

City of Wilmington/New Hanover County
Workforce/Affordable Housing Ad hoc Committee

November 29, 2016

Meeting Notes

Present: Elizabeth Dodson, Gloria Green, Linda Smith, Robert Rosenberg, Steve Spain, Dave Spetrino, Jody Wainio, Tilghman Herring, Katrina Redmon, Katrina Knight, Paul D'Angelo, Will Bland

Staff –Suzanne Rogers, City of Wilmington; Jennifer Rigby, NCH

Presenters: Jeff Staudinger, Assistant Director of Community & Economic Development. City of Asheville, NC

Absent: Phil Humphrey

Resigned: David Barnes, Carlos Braxton

Jody Wainio called the meeting to order and welcomed everyone. She asked committee members, staff liaisons, and other attendees to introduce themselves. Paul D'Angelo introduced the presenter Jeff Staudinger, noting that Jeff was recipient of the NC Housing Professional of the Year Award by NCHFA and NCHC. Jody thanked Cape Fear Housing Coalition for sponsoring Mr. Staudinger's travel.

Mr. Staudinger provided an in-depth overview of Asheville's affordable/workforce housing efforts – see attached powerpoint.

During the presentation the following questions and salient points were discussed:

Q: Are Accessory Dwelling Units a part of the Asheville Strategy for affordable housing?

A: Moving toward developing tools to incentivize ADUs, including construction financing

Q: Do short-term rentals i.e. AirBnB, qualify for incentives? Are short-term rentals impacting supply of affordable housing?

A: Asheville City Council has appointed a task force to look at short-term rental issue. Currently allowed in commercial districts, not residential.

Q: Why aren't more condo's being built to meet demand for affordable homeownership?

A: 1- single family unit more profitable; 2- developers can't get conventional financing to develop; 3- cost per door to land, ie. Site prep & infrastructure, too high

Q: Regarding 1¢ for housing strategy – When tourism is the primary source of jobs why increase property tax for affordable housing instead of use sales/use tax?

A: Use of sales/use tax determined by County and requires action an NC Legislature to change or increase. In Asheville increased sales/use tax 100% tourism.

Q: Asheville has a standing housing advisory committee. Would you say this committee provides political cover to City Council in cases of NIMBY?

A: Yes

Q: Asheville contracted for a housing market study – Bowen Report. How much did that cost?

A: \$30,000

Q: Who manages the City's Housing Trust Fund?

A: City staff underwrite the applications and submit for review to the Affordable Housing Advisory Committee (AHAC); AHAC makes recommendation to City Council for final approval.

Priorities for Affordable/Workforce Housing Bond:

- Production of Affordable Rental Housing, leveraging of 9% & 4% LIHTC
- Every private sector developer is including 10% of units in development for affordable housing
- Increase production of single-family and attached homeowner units w/partners by offering construction financing w/very favorable terms

Important Housing Objectives & Tools for Asheville:

- Permanently affordable housing - tool to achieve Land Trust; important to address gentrification, especially in historically African American neighborhoods
- Housing Trust Fund (HTF) tool to finance development of housing City Council has consistently budgeted funds for the HTF. HTF averages \$20,000 per unit. City wants to work with local developers on infill development of smaller 12-24 unit projects.
- Capital Improvement Plan (CIP) tool to finance land banking and to redevelop city owned land for affordable housing
- Land Use Incentive Grant (LUIG) aka Synthetic TIF allows for rebate of taxes and fees conditional on performance. Used for multi-use and multi-income projects, incentive rebate for entire project not just affordable units.
- Density Bonuses – 20% affordability bonuses, no takers yet
- Fee Rebate for housing production up to 50% rebate on fees for houses below certain price point/sales price

For more information on Asheville's Affordable Housing programs:

<http://www.ashevilenc.gov/Departments/CommunityEconomicDevelopment/CommunityDevelopment/FundingPrograms.aspx>



Contents

- Asheville's Affordable Housing Market and Need
- Housing Strategy Framework
- Tools
 - General Obligation Bond
 - Housing Trust Fund
 - Land Use Incentive Grant
 - Permit Fee Rebates
 - Federal HOME and CDBG
 - Capital Improvement Program
 - City-Owned Property
 - Density Bonus



