroe, Vice Chairmen Sean Wood, John Heimburger and Dean Smith along with Senior Managing Director Alex Okulski brokered the transaction on behalf of the seller.

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ROOF ABOVE

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HillRock Estates at a Glance

Owner: Roof Above

Project Cost: \$50 million

Apartments: 341 (one and two bedrooms)

Goal: Preserve affordable housing for households with a range of incomes

Rent Restrictions:

- 96 units reserved for households earning between 60% and 80% of Charlotte's area median income
- 160 units reserved for those earning 60% of median income and less
- 10 units for households earning 30% of area median income and below, and rely on government vouchers or other forms of rental assistance
- 75 units for individuals who have had long-term experiences with homelessness and need permanent supportive housing

Financing:

- Two anonymous gifts of \$5 million and \$2 million, additional contributions totaling \$1 million, \$600,000 innovation grant from Local Initiatives Support Corporation (LISC)
- City of Charlotte NOAH and Housing Trust Fund, \$5.4 million loan
- Atrium Health, \$5 million low-interest loan
- Bellwether Enterprise originated a \$31.6 million Fannie Mae loan

Operations:

- S.L. Nusbaum Realty Company, property management
- Ascent Capital, operating partner and asset manager in partnership with Roof Above
- Mecklenburg County, providing financial support for case management services for permanent supportive housing residents