

GENERAL ASSEMBLY OF NORTH CAROLINA
1987 SESSION

CHAPTER 464
HOUSE BILL 328

AN ACT TO EXPAND THE AUTHORITY OF CITIES AND HOUSING
AUTHORITIES TO PROVIDE HOUSING FOR PERSONS OF LOW AND
MODERATE INCOME.

The General Assembly of North Carolina enacts:

Section 1. The existing provisions of G.S. 157-2 are designated as subsection (a) of that section and a new subsection (b) is added to read:

"(b) It is hereby further declared that there is a serious shortage of decent, safe and sanitary housing in North Carolina that can be afforded by persons and families of moderate income; that it is in the best interest of the State to encourage programs to provide housing for such persons without imposing on them undue financial hardship; and that in undertaking such programs a housing authority is promoting the health, welfare and prosperity of all citizens of the State and is serving a public purpose for the benefit of the general public."

Sec. 2. G.S. 157-3(12) is rewritten to read:

"(12) 'Housing project' shall include all real and personal property, buildings and improvements, stores, offices, lands for farming and gardening, and community facilities acquired or constructed or to be acquired or constructed pursuant to a single plan or undertaking:

- a. To demolish, clear, remove, alter or repair unsanitary or unsafe housing; and/or
- b. To provide safe and sanitary dwelling accommodations for persons of low income, or moderate income, or low and moderate income; and/or
- c. To provide safe and sanitary housing for persons of low income, through payment of rent subsidies from any source; and/or
- d. To provide grants, loans, interest supplements and other programs of financial assistance (including rent subsidies in furtherance of a program of home ownership) to persons of low income, or moderate income, or low and moderate income, so that such persons may become owners of their own housing or rehabilitate their own housing; and/or
- e. To provide grants, loans, interest supplements and other programs of financial assistance to public or private developers of housing for persons of low income, or moderate income, or low and moderate income.

'Housing project' also includes any project that provides housing for persons of other than low or moderate income, as long as at least twenty percent (20%) of the units in the project are set aside for the exclusive use of persons of low income.

The term 'housing project' may also be applied to the planning of the buildings and improvements, the acquisition of property, the demolition of existing structures, the construction, reconstruction, alteration and repair of the improvements and all other work in connection therewith."

Sec. 3. G.S. 157-3 is amended by adding two new subdivisions to read:

"(15a) 'Persons of low income' means persons in households the annual income of which, adjusted for family size, is not more than sixty percent (60%) of the local area median family income as defined by the most recent figures published by the U.S. Department of Housing and Urban Development.

(15b) 'Persons of moderate income' means persons deemed by the authority to require the assistance made available pursuant to this Chapter on account of insufficient personal or family income taking into consideration, without limitation, (i) the amount of the total income of such persons and families available for housing needs, (ii) the size of the person's family, (iii) the cost and condition of housing facilities available, and (iv) the eligibility of such persons and families for federal housing assistance of any type predicated upon a moderate or low and moderate income basis."

Sec. 4. Chapter 157 of the General Statutes is amended by adding a new section to read:

"§ 157-9.2. Mixed income projects owned or operated by authorities.—If an authority is the owner or operator of a housing project that includes units for persons of other than low or moderate income, the operating expenses of that project (or of all such projects, together, owned or operated by the authority) shall be met entirely from rents from the project (or projects) together with any rent subsidies provided to low income tenants in the project (or projects). No rent subsidy may be provided to any tenant who is not a person of low income, and no rent subsidy may be paid from bond proceeds."

Sec. 4.1. Chapter 157 of the General Statutes is amended by adding a new section to read:

"§ 157-9.3. Multi-family rental housing projects.—(a) If an authority owns, operates, or provides financial assistance to a multi-family rental housing project, at least twenty percent (20%) of the units in the project shall be set aside for the exclusive use of persons of low income. An authority may group projects being developed concurrently in order to meet the requirement of this subsection.

(b) If an authority provides financial assistance to a multi-family rental housing project, the authority shall establish, as a condition of the assistance, requirements and procedures that insure that all units initially set aside for the exclusive use of persons of low income continue to be so used for at least 15 years after the initial date on which at least fifty percent (50%) of the units in the project are occupied."

Sec. 5. G.S. 157-29 is rewritten to read:

"§ 157-29. Rentals and tenant selection.—(a) It is hereby declared to be the policy of this State that each housing authority shall manage and operate its housing projects in an efficient manner so as to enable it to fix the cost of dwelling accommodations for

persons of low income at the lowest possible rates consistent with its providing decent, safe, and sanitary dwelling accommodations. No housing authority may construct or operate its housing projects so as to provide revenues for other activities of the city.