BOWEN NATIONAL RESEARCH

Primary Work Elements

- Analyzed more than 100 demographic & economic metrics
- Conducted ~40 community stakeholder interviews/surveys
- Surveyed nearly 170 multifamily *rental* properties (14,000+ units)
- Surveyed over 100 non-conventional rentals
- Evaluated 171 mobile home parks
- Analyzed *for-sale* data on 25,999 units (3,669 listed/22,330 sold)
- Surveyed 58 Senior Care Facilities (Adult Care, Nursing Home, & Multi-Unit Assisted)
- Completed a housing needs/gap analysis by tenure & affordability (up to 120% AMHI)
- Made more than 200 contacts with individuals & organizations
- Over 200 housing properties were visited and rated

Analysis Conducted on a Four-County Region Basis with Individual City/County Comparisons

- Asheville
- Buncombe County
- Henderson County
- Madison County
- Transylvania County



Housing Need and Housing Gap

- **Housing Need** includes “cost-burdened” households
- **Housing gap** does not; and includes “market adjustment”
- Both include household growth and sub-standard housing replacement



Market Rate Rents (Jan., 2015)

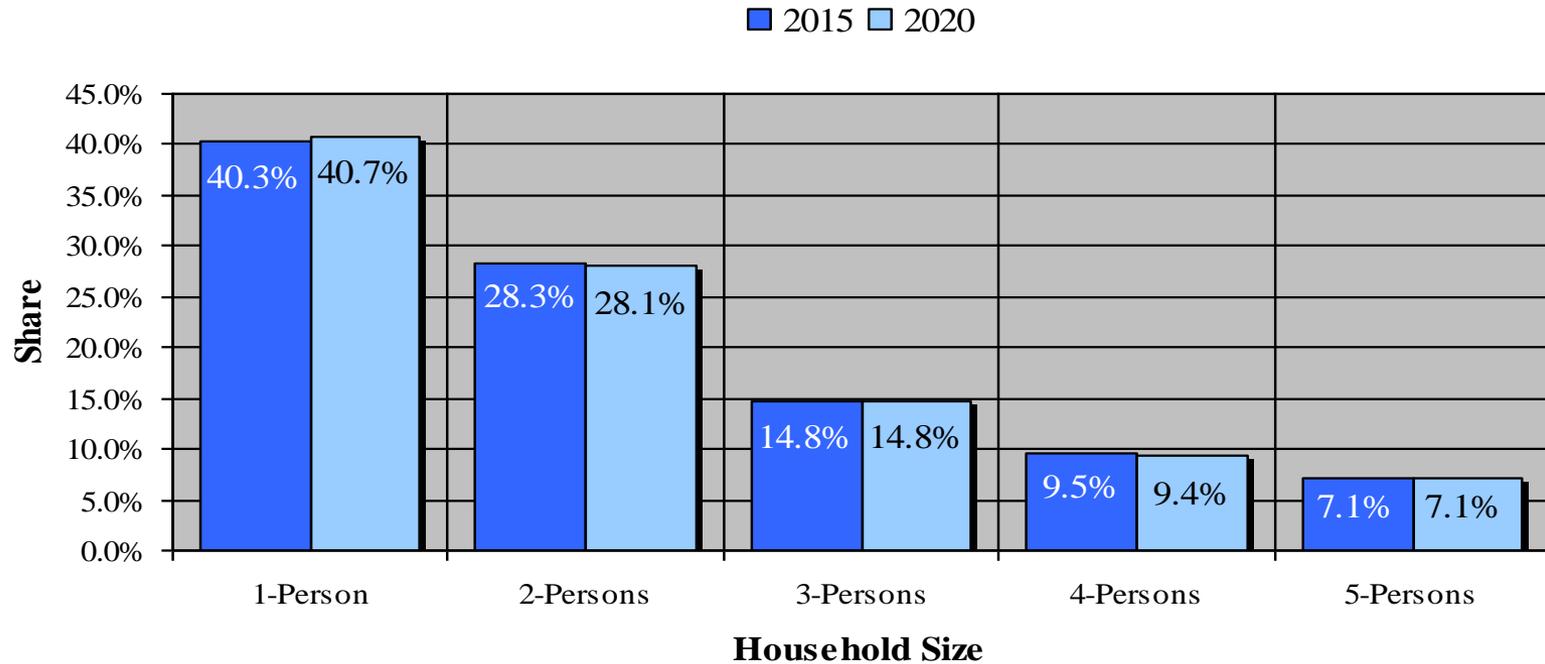
	Median Market-rate Rents by Bedroom Type			
	Studio	One-Bedroom	Two-Bedroom	Three-Bedroom +
City of Asheville	\$720	\$836	\$904	\$1,216
Buncombe County	\$667	\$830	\$916	\$1,021
HUD Fair Market Rents	\$510	\$723	\$857	\$1,100
City Affordable Rents	\$725	\$819	\$914	\$1,003



What would affordable housing cost?

