

# JOINT CITY OF WILMINGTON/NEW HANOVER COUNTY WORKFORCE AND AFFORDABLE HOUSING AD HOC COMMITTEE



Spring  
2017

Existing Conditions and Recommendations

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# Acknowledgements

The Wilmington City Council and New Hanover County commission jointly appointed a fourteen (14) member Ad hoc committee made up of citizen representatives of the region and including individuals with expertise in banking, real estate, private development, workforce housing, community non-profits, and at-large.

**Jody Wainio**, regional workforce, **Committee Chair**

**Robert Rosenberg**, at-large, **Committee Vice-Chair**

**Will Bland**, at-large

**Paul D'Angelo**, Cape Fear Housing Coalition

**Elizabeth Dodson**, banking industry

**Gloria Green**, real estate industry

**Tilghman Herring**, private real estate development

**Philip Humphrey**, private real estate development

**Katrina Knight**, at-large

**Katrina Redmon**, community non-profit

**Steve Spain**, community non-profit

**Dave Spetrino**, home building industry

**Linda Smith**, regional workforce

## Subject Matter Experts:

Private, non-profit, and public sector representatives with expertise in workforce/affordable housing, land-use regulation, and development lent their expertise to the committee's deliberations.

The committee expresses thanks to the following:

Adrienne Cox, Public Affairs Director, Cape Fear REALTORS

Paul D'Angelo, President, Cape Fear Housing Coalition

Katrina Knight, Executive Director, Good Shepherd Homeless Shelter & Services

Stephanie Norris, PE, Spaulding & Norris PA, Developer Lockwood Village Multi-Family Rental

Katrina Redmon, CEO, Wilmington Housing Authority

Ron Satterfield, Assistant Planning Director, City of Wilmington, NC

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# EXECUTIVE SUMMARY

Over the past several decades New Hanover County (NHC) and the City of Wilmington have experienced rapid population growth. Projections show continued increases with conservative estimates of approximately 123,000 increase in population by 2040.

Much of the population growth can be attributed to the in-migration of retirees. This is especially true in the surrounding counties; however, other sectors of the population are growing as well, particularly millennials. This growth has led to a residential building boom in the City and County.

According to a recent article in the Greater Wilmington Business Journal, since 2013, 7,500 new rental units have been added to the housing stock in NHC, yet the vacancy rate has decreased while rents have increased, indicating a strong demand (CeCe Nunn, 2017). Similarly, a look at NCRMLS listings for single-family homes for sale between \$75,000 - \$225,000 reveals only a two-month supply (six months is healthy), again an indication of strong demand or limited supply. Preliminary analysis presented in this report show a gap in affordable housing supply of over 10,000 units.

In New Hanover County, including the City of Wilmington, 32,000 households, or one in three, pay more than 30 percent of their gross income for housing, also known as cost burden. Renters are more likely to be cost burdened, with 46 percent of renters paying over 30 percent of gross income for housing. Over 41 percent of households (35,000) in NHC earn less than 80 percent of the area median income (AMI) of \$65,100.

Housing cost burden in New Hanover County is the result of rapidly increasing population, which translates into growing demand for housing; and a lower than average wage compared to the nation, state and comparable cities (2014 Garner Report *Pathways to Prosperity*).

*Housing is integral to a livable community; it is interwoven in the community framework and impacts transportation, education, diversity, attractiveness, business recruitment and retention, and health to name a few.*

Housing is integral to a livable community; it is interwoven in the community framework and impacts transportation, education, diversity, attractiveness, business recruitment and retention, and health to name a few. Research shows that communities that provide a variety of housing types at every affordability level see benefits for both households and the community at large such as, less traffic congestion; reduced costs to the health care system; greater family stability and better academic performance by children; the creation of household wealth through equity; and increased engagement in community life.

A fourteen member Workforce/Affordable Housing Ad hoc Committee appointed by the Wilmington City Council and New Hanover County Commission, met over a six-month period to consider the aforementioned challenges to and benefits of housing affordability for those living and working in the City and County.

The committee put forth the following recommendations, which are described in detail within the report.

## Recommendations

- Revise City and County Land Use Ordinances to add or improve Accessory Dwelling Unit, and Density and Height requirements and regulations.
- Conduct a housing study and a statistically valid opinion survey.
- Convene a Permanent Advisory Committee on Affordable/Workforce Housing to implement these recommendations.
- Fund a staff position to support the efforts of the Permanent Housing Advisory Committee.
- Support a public awareness, aka marketing, campaign; utilizing a public relations/marketing consultant.
- Establish a Housing Trust Fund.
- City and County-owned redevelopment projects include an affordable housing requirement.
- The City and County should identify ways to streamline/expedite the permitting process.
- Support Existing Financial Literacy and Homebuyer Education.
- Explore ways to encourage Cape Fear Public Utilities Authority to defer fees, offer payment plans, and rebates for affordable housing developers.
- Utilize synthetic Tax Increment Financing (TIF) as a means of supporting the development of housing that is affordable.
- Encourage the use of the 4% Low Income Housing Tax Credit bond program, with bonds to be issued by the Housing Authority.
- Research the use of Limited Participation Bonds to support development of affordable housing.

These recommendations along with meeting notes and other relevant information are compiled in this report to be provided to Wilmington City Council and New Hanover County Commission for their consideration and action. The recommendations reflect the committee's careful examination of local housing problems, programs and projects, along with best practices from other communities. As a result of this process the committee members better understand the complexity of the housing issues facing our community and encourage local action and public/private initiatives in order to make sustained progress towards providing an opportunity for all members of our community to have safe, decent housing that is affordable.

# DEFINITIONS

**Affordable Housing:** Housing is affordable when housing costs do not exceed 30 percent of a household's total gross income. Housing costs include utilities, property taxes, association fees, insurance, and maintenance.

**Area Median Income (AMI):** The midpoint in the income distribution for a specific geographic location (50 percent of households earn less than the median income, and 50 percent earn more). HUD calculates AMI levels for different communities annually, with adjustments for family size. For the City of Wilmington and New Hanover County, the area median income for a four-person family is \$65,100.

**Cost Burden:** Households paying more than 30 percent of household gross income for housing costs including utilities. Households paying more than 50 percent of household gross income for housing are considered to have Severe Cost Burden.

**Equitable Development:** The redevelopment of neighborhoods that improves the quality of life for residents of all incomes.

**Gentrification:** The physical, political, social, economic, and/or cultural displacement of low-income populations resulting from the transformation of an area with high levels of affordable housing into an area targeting middle- and upper - income residential and/or commercial uses.

**Gross Rent:** Contract rent plus the estimated average cost of utilities

**HUD:** United States Department of Housing and Urban Development

**Neighborhood Revitalization:** Individual or collective efforts to make a place better – healthier, safer, and more vibrant.