(b) In the operation or management of housing projects, or portions of projects, for persons of low income, an authority shall at all times observe the following duties with respect to rentals and tenant selection:

- (1) It may rent or lease dwelling accommodations set aside for persons of low income only to persons who lack the amount of income which is necessary (as determined by the housing authority undertaking the project) to enable them, without financial assistance, to live in decent, safe, and sanitary dwellings, without overcrowding; and
- (2) It may rent or lease dwelling accommodations to persons of low income only at rentals within the financial reach of such persons.

(c) An authority may not terminate or refuse to renew a rental agreement other than for a serious or repeated violation of a material term of the rental agreement such as (i) failure to make payments due under the rental agreement, if such payments were properly and promptly calculated according to applicable HUD regulation, without regard to fault on the part of the tenant, (ii) failure to fulfill the tenant obligations set forth in 24 C.F.R. Section 966.4(f) or other applicable provisions of federal law as they may be amended from time to time, or (iii) other good cause. Except in the case of failure to make payments due under a rental agreement, fault on the part of a tenant may be considered in determining whether good cause exists to terminate a rental agreement."

Sec. 6. G.S. 160A-209(c) is amended by adding a new subdivision (15a) to read:

"(15a) Housing. To undertake housing projects as defined in G.S. 157-3, and urban homesteading programs under G.S. 160A-457.2."

Sec. 7. G.S. 159-48(d) is amended by adding a new subdivision (7) at the end to read:

"(7) Providing housing projects for the benefit of persons of low income, or moderate income, or low and moderate income, including without limitation (i) construction or acquisition of projects to be owned by a city, redevelopment commission or housing authority, and (ii) loans, grants, interest supplements and other programs of financial assistance to persons of low income, or moderate income, or low and moderate income, and developers of housing for persons of low income, or moderate income, or low and moderate income. A housing project may provide housing for persons of other than low or moderate income, as long as at least twenty percent (20%) of the units in the project are set aside for housing for the exclusive use of persons of low income. No rent subsidy may be paid from bond proceeds."

Sec. 8. Chapter 160A of the General Statutes, Article 19, Part 8 is amended by adding a new Section 160A-457.2, to read:

"§ 160A-457.2. **Urban homesteading programs.**—A city may establish a program of urban homesteading, in which residential property of little or no value is conveyed to persons who agree to rehabilitate the property and use it, for a minimum number of

years, as their principal place of residence. Residential property is considered of little or no value if the cost of bringing the property into compliance with the city's housing code exceeds sixty percent (60%) of the property's appraised value on the county tax records. In undertaking such a program a city may:

(1) Acquire by purchase, gift or otherwise, but not eminent domain, residential property specifically for the purpose of reconveyance in the urban homesteading program or may transfer to the program residential property acquired for other purposes, including property purchased at a tax foreclosure sale.

(2) Under procedures and standards established by the city, convey residential property by private sale under G.S. 160A-267 and for nominal monetary consideration to persons who qualify as grantees.

(3) Convey property subject to conditions that:

- (a) Require the grantee to use the property as his or her principal place of residence for a minimum number of years,
- (b) Require the grantee to rehabilitate the property so that it meets or exceeds minimum code standards,
- (c) Require the grantee to maintain insurance on the property,
- (d) Set out any other specific conditions (including, but not limited to, design standards) or actions that the city may require, and
- (e) Provide for the termination of the grantee's interest in the property and its reversion to the city upon the grantee's failure to meet any condition so established.

(4) Subordinate the city's interest in the property to any security interest granted by the grantee to a lender of funds to purchase or rehabilitate the property."

Sec. 9. Chapter 160A of the General Statutes, Article 12 is amended by adding a new section to read:

"§ 160A-278. Lease of land for housing.—A city may lease land upon such terms and conditions as it deems wise to any person, firm or corporation who will use the land to construct housing for the benefit of persons of low income, or moderate income, or low and moderate income. Such a housing project may also provide housing to persons of other than low or moderate income, as long as at least twenty percent (20%) of the units in the project are set aside for the exclusive use of persons of low income. Despite the provisions of G.S. 160A-272, a lease authorized pursuant to this section may be made by private negotiation and may extend for longer than 10 years. Property may be leased under this section only pursuant to a resolution of the council authorizing the execution of the lease adopted at a regular council meeting upon 10 days' public notice. Notice shall be given by publication describing the property to be leased, stating the value of the property, stating the proposed consideration for the lease, and stating the council's intention to authorize the lease."

Sec. 10. Subsection (b) of G.S. 160A-456 is amended by deleting the period at the end of the first sentence and adding:

", and may do so whether or not a redevelopment commission or housing authority is in existence in such city."

Sec. 11. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 24th day of June, 1987.