Affordable Housing Standards					
Maximum Rent-80% AMI					
	Family Size*	Utility Allowance**	80%	Max affordable rent at 80% AMI***	Rent + Utilities****
0 BR	1	126	32,450	685	811
1 BR	2	133	37,050	793	926
2 BR	3	173	41,700	870	1,043
3 BR	4	209	46,300	949	1,158
4 BR	6	228	53,750	1,116	1,344
Low Income Housing Standards					
Maximum Rent-60% AMI					
	Family Size*	Utility Allowance**	60%	Max affordable rent at 60% AMI***	Rent + Utilities****
0 BR	1	126	24,338	482	608
1 BR	2	133	27,788	562	695
2 BR	3	173	31,275	609	782
3 BR	4	209	34,740	660	869
4 BR	6	228	40,313	780	1,008

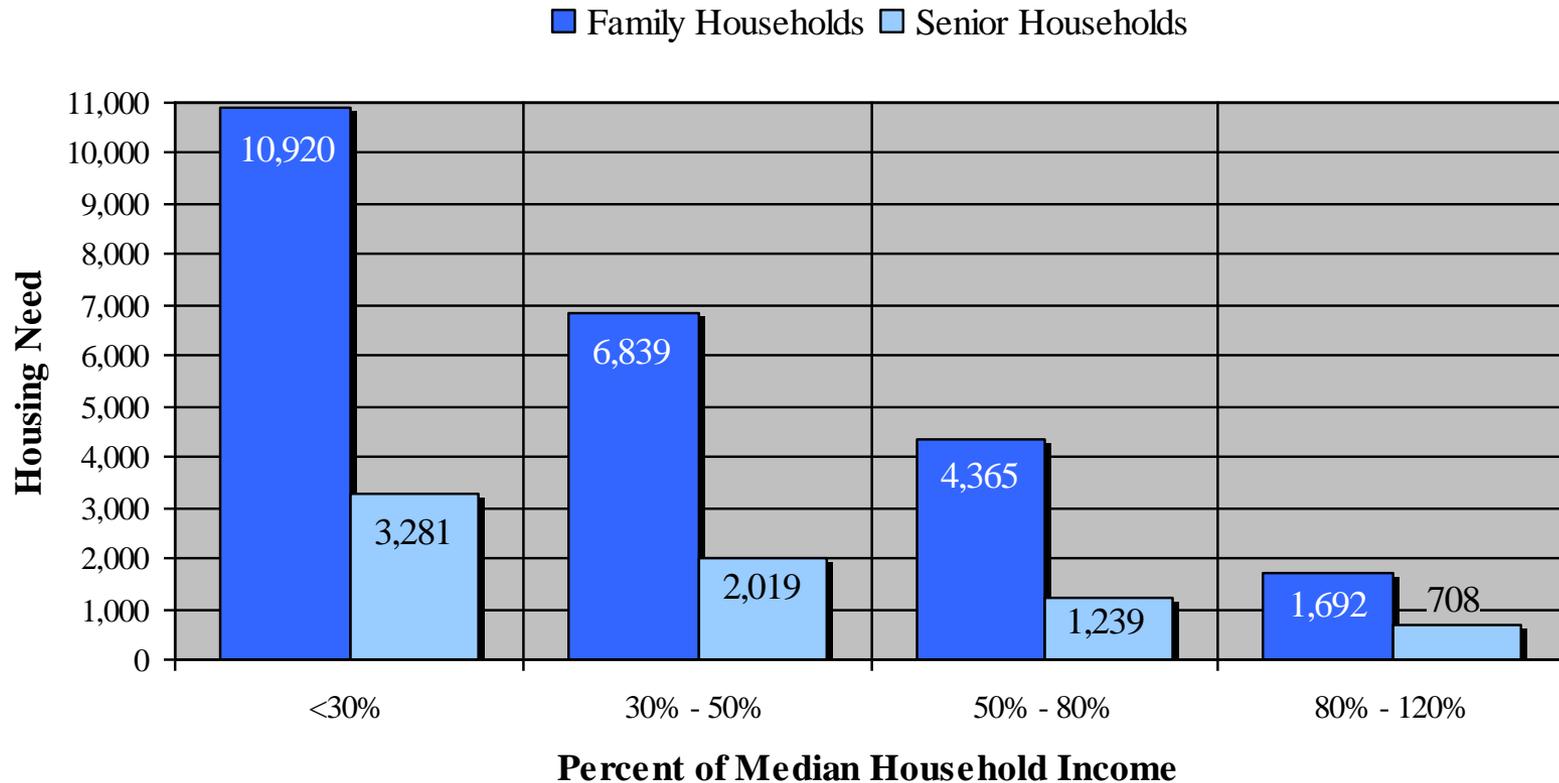
Region Persons per Renter Household (2015-2020)