**Selected Monthly Owner Costs (SMOC):** Sum of payments for mortgages, deeds of trusts, contracts to purchase, or similar debts on the property; real estate taxes; fire, hazard and flood insurance; utilities. Also, where appropriate, monthly condominium fees, mobile home cost (installment loans, personal property taxes, site rental)

**Workforce Housing:** Housing that is affordable to households who earn between 80 percent and 120 percent of the Area Median Income. Meaning, in the City of Wilmington families earning less than \$78,120 in 2016 are the target audience for workforce housing. Typically, teachers, police officers, nurses and many other professionals fall into this category.

# BACKGROUND

The City of Wilmington and New Hanover County, in partnership with the Cape Fear Housing Coalition, Cape Fear REALTORS, and the Cape Fear Homebuilders Association, have hosted annual Affordable Housing Summits over the past several years to further community awareness of workforce and affordable housing issues. The summits helped elevate community discussion around the need for housing that is affordable, especially in light of changing demographics, population growth and land development patterns within the City, County and region. Nationally recognized speakers, such as Mitch Silver, President American Planning Association and Dr. Katherine Loflin, the “City Doctor,” along with state and local experts presented at the summits.

These events culminated in the November 10, 2015, Mayor’s Roundtable on Housing Affordability where a panel of local leaders representing education, business, developers, real estate, local government, churches, community agencies and others shared their thoughts about the impact of housing affordability on the local economy and community institutions.

Findings from these summits and the empirical evidence offered by community agencies, developers, real estate professionals, and local government officials all point to a growing need to create local strategies to produce and improve access to housing that is affordable for citizens from all walks of life. To that end, the Joint City of Wilmington, New Hanover County Workforce/Affordable Housing Ad hoc committee was formed to conduct a comprehensive examination of workforce/affordable housing efforts, along with the demand for and supply of such housing and recommend the “best practices” that would be most appropriate to improve and increase the stock of available work place housing in this region.

## Why Affordable Housing Is Important

### Community Benefits:

- “Better commute times for employees allow them to spend more time with families and helps traffic congestion, road maintenance, etc.”
- “Our City can’t be strong, successful or diverse if any of its residents are distracted by the high burden associated with housing expenses.”
- “Inability to afford housing will directly relate to one’s ability to contribute in other positive ways to our community and our economy.”
- “Communities marked by a vibrant economy and high quality of life are also those that provide abundant housing opportunities for residents at all income levels.”
- “Because it is an integral part of a sustainable economy.”

*Source: Members of Joint Affordable/Workforce Housing Committee*

The joint Ad hoc committee met thirteen (13) times over the period from August 30, 2016 to March 7, 2017. During that time the committee heard from a number of local non-profit agencies and for-profit developers who produce, repair or provide housing services. In addition, the committee reviewed housing studies and best practices from cities around the nation and other North Carolina communities including meeting with representatives from Asheville, NC. The following topic were examined by the committee: Funding Sources for Affordable Housing; Incentives for Housing Production; Land Use Policy Actions that Support Affordable Housing; Public/Private Partnership Opportunities; Education and Awareness; Infrastructure Policy Actions that Support Affordable Housing; Sustainability; and Administration and Underwriting.

Recommendations to facilitate the production, preservation, and access to housing that is affordable were formulated by the committee for action by the City Council and County Commission. This report includes a detailed description of the recommendations, along with a summary of housing problems along with an appendix including records of the committee’s meetings and other relevant information.

# RECOMMENDATIONS

## Top Priorities to be Initiated and/or Implemented in 0-6 months:

### ➤ **Revise City and County Land Use Ordinances to add or improve Accessory Dwelling Unit, and Density and Height requirements and regulations**

As each jurisdiction updates their respective zoning ordinances, the following recommendations are encouraged.

#### 1) **Allow Accessory Dwelling Units (ADU):**

- a) For the City's ordinance, the existing standards need to be improved with a focus on affordability. Changes to the ordinance should allow ADUs in more neighborhoods throughout the city.
- b) For the County's ordinance, standards need to be created that are similar to the City. The need for additional water/sewer capacity should be considered in the County's ordinance in order to ensure that ADUs are allowed on sites that are currently served by private water/septic systems.

#### 2) Each jurisdiction is encouraged to look for ways in which the zoning ordinances can **increase density and height maximums** to encourage more efficient and affordable development.

- a) **Density Bonuses and a reduction in parking requirements** is encouraged. Density Bonuses should be available for projects providing affordable units for households up to 120% of Area Median Income.
- b) Once both ordinances are complete, **preemptive rezonings are encouraged** to better align zoning with long range planning efforts. The desired result will be a reduction in rezoning requests needed for affordable housing projects (as well as others) and will better implement the visions set forth in the long range planning efforts.

### ➤ **Conduct a housing study and a statistically valid opinion survey**

Work to implement the recommendations of the Ad hoc Workforce/Affordable Committee should not be held up while the study is underway. A statistically valid survey should be conducted on housing affordability. This study will provide a more detailed analysis of market dynamics influencing housing and pinpoint gaps in supply. Further, it will offer a better understanding of the housing and economic conditions impacting production, preservation and availability of affordable housing so that strategies can be formulated to have the greatest impact in providing equitable access to affordable housing throughout the community.

This survey should build upon a previous survey commissioned by the Cape Fear Housing Coalition (CFHC) and conducted by UNCW Sociology Department Professors and Students. The City of Wilmington and New Hanover County should also include questions about housing affordability/availability in the biannual citizen surveys conducted by both organizations.

➤ **Convene a Permanent Advisory Committee on Workforce/Affordable Housing**

This committee will be responsible for overseeing the implementation of recommendations of the Joint Ad hoc Committee on Workforce/Affordable Housing. The Advisory Committee will advise City Council and County Commission on Workforce/Affordable Housing strategies and policies that impact the production, preservation, and access to affordable/workforce housing. Members of the Workforce/Affordable Housing Advisory Committee should represent diverse stakeholders concerned with workforce/affordable housing and related economic and community development issues including, but not limited to, jobs creation and wage growth, integration, public safety, school proficiency, transit oriented development and access, taxes, fees, and land use policy. Members should serve staggered two year terms, with a two term limit.

In addition to other roles, a member or support staff of the Permanent Affordable Housing taskforce will:

- 1) Serve as an ombudsman for new affordable housing projects.
- 2) Act as a liaison between Permanent Workforce/Affordable Housing Committee and Planning staff, consultants, and Planning Commissions to facilitate communication and inclusion of affordable/workforce housing issues in review and revisions of Land Use Ordinances, as well as project review and recommendations.

In order to maintain continuity and transfer knowledge from the Ad hoc committee process at the initiation of the permanent committee, six members of the Ad hoc committee will serve on the Permanent Advisory Committee; three will serve a one-year term and three will serve a three-year term.

