

GENERAL ASSEMBLY OF NORTH CAROLINA
1987 SESSION

CHAPTER 305
HOUSE BILL 824

AN ACT TO AMEND CHAPTER 122A TO ALLOW THE NORTH CAROLINA HOUSING FINANCE AGENCY TO TEMPORARILY ADJUST INCOME REQUIREMENTS FOR CERTAIN MULTI-FAMILY HOUSING, TO OWN CERTAIN HOUSING PROJECTS, AND TO CORRECT CERTAIN STATUTORY DRAFTING ERRORS.

The General Assembly of North Carolina enacts:

Section 1. Chapter 122A of the General Statutes is amended by adding a new G.S. 122A-5.8 to read as follows:

"§ 122A-5.8. Distressed multi-family residential rental housing provisions.–(a)

The General Assembly hereby finds and determines that a serious shortage of decent, safe and sanitary multi-family residential rental housing which persons and families of low and moderate income in the State can afford continues to exist; that it is in the best interests of the State to continue to promote and maintain the viability of such housing and to encourage private enterprise to sponsor, build and rehabilitate additional multi-family residential rental housing for such low and moderate income persons and families; that certain multi-family residential rental housing projects financed by the Agency are currently experiencing financial difficulties due to low occupancy levels; that measures to facilitate higher occupancy levels by extending occupancy on a temporary basis to those with incomes in excess of required low and moderate levels will help to maintain certain multi-family residential rental housing for persons and families of low and moderate income to prevent foreclosure and the use of such facilities without regard to income limitations; and that the Agency in providing such temporary assistance is promoting the health, welfare and property of all citizens of the State and is serving a public purpose for the benefit of the general public.

(b) 'Distressed rental housing project' means any multi-family residential rental housing project heretofore or hereafter financed by the Agency that, as determined by resolution of the Board of Directors of the Agency, has an occupancy level below that required for sustaining operation and as a result thereof needs to increase its occupancy levels in order to avoid foreclosure and the subsequent use of such facilities without regard to the Agency's income limitations. In determining the foregoing, the Board of Directors of the Agency shall take into consideration (1) occupancy rates of the project, (2) market conditions affecting the project, (3) costs of operation of the project, (4) debt service for the project, (5) management of the project and such other factors as the Board of Directors may deem relevant.

(c) The Board of Directors of the Agency may determine, by resolution, to permit not in excess of ten percent (10%) of the rental units in any distressed rental housing project to be rented to persons or families without regard to income until the first of the following occur (1) occupancy levels, in the judgment of the Agency, will sustain operations at a level sufficient to prevent delinquency or default, or (2) June 30, 1989.

(d) The Board of Directors may also determine, by resolution, to permit additional rental units at any such distressed rental housing project, to be rented to persons or families without regard to income, subject to the restrictions contained in subsections (c)(1) and (c)(2) of this section, provided that: (1) the units therein that have been available for rental without regard to income have been available for a period of time not less than three months, (2) the Agency has determined that permitting additional units, in excess of ten percent (10%), to be rented without regard to income is necessary in order for such distressed rental housing project to avoid foreclosure, and (3) the total number of housing units at any distressed rental housing project rented without regard to income shall not exceed fifteen percent (15%) of the total number of units therein.

(e) Once a distressed rental housing project attains sustaining occupancy at a level satisfactory to the Agency, the Agency will thereafter require the owners of such distressed rental housing project to rent only to persons and families of low and moderate income and will require that any units that were leased without regard to income limitations pursuant to the provisions of this section will next be leased, when such units become vacant, only to persons and families whose incomes fall within the then current Agency income limitations."

Sec. 2. Chapter 122A of the General Statutes is amended by adding a new G.S. 122A-5.9 to read as follows:

"§ 122A-5.9. Formation of subsidiary corporations to own and operate housing projects.—(a) The Agency may acquire, by purchase or otherwise, construct, acquire, develop, own, repair, maintain, improve, rehabilitate, renovate, furnish, equip, operate, and manage residential rental housing projects to rent to persons and families of lower and moderate income.

(b) The Agency may form a nonprofit corporation or corporations under the laws of this State which may acquire, construct, develop, repair, improve, rehabilitate, renovate, furnish, equip, operate and manage residential rental housing projects for persons and families of lower and moderate income. All of the stock of a nonprofit corporation formed by the Agency shall be owned by the Agency and its Board of Directors shall be elected or appointed by the Agency.

(c) No statutory provisions with respect to the acquisition, operation or disposition of property by other public bodies shall be applicable to the Agency or to any nonprofit corporation formed pursuant to this section."

Sec. 3. G.S. 122A-4(f) is amended by inserting a period in lieu of the semicolon following the word "Act" in the fifth sentence thereof and by deleting the remainder of the sentence.

Sec. 4. The provisions of Section 1 of this act shall cease to be effective at midnight on June 30, 1989.

Sec. 5. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 8th day of June, 1987.