- One-persons households comprise largest share (40%+) of renter HHs
- One-person HHs will increase by 1,797 b/w 2015-2020



Region Rental Housing Need by Income



31,063 Total Renter Households

74% earn less than 50% of median income



Rental Housing Gap

- 3,580 affordable rental units needed by 2020
- 64% are needed by households earning 80% or less of median income
- 45% of all renter households pay >30% of their gross income for rent
- 21% pay >50% of their gross income for rent



Red shading = Unable to afford Fair Market Rent

	Mean Hourly Wage	Employment	% of Total	Efficiency	Bedrooms		
					1	2	3
Total all occupations	\$17.14	116,920					
Retail Salespersons	\$10.71	4,690	4.0%				
Food Preparation & Serving Workers	\$8.08	3,780	3.2%				
Registered Nurses	\$28.96	3,630	3.1%				
Cashiers	\$8.45	3,350	2.9%				
Waiters & Waitresses	\$8.90	3,250	2.8%				
Home Health Aides	\$10.57	2,310	2.0%				
Stock Clerks & Order Fillers	\$10.74	1,970	1.7%				
Laborers, Freight, Material Movers	\$11.08	1,930	1.7%				
Secretaries	\$13.74	1,900	1.6%				
Janitors & Cleaners	\$9.84	1,740	1.5%				
Office Clerks, General	\$11.73	1,720	1.5%				
Customer Service Representatives	\$13.14	1,700	1.5%				
General & Operations Managers	\$49.62	1,600	1.4%				
Cooks, Restaurant	\$10.42	1,500	1.3%				
Supervisor/Mgr of Retail Sales Work	\$17.62	1,450	1.2%				
Bookkeeping & Accounting Clerks	\$15.20	1,390	1.2%				
Maids & Housekeeping Cleaners	\$8.77	1,310	1.1%				
Executive Secretaries & Admin Assts	\$16.55	1,270	1.1%				
Truck Drivers, Heavy/Tractor-Trailer	\$18.11	1,200	1.0%				
Receptionists & Information Clerks	\$11.39	1,180	1.0%				