The Permanent Workforce/Affordable Housing Advisory Committee should include representatives from the following organizations and stakeholder groups:

- 1 – City Council Member
- 1 – NHC Commission Member
- 2 – Representatives from Major Employers with a workforce that includes persons with wages 60%-120% AMI – NHRMC, UNCW staff, Verizon, etc. Representatives should be able to get time off for meetings if needed, HR/Benefit staff may be appropriate.
- 1 – Homebuilders Association Representative
- 1 – Cape Fear REALTORS Representative
- 2 – Cape Fear Housing Coalition Chair and 1 additional representative selected by CFHC
- 1 – Member from City of Wilmington Loan Review Board
- 1 – Affordable Housing Developer example non-profit or LIHTC developer
- 1 – For Profit Market Rate Housing Developer – Multifamily
- 1 – Economic Development expert – example Chamber of Commerce
- 1 – Banker – Executive level mortgage banker or CRA banker
- 2 – At-Large Representatives that reflects the geographic diversity of NHC

➤ **Fund a staff position to support the efforts of the Permanent Housing Advisory committee.**

The staff position should be funded by New Hanover County and City of Wilmington, but employed by another organization that supports community development and housing initiatives. This staff person would also act as a liaison between the Permanent Advisory Committee and the public, City Council, and County Commissioners. The staff member would report to the Advisory Board and be responsible for assisting the Board in implementing the Ad hoc Committee recommendations.

A staff position is recommended to support the efforts of the committee and others in fostering awareness of workforce/affordable housing and facilitating collaborations among stakeholders, policy makers and others interested in increasing workforce/affordable housing available in our community.

➤ **Support a public awareness, aka marketing, campaign; utilizing a public relations/marketing consultant.**

Support a public awareness campaign to educate the general public on why housing that is affordable is important to the community. The marketing campaign should recruit the services of a public relations/marketing consultant. In addition, the permanent Housing Advisory Committee should enlist advocates to help get the message out and work with partners to provide financial support for the campaign.

The Committee recommends a public awareness, aka marketing, campaign to educate the general public on why housing that is affordable is important to the community.

The following points should be addressed in the marketing campaign:

- Change attitudes towards affordable housing;
- Change the language used to discuss the topic, instead of “affordable” or “workforce” housing, use “housing that is affordable” to better communicate the point that it is about affordability relative to income;
- Put a face on housing affordability; convey messages using stories about real people, reflect the community’s diversity;
- Messages should resonate with people from all walks of life, i.e. small business owner, corporate, government/public service, seniors, millennials, and others;
- Campaign needs to be real and inclusive;
- Demonstrate how housing that is affordable intersects with economic development, business recruitment, worker performance and stability, business growth, traffic congestion, health cost, academic achievement; it’s a quality of life matter for everyone;
- Educate the public on the importance of rental housing that is affordable to reducing ongoing dependence on subsidized housing and build self-sufficiency;
- Illuminate factors not always considered when thinking about housing location, such as the increased transportation cost, traffic congestion and time away from family;
- The campaign should use a variety of platforms to get the messages out including, but not limited to, billboards, print media, brochures, broadcast media, social media, and UNCW short film program
- Make the public aware of basic financial literacy facts, such as the importance of good credit, the negative financial impact of minimum payments and late payments; and how to access credit counseling and financial literacy resources from reputable providers in the community.

The marketing campaign should recruit the services of a public relations/marketing consultant. In addition, the permanent Workforce/Affordable Housing Advisory Committee should enlist advocates to help get the message out and work with partners to provide financial support for the campaign.

Below is a list of ideas for partners and advocates, this is not an exhaustive list.

Partners (Funding & Expertise):

- City of Wilmington
- New Hanover County
- CF REALTORS Association
- NHRMC
- UNCW
- Banks

Advocates (Hero Points):

- Police Chief/Sheriff
- District Attorney
- Chamber of Commerce
- CF REALTORs
- CF Housing Coalition

## Priorities to be Initiated and/or Implemented in 6-18 months:

### ➤ **Establish a Housing Trust Fund**

The City and County should establish a **Housing Trust Fund (HTF)** to receive public and private funding to support the production, preservation and access to housing that is affordable.

Sources of funding could include:

- A. Designate a **penny of property tax revenue** for the HTF, “penny for housing”;
- B. Invest **10% of proceeds from the sale of City or County Surplus Real Property** to the HTF; and
- C. Other sources of funding may also include, but are not limited to: general fund appropriation, general obligation bond, private donations and others.

The committee recommends the HTF be used for, but not limited to:

- A. Increase funding for the **Home Ownership Program (HOP)** for workforce housing loans to eligible borrowers earning >80%-120% Area Median Income (AMI);
- B. Expand the **HOP workforce loans (>80-120% AMI) to the unincorporated County** (dependent upon NHC funding);
- C. Provide **Low Interest Loans for developers** producing housing that is affordable;
- D. Provide **Down-payment Assistance** funding;
- E. Create a **Security Deposit Guarantee** for landlords, similar to Rapid Rehousing Program model;
- F. Provide funds for Dilapidated **Housing Rehabilitation**, including the City’s Owner-Occupied Housing Rehabilitation Program;
- G. Fund an on-going **public awareness campaign** efforts to continue to build awareness and support for housing that is affordable throughout the community; and
- H. Provide grants to non-profits for development of affordable housing including, but not limited to, permanent supportive housing for disabled and elderly persons.

### ➤ **City- and County-owned redevelopment projects include an affordable housing requirement**

City and County owned property identified for redevelopment should include an affordable housing requirement and/or an option for payment in-lieu to the Housing Trust Fund (see below) if the requirement is not met.

### ➤ **The City and County should identify ways to streamline/ expedite the permitting process.**

## Priorities to be Initiated and/or Implemented in 18 + months:

### ➤ **Support Existing Financial Literacy and Homebuyer Education**

Don't reinvent programs; help enhance and better coordinate existing programs to reach more people. Programs may be funded through the HTF.

There are existing programs offered by non-profits (AMEZ, CF Habitat, and CFRCDC), banks and the City's HOP program. These programs are not widely utilized because many people do not know about them, or perhaps don't think they will benefit. Also, a shortage of staff resources limits the number of people being served.

Homebuyer education attracts households with an interest in homeownership; however, financial literacy isn't necessarily tied to homeownership. Financial literacy will benefit many people - renters and youth in particular. Further, it should be recognized that better access to financial literacy is important in preventing deferred maintenance which results in blighted/deteriorated owner-occupied homes.

The Ad hoc committee recommends the Permanent Advisory Committee:

- Explore the interest among landlords to refer residents to an existing financial literacy program, in lieu of the late fee when the resident is late paying rent. In addition, approach CFPUA with this program idea. This program incentivizes households with late payments to seek assistance to better manage the household budget.
  - Create and distribute, via print and webpage, a FAQ on financial literacy, to emphasize saving, budgeting and planning. This material should include links to local programs and other reputable resources, like the National Foundation for Credit Counseling and NeighborWorks.
  - Approach employers, NHC Social Services, NHCS middle & high schools, CFCC and UNCW about offering financial literacy workshops.
  - Include Financial Literacy as a component of the Marketing Campaign.
- **Explore ways to encourage CFPUA to defer fees, offer payment plans, and rebates for affordable housing developers.**

**The committee also recognizes other strategies and sources of revenue that should be supported to foster the production of housing that is affordable for households with low to moderate incomes.**

**To that end the committee recommends:**

- Each jurisdiction utilize synthetic **Tax Increment Financing (TIF)** as a means of supporting the development of housing that is affordable.
- City Council and Board of Commissioners **encourage the use of the 4% Low Income Housing Tax Credit bond program**, with bonds to be issued by the Housing Authority. This would require no financial backing by either governing body.
- The Permanent Housing Advisory Committee should research the use of **Limited Participation Bonds** to support development of affordable housing. Winston Salem has successfully utilized this bond.

# BENEFITS OF AFFORDABLE HOUSING

## Why Affordable Housing Is Important

### Employer Benefits:

- “When workers are burdened or distracted in protecting one of their basic needs, they can’t focus on improving their productivity or effectively contributing to their family (or community) as a whole.”
- “Without affordable housing we cannot attract and keep employees (especially young talent).”
- “Residents that are cost burdened on housing cannot support our local businesses.”

Source: Members of Joint Affordable/Workforce Housing Committee

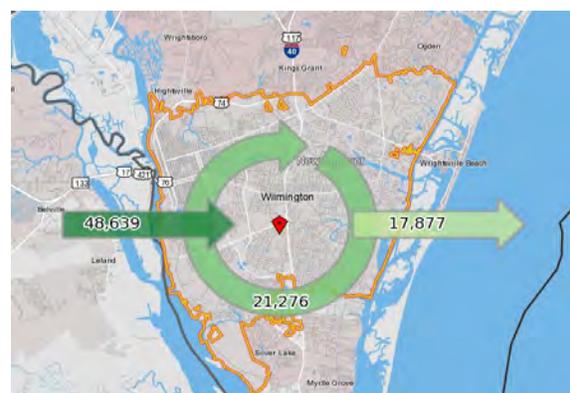
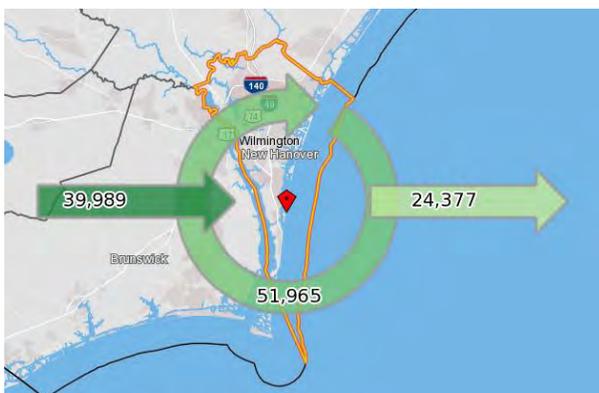
Housing is integral to a livable community; it is interwoven in the community framework and impacts transportation, education, diversity, attractiveness, business recruitment and retention, and health to name a few. A healthy housing market must include a variety of price points, types and tenure options to meet the needs of citizens at different stages of life and income levels; without this the community’s economic prosperity and quality of life suffers.

It is important to recognize that the benefits of housing that is affordable extend beyond shelter. Policy makers and others must consider the greater benefits of housing affordability to families and the community at-large.

## Traffic Congestion and Transportation Cost

According to research presented by Research Scientist Mel Jones, from the Virginia Center for Housing Research at Virginia Tech, approximately 40,000 workers and other travelers drive into New Hanover County each day, adding to traffic congestion. The availability of housing that is affordable for those employed in the County but living in the surrounding region will help reduce traffic congestion and lower the cost of transportation by reducing the travel distance to work.

Daily automobile trips into and out of New Hanover County and the City of Wilmington, NC



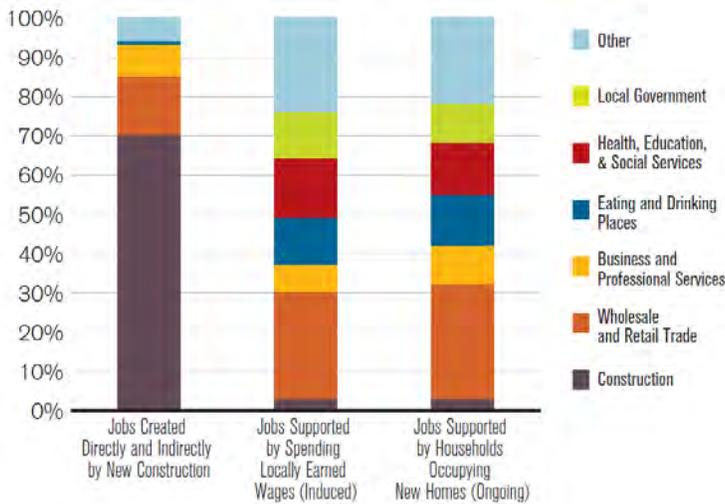
In a

SOURCE: ONTHEMAP.CES.CENSUS.GOV

2016 report *Affordable Housing in Greensboro, NC: The Challenges and Benefits* by Dr. Keith G. Debbage, University of North Carolina Greensboro, examines the benefits of affordable housing citing research from a number of sources that show the benefit of affordable housing to the community and the household.

## Job Creation

According to the National Association of Homebuilders (2010, 2009), the production of affordable housing creates jobs during and after construction.



SOURCE: NATIONAL ASSOCIATION OF HOMEBUILDERS

construction, but also provides housing for others workers in non-construction jobs in the local economy, helping to keep the workforce close to existing and newly created jobs.

This chart show the creation of jobs associated with the construction of a 100-unit market-rate development compared to affordable housing financed through Low Income Housing Tax Credit program.

Construction of housing that is affordable, such as LIHTC, not only creates jobs during the

	Family LIHTC	Senior LIHTC	Market-Rate Apartments
Jobs Created Directly and Indirectly by New Construction	80	75	80
Jobs Supported by Spending Locally Earned Wages (Induced)	42	39	42
Jobs Supported by Households Occupying New Homes (Ongoing)	30	32	32

SOURCE: NATIONAL ASSOCIATION OF HOMEBUILDERS

## Food Insecurity

Cost burdened households often experience food insecurity, which translates into health and academic problems for children. As rents increase so does food insecurity (Fletcher, J.M., Andreyeva, T., and S. Busch 2009 Assessing the Effect of Increasing Housing Costs on Food Security *Social Science Research Network* September 9<sup>th</sup>).

## Homeownership

Homeownership is often a path to wealth creation and stability for families. This contributes to overall quality of life including physical and mental health. In addition, family stability benefits children. Home equity, the difference between the value of the house and the balance of the mortgage, may provide a financial buffer in financial downturns, such as job loss, or accessed for education or other major life expenses. Additionally, home equity is a means of wealth generation when the housing market and specific unit appreciates over time. In order to benefit from homeownership households must be able to save funds for down payment and maintenance, and maintain good credit, among other requirements. Housing cost burden hinders the transition from rental to homeownership.