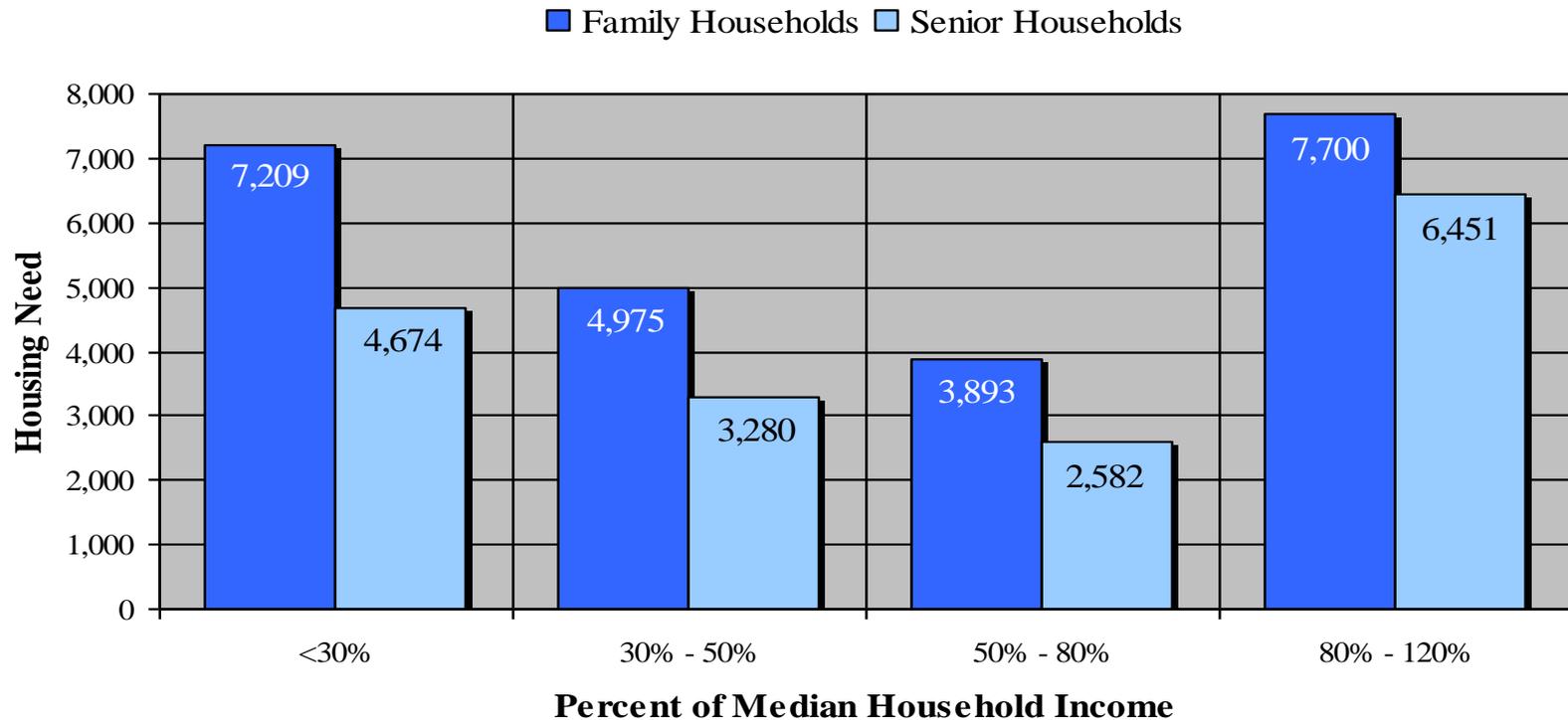


Larchmont

- 60 units of affordable family rental housing in north Asheville developed by MH^Q
- Will remain affordable for at least 30 years to households at 60% or less of median income