## Academic Achievement

Stable housing is important to a child’s well-being. Impoverished children who move 3 to 4 times prior to turning 6 years old have shown an increase in behavioral and attention problems in school (Ziol-Guest & McKenna 2014; *Affordable Housing in Greensboro, NC: The Challenges and Benefits* Dr. Keith G. Debbage)

## Health Benefits

Families and individuals who are housing cost burdened are more likely to forego preventive medical care and/or utilize emergency rooms. Health issues may be exacerbated by living in sub-standard housing that contributes to health issues like asthma or lead-based paint poisoning in children. For those without appropriate housing, access to primary medical care may be limited or non-existent; thereby increasing the use of higher cost emergency health care. Housing and health care cost are linked and studies show that providing housing that is affordable decreases medical expenditures for families and individuals.

The charts prepared by the Centers for Outcomes Research and Education (2016) were cited in Dr. Debbage's report. These charts show the savings to the health care system from providing housing that is affordable to families (FAM), permanent supportive housing for formerly homeless disabled persons (PSH), and seniors and disabled (SPD).

### 1 Costs to health care systems were lower after people moved into affordable housing.

- Total Medicaid expenditures declined by 12 percent.
- Declines in expenditures were seen for all housing types.
- IMPLICATION: *Access to affordable housing will likely drive down costs to the health care system.*

Overall	FAM	PSH	SPD
-12%	-8%	-14%	-16%

### 2 Primary care visits went up after move-in; emergency department visits went down.

- Outpatient primary care utilization increased 20 percent in the year after moving in, while ED use fell by 18 percent.
- Similar trends were observed for each housing type.
- IMPLICATION: *Affordable housing helps meet major health reform utilization metrics.*



# DEMOGRAPHICS

## Population Trends

### Wilmington:

“The 1980s marked the beginning of a sharp growth period for the city. Projections for the next 25 years show a continuation of growth. In 2010, Wilmington had about 106,000 people, but is projected to have around 166,000 by 2040” (Create Wilmington Comprehensive Plan, Growth Factors Report).

### New Hanover County:

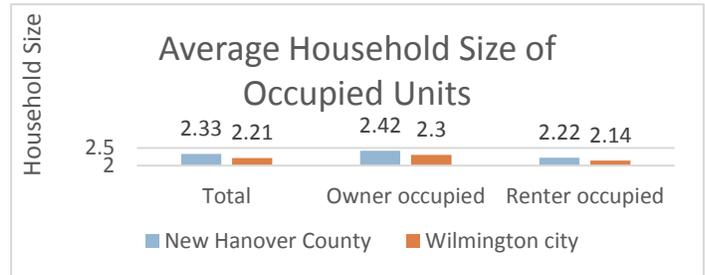
“The population of New Hanover County has more than quadrupled since 1940, increasing from slightly over 50,000 in 1940 to over 200,000 today. The majority of New Hanover County’s growth occurred in the period following 1990 after Interstate I-40 was completed. The construction of I-40 improved access to New Hanover County and led to the in-migration of residents from other counties in North Carolina, as well as from other states. Historically, other periods of high growth include the 1940s, with the issuance of the G.I. Bill providing home loans for veterans” (Plan NHC, 2016).

Population	2010		2040	
	Base	Low Growth	High Growth	
New Hanover County	202,667	249,026	337,054	
Wilmington	106,476	130,832	167,904	

SOURCE: PLANNHC

## Household Size

New Hanover County has slightly larger average household sizes than Wilmington in all categories: total, owner occupied and renter occupied. The average household size in New Hanover County is 2.33 and in Wilmington it is 2.21.



SOURCE: AMERICAN COMMUNITY SURVEY, 2011-2015 5-YEAR ESTIMATES

## Poverty Rate

The rate of poverty among families in Wilmington is higher than families in New Hanover County. The poverty rate among homeowners is generally much lower than the poverty rate among renters, suggesting that renters are more likely to live in substandard housing.

Poverty Status in The Past 12 Months of Families				
	New Hanover County		Wilmington city	
	All families		All families	
	Total	% below poverty	Total	% below poverty
Owner occupied	36,568	4%	13,759	5%
Renter Occupied	19,039	22%	12,178	29%

SOURCE: AMERICAN COMMUNITY SURVEY, 2015 1-YEAR ESTIMATES

## Median Housing Cost

Source: American Community Survey, 2015 1-Year Estimates

Median Monthly Housing Costs	
Owners	\$ 1,483
Renters	\$ 907

## Income

HUD’s income limits are the same for New Hanover County and Wilmington. Income Limits are typically compared at the 4-person household level. For our region the median household income (AMI) is \$65,100, which is higher than both the state (\$46,868) and national medians (\$53,889), (U.S. Census Bureau, Quickfacts, 2011-2015 5-Year Estimates (in 2015 dollars)).

FY 2016 Income Limits Median Income \$65,100	Persons in Family							
	1	2	3	4	5	6	7	8
Extremely Low (30%)	\$13,700	\$16,020	\$20,160	\$24,300	\$28,440	\$32,580	\$36,730	\$40,890
Very Low (50%)	\$22,800	\$26,050	\$29,300	\$32,550	\$35,200	\$37,800	\$40,400	\$43,000
Low (80%)	\$36,500	\$41,700	\$46,900	\$52,100	\$56,300	\$60,450	\$64,650	\$68,800

SOURCE: HUD INCOME LIMITS, WILMINGTON AND NEW HANOVER COUNTY

Nearly 60% of area workers are lower income service workers. The median annual income of these types of occupations is well below what is required to afford decent housing.

Occupation	Total Employed	Median Annual Income
Food Preparation and Serving Related	15,070	\$18,480
Personal Care and Service	3,090	\$21,770
Healthcare Support	4,950	\$23,760
Sales and Related	14,540	\$25,820
Office and Administrative Support	19,660	\$31,050
Construction and Extraction	4,850	\$37,000
Education, Training, and Library	7,070	\$39,830
Business and Financial Operations	4,390	\$59,070
Computer and Mathematical	2,150	\$62,850
Life, Physical, and Social Science	1,980	\$68,240
Architecture and Engineering	1,450	\$74,800
Management	4,500	\$94,790

SOURCE: BLS, WILMINGTON MSA

## Top Employers

The top employers in New Hanover County (including Wilmington) are as follows:

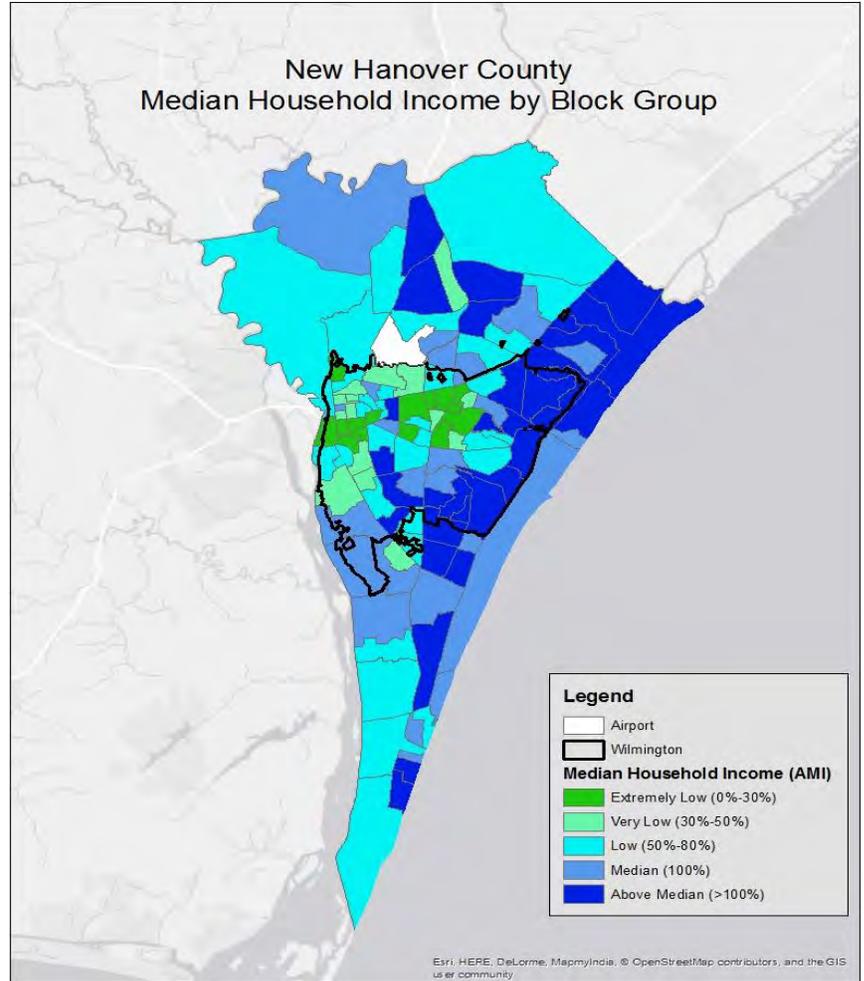
New Hanover County Top 5 Employers, 2016 Quarter 2			
Rank	Company Name	Industry	Employment Range
1	New Hanover Regional Medical Center	Education & Health Services	1000+
2	New Hanover County School System	Education & Health Services	1000+
3	University Of North Carolina At Wil	Education & Health Services	1000+
4	PPD Development Llc	Professional & Business Services	1000+
5	County Of New Hanover	Public Administration	1000+

SOURCE: NC COMMERCE, LABOR AND ECONOMIC ANALYSIS DIVISION, TOP 25 EMPLOYERS BY NC COUNTY

# Housing Problems

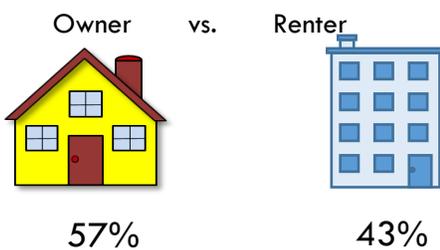
## Median Household Income

The map of median household incomes in New Hanover County, as defined by HUD's income limits (0%-100% AMI), illustrates where there are likely pockets of poverty, distressed housing, and cost burden.



SOURCE: AMERICAN COMMUNITY SURVEY, 2011-2015 5-YEAR ESTIMATES

## Ownership Status



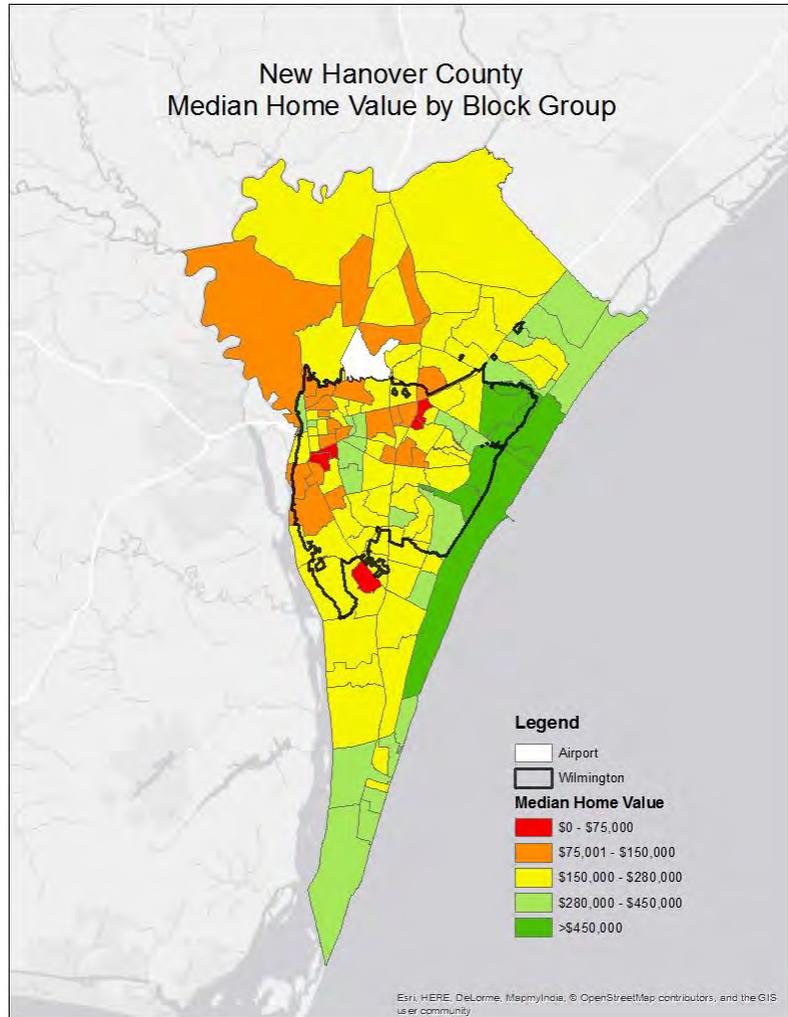
The majority of households in New Hanover County (57%) are owner occupied. Renter occupied households make up 43%. Renter occupied households are disproportionately more likely to be cost burdened by their housing.

SOURCE: AMERICAN COMMUNITY SURVEY, 2011-2015 5-YEAR ESTIMATES

## Median Value

The median home value in New Hanover County is \$214,300 and the median monthly housing costs for owners with a mortgage are \$1,483 (includes real estate taxes; fire, hazard, wind, hail, and flood insurance payments; and utilities and fuels).