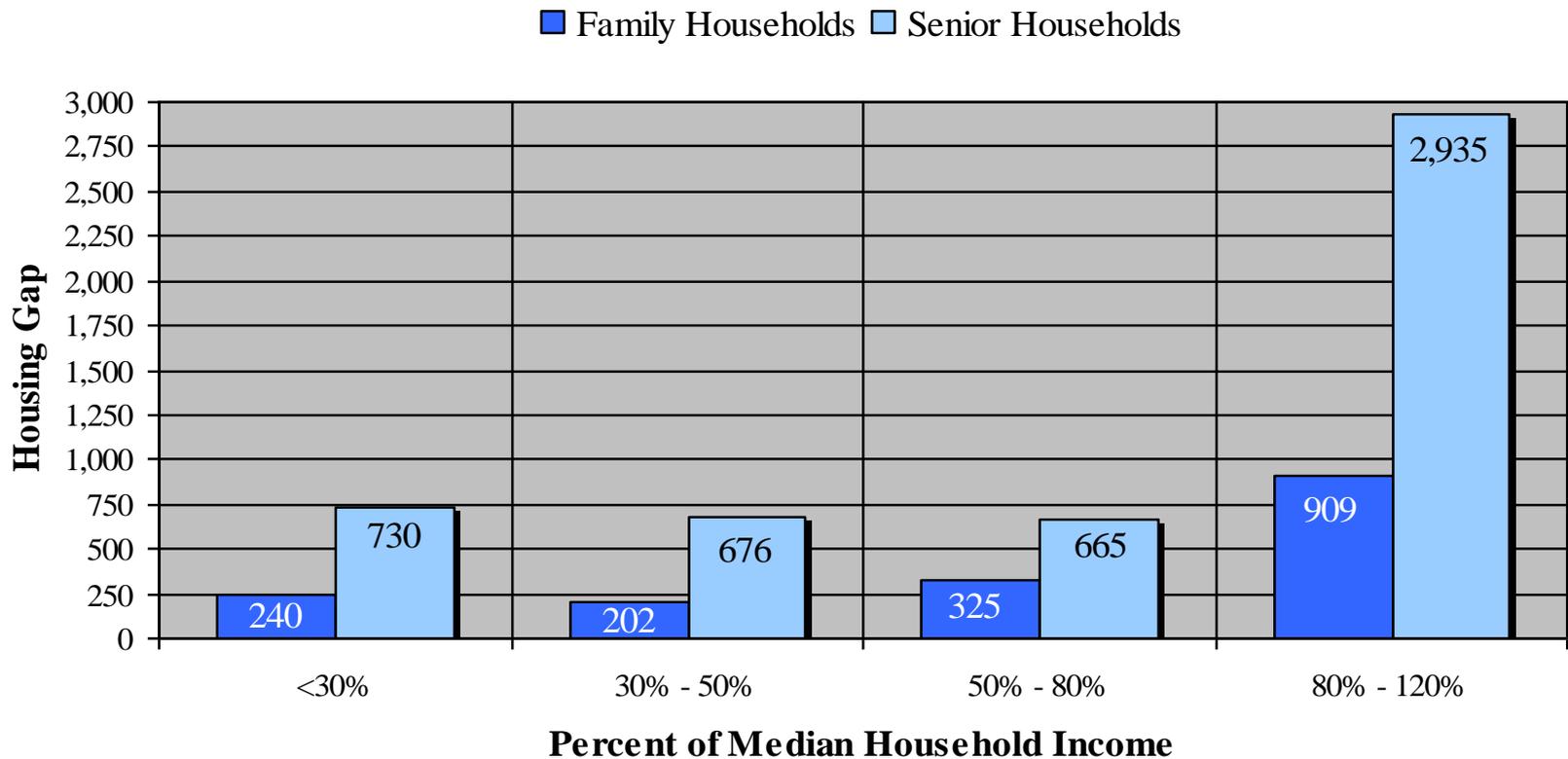
Region Owner Housing Need by Income



- 40,764 Total Owner Households
- 35% earn between 80% and 120% AMI



Region Owner Housing Gap by Income



- 6682 Total Owner Households
- 58% are between 80%- 120% AMI

Owner Housing Gap

- 3,879 affordable new ownership units needed by 2020
- 73% of that total needed by senior households
- 70% of households are looking for homes priced under \$200,000
- 13% of current homes listed are listed \$200,000
- Current median sales price: \$270,000





Appledorn Condominiums

- 190 Units
- Average sales price: \$117,000



H+T Index

6 Neighborhood Variables

Residential Density
Gross Density
Average Block Size in Acres
Transit Connectivity Index
Job Density
Average Time Journey to Work

3 Household Variables

Household Income
Household Size
Commuters per Household



Car Ownership
+
Car Usage
+
Public Transit Usage

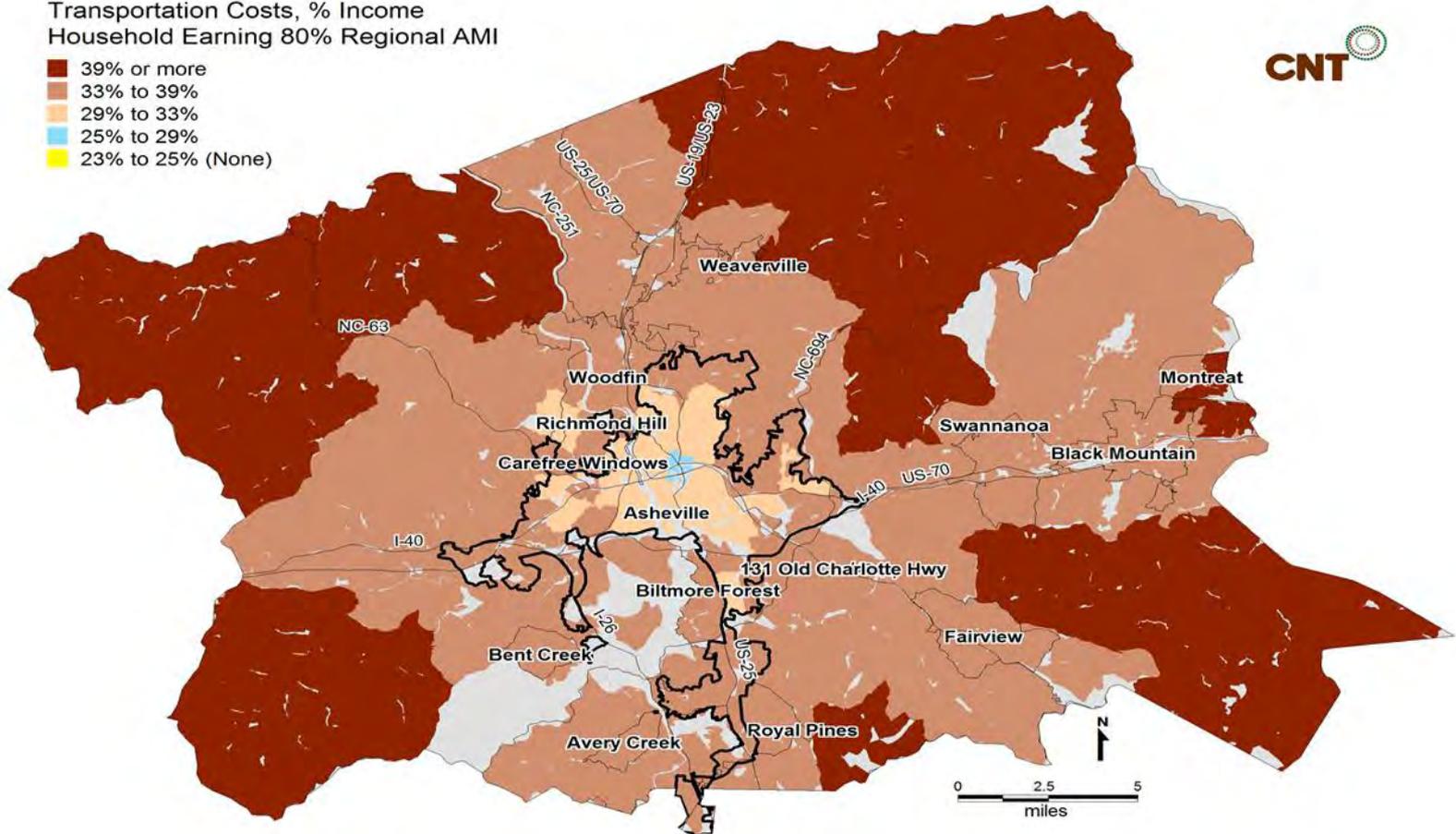


**TOTAL
TRANSPORTATION
COSTS**

Transportation Costs

Transportation Costs, % Income
Household Earning 80% Regional AMI

- 39% or more
- 33% to 39%
- 29% to 33%
- 25% to 29%
- 23% to 25% (None)



Affordable Housing Scorecard: Findings

- The city of Asheville
 - is outperforming annual targets for affordable housing production and assistance
 - is outperforming all four comparison cities: Greenville, SC, Wilmington, NC, Chapel Hill, NC and Durham, NC
 - is using its state and federal grant dollars efficiently
 - Housing Trust Fund and rebate programs have been very effective at assisting developers to make affordable housing development feasible
 - has the political support as well as institutional/organizational capacity to tackle the affordable housing challenge
- The local community development corporation, Mountain Housing Opportunities, has efficiently and effectively utilized Housing Trust funds, LIHTCs, HOME funds, NeighborWorks funds, and other funding to produce affordable rental and for sale housing



Affordable Housing Scorecard: Recommendations

- *Permanent affordability*
- *Housing Trust Fund and dedicated funding for affordable housing*
- *Identify opportunity areas*
- *Neighborhood Planning*
- *Economic Development and Workforce Development*
- *Continue and expand affordable housing coordination with Buncombe County*
- *Expand affordable housing network*



Strategy

The **Comprehensive Affordable Housing Strategy** is envisioned as a “living strategy” that will guide ongoing work related to affordable housing policies and programs. Adoption of the strategy will inform annual work program priorities aimed at continual action, monitoring and evaluation to expand housing opportunities through a variety of tools and coordinated initiatives.