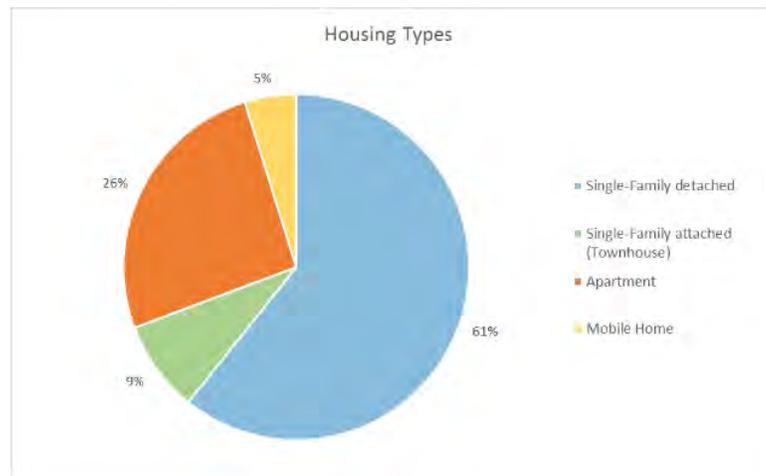
According to the American Community Survey published by the U.S. Census Bureau, 47.7% of households in NHC earn less than \$50,000 annually. In order to afford the median house in NHC, a household must earn \$59,320 annually. This means that more than 47% of households are unable to afford the median-priced house and as a result, some may be living in substandard housing conditions. In fact, 41% of individuals wouldn't be able to afford the median priced house even if they were splitting the costs with someone earning the same amount.



SOURCE: AMERICAN COMMUNITY SURVEY, 2011-2015 5-YEAR ESTIMATES

## Housing Types

Over 60% of homes in New Hanover County are single-family detached structures. With a median home value of \$214,000, developers are increasingly inclined to build more market-rate single-family houses. Townhouses, apartments and mobile homes are less common at the moment, but as millennial preferences move towards more urban, compact, mixed-use developments there may be a shift in demand.



SOURCE: AMERICAN COMMUNITY SURVEY, 2011-2015 5-YEAR ESTIMATES

## Cost Burden

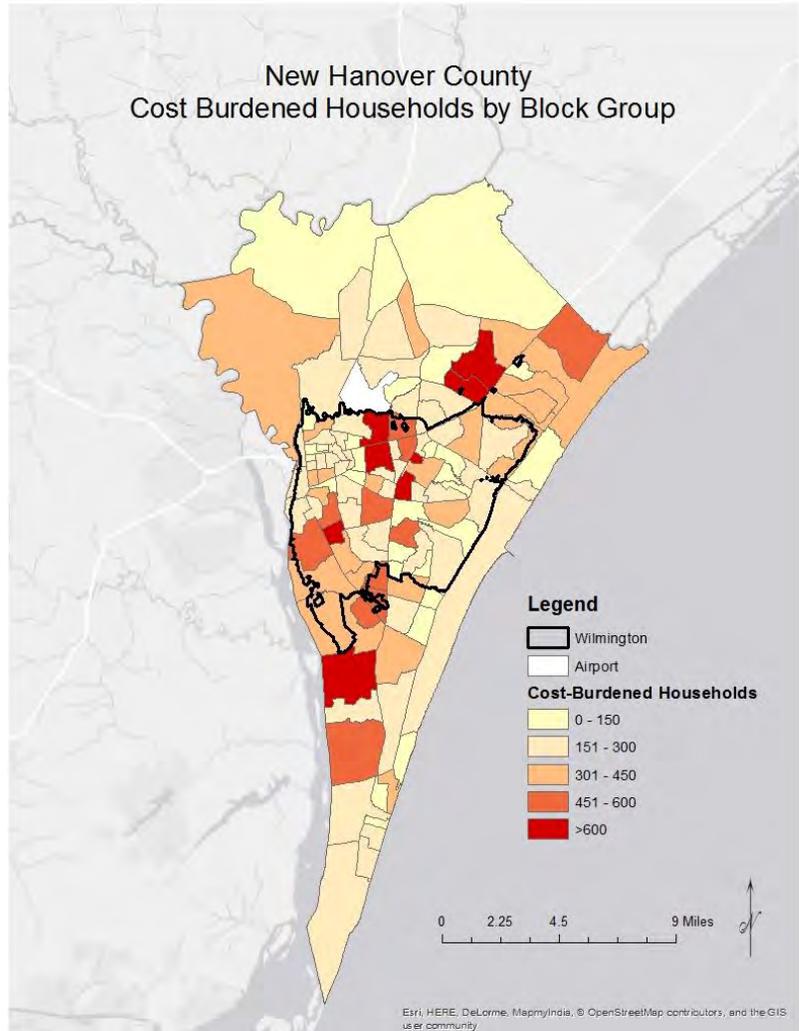
Cost burdened households are those households that are spending more than 30% of their gross household income on housing-related costs.

In New Hanover County, housing cost burden is distributed throughout the County, occurring in both the incorporate and unincorporated areas.

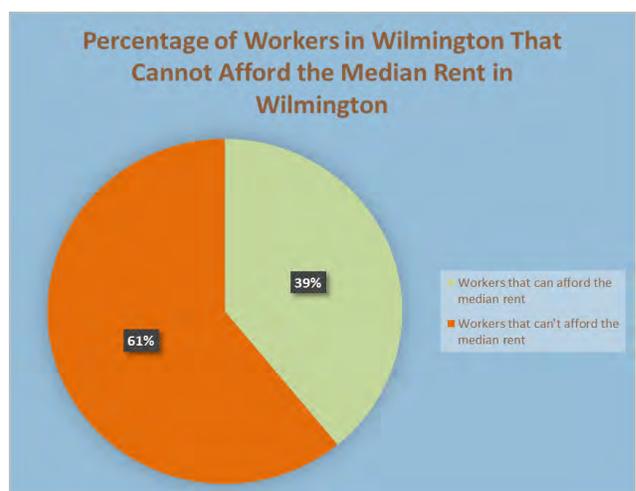
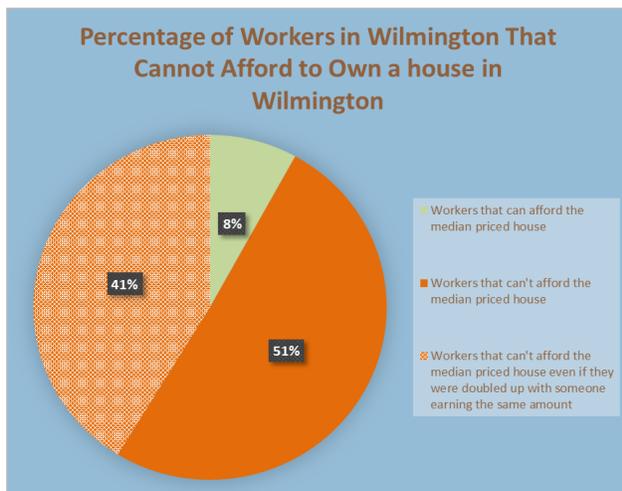
Renter occupied households are disproportionately affected by housing cost burdened. About 50% of renter occupied households are cost burdened, while only 28% of owner occupied households are cost burdened (ACS, 2011-2015 5-year estimate).

This might suggest that there are not enough rental options affordable to those earning in the lower income groups (0%-80% AMI).

Providing a range of housing options in both the rental sector and owner sector is key to maintaining high quality of life in the County.



SOURCE: AMERICAN COMMUNITY SURVEY 2011-2015 5-YEAR ESTIMATES



SOURCE: BUREAU OF LABOR STATISTICS, U.S. DEPARTMENT OF LABOR, OCCUPATIONAL EMPLOYMENT STATISTICS

## Work Hours

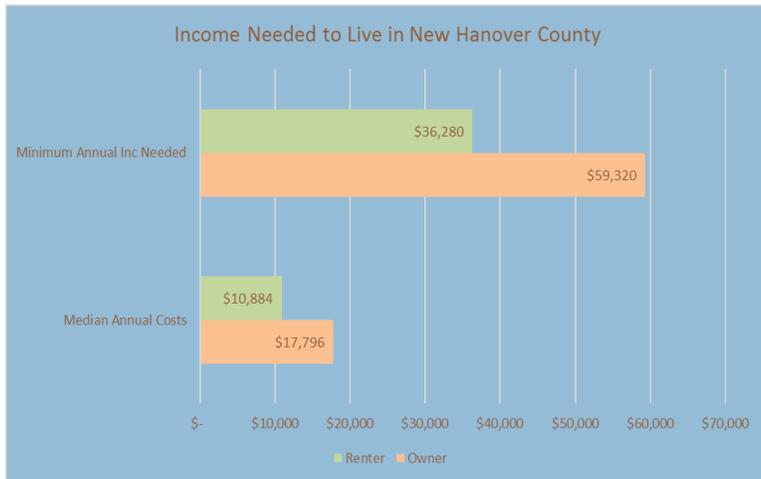
Using the ACS's estimate of \$677 per month (not including utilities), hairdressers, childcare workers, retail sales people, and anyone earning the minimum wage in new Hanover County would have to work well above 40 hours per week in order to afford the median gross rent for a one-bedroom apartment without being cost burdened.

There is a growing mismatch between wages and housing costs in New Hanover County. As housing costs continue to rise and wages remain stagnant, this mismatch will only get worse.

Furthermore, the NC Budget & Tax Center (2016) found that "...the minimum wage standard's purchasing power has eroded over time because it has not kept up with inflation nor the increase in worker productivity. To have the same value it did in the 1960s, the minimum wage in North Carolina would have to be \$18.85 per hour today, rather than \$7.25."



SOURCE: BUREAU OF LABOR STATISTICS, U.S. DEPARTMENT OF LABOR, OCCUPATIONAL EMPLOYMENT STATISTICS; AMERICAN COMMUNITY SURVEY 2011-2015 5-YEAR ESTIMATES



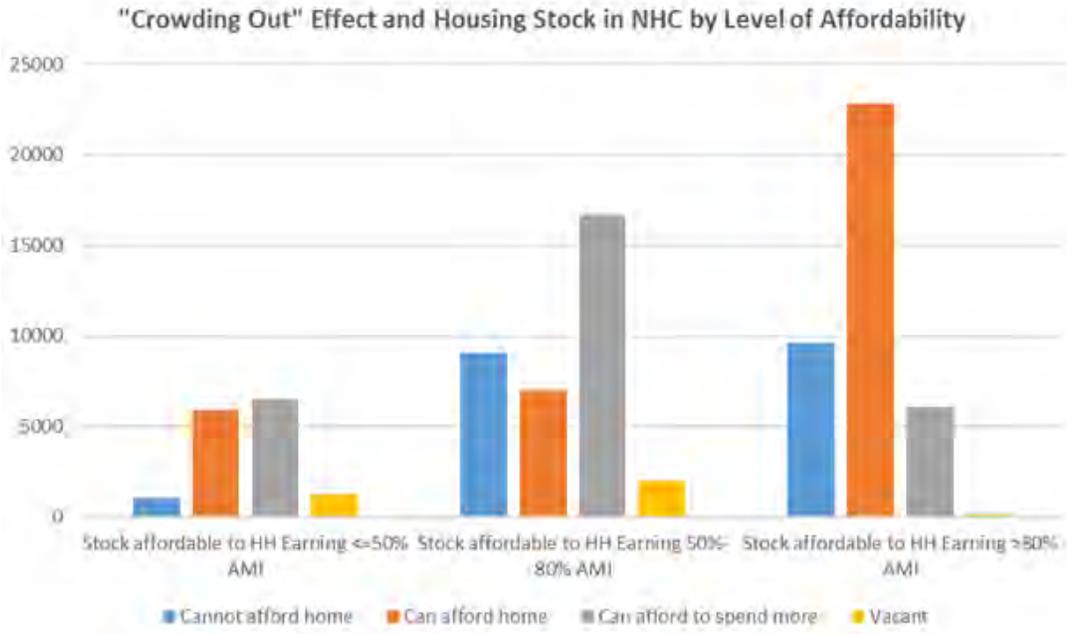
SOURCE: AMERICAN COMMUNITY SURVEY, 2011-2015 5-YEAR ESTIMATES

When comparing median incomes of the major occupations, 51% of those working in Wilmington cannot afford to buy a median-priced house in Wilmington with only one earner. 92% of those working in Wilmington cannot afford to buy a median-priced house with one or two earners in the household. Only 8% of workers in Wilmington can afford a median-priced house. This means that the majority of homeowners in Wilmington are either cost-burdened, living with more than two earners, or are potentially living in substandard or dilapidated housing.

Renters in Wilmington are not doing much better than homeowners. About 61% of workers cannot afford the median rent. However, renters are more likely to be able to afford the median rent if they are living with another earner.

## Housing Supply

Like many other parts of the country, New Hanover County has a significant gap in housing stock (supply) that is considered affordable to those earning at the low, very low, and extremely low income categories (0%-80% AMI).



“Crowding out” is caused by households who choose to reside in housing stock that is affordable to those earning in a lower income category. This scenario occurs when households are unable to find appropriately priced housing in their category of stock and are forced to move down a category. Consequently, lower-income households are “crowded out” of the housing stock that should be affordable to them.

There is currently not enough housing available in each income category for everyone to find appropriately priced housing. Gaps in the stock of housing affordable to households earning 80%-120% of AMI are particularly important to address. If there is a gap in stock, these households are more likely to move down to stock in a lower affordability category because they have less discretionary income (causing “crowding out” of lower-income households). Households earning above 120% of AMI are in a better position to pay more than 30% of their income for housing if they need to. As of 2013, nearly 20,000 households were residing in housing that was unaffordable to them.

# APPENDIX

- Resolution forming Ad hoc Committee
- Meeting Notes
- Housing Supply- Crowding Out
- Mayor's Roundtable Report
- Insight Articles