Purpose of Strategy

- Strengthen the city's affordable housing programs for low- and moderate-income households
- Continue the development of a housing crisis management system to prevent and end homelessness
- Expand housing opportunities for middle-income households
- Explore innovative approaches to providing additional housing and a broader range of housing options, particularly for housing needs not being met by the market
- Prioritize action items that provide the highest return on investment as measured by number of affordable units, percentage of permanently affordable units, contributions to long-term economic and tax base growth, and sustainability



Goals



Strengthen Our Current Commitments

- Reach or exceed Asheville's goals to serve people of in all life stages, incomes and abilities; adopt production goals that are ambitious and achievable

Maintain the Middle

- Provide greater variety of housing choices for middle-income families and for Asheville's workforce.

Create Diverse Housing Choices in Every Neighborhood

- Facilitate the creation of a variety of housing options in every part of the city, including existing single-family neighborhoods and commercial districts.

Create Vibrant Neighborhoods

- Foster mixed-income, mixed-use, highly walkable neighborhoods in amenity rich locations (e.g., close to transit, parks, open space and trails, employment, retail services, etc.) to maximize locational efficiency

Strengthen Partnerships and Leverage Resources

- Strengthen current partnerships and explore creative new public-private-partnerships to address our community's housing challenges



Actions

- **Foundations for action**
 - Adoption of a housing production goal for FY2014-2015
 - Comprehensive Housing Market Analysis
 - 2015-2019 Consolidated Plan for CDBG and HOME
 - Revisit production goal for FY2015-2016
- **Mid-term policy initiatives**
 - Adopt Affordable Housing Policy Guidelines for FY2015-2016
 - Comprehensive Recommendations on City Affordable Housing Tools for FY2015-2016
 - Comprehensive Regulatory Analysis and Recommendations
 - Adoption of achievable and aspirational long-term goal to substantially impact affordable housing needs

Actions

- Goal: 2,800 units in next 7 years
 - Increase annual City funding to \$.01/\$100
 - New Public-Private Partnerships
 - Maximize LIHTC, explore 4% Credit Program
 - Continue to remove regulatory barriers, increase density
 - Increase Transportation- Housing Connection
 - Prioritize Incentives for maximum impact
 - Further Research Inclusionary Zoning



Asheville Tools and Strategies

- General Obligation Bond
- Housing Trust Fund
- Land Use Incentive Grant
- Permit Fee Rebates
- Federal HOME and CDBG
- Capital Improvement Program
- City-Owned Property
- Density Bonus



General Obligation Bond

- \$25,000,000 for affordable housing
- 70% approval
- Policy for use to be determined by City Council
- Likely to be incorporated into Housing Trust Fund, and used to repurpose land/land bank
- Will be able to support the development and preservation of 500- 1,000 units of affordable housing





Housing Trust Fund

- Rental and Ownership Housing Finance
- Ownership: Construction Loans only
- Rental: Permanent financing, minimum 15 years, 2% Interest
- Special terms (for units at 60% AMI): 2% interest only, deferred principal; or, 0% interest



Housing Trust Fund History

Year	Project	Developer	Amount	# of Affordable Units
FY 15-16	Simpson Street	Beucatcher Commons	\$300,000	60
	Virginia Ave.	Beucatcher Commons	\$90,000	6
	Smith Mill Place	Biotat	\$520,000	36
	Housing for Homeless	Groce United Methodist	\$30,000	2
	Commonwealth Court	Hearthstone	\$128,000	16
	White Pine	Leah Kim	\$150,000	15
	FY 14-15	Nancy Street	Beucatcher Commons	\$120,000
Oak Hill Commons		Biotat	\$200,000	24
FY 13-14	Eagle Market Place	MHO	\$500,000	62
	Givens Gerber Park	Givens Estates	\$230,000	120
	Oak Hill Hard to House	Biotat	\$58,106	30
	Raleigh Marietta	Beucatcher Commons	\$90,000	6
	FY 12-13	Marigold & Chapel Park	Beucatcher Commons	\$150,000
Givens Gerber Park		Givens Estates	\$270,000	120
FY 11-12	Glenn Rock Hotel	MHO	\$387,000	22
	West Chapel Road	Beucatcher Commons	\$120,000	6
	Johnston Cottages	Beucatcher Commons	\$200,000	18
FY 10-11	Shiloh Road	Beucatcher Commons	\$80,000	4
	Eagle Market Place	MHO	\$300,000	70
			\$2,705,106	627
	ACTUAL AMOUNT (Less duplicates)		\$2,447,000	383



MHO's Larchmont Development

Capital Improvement Program

Allocation:	\$250,000	2015
	\$500,000	2016
	\$2,000,00	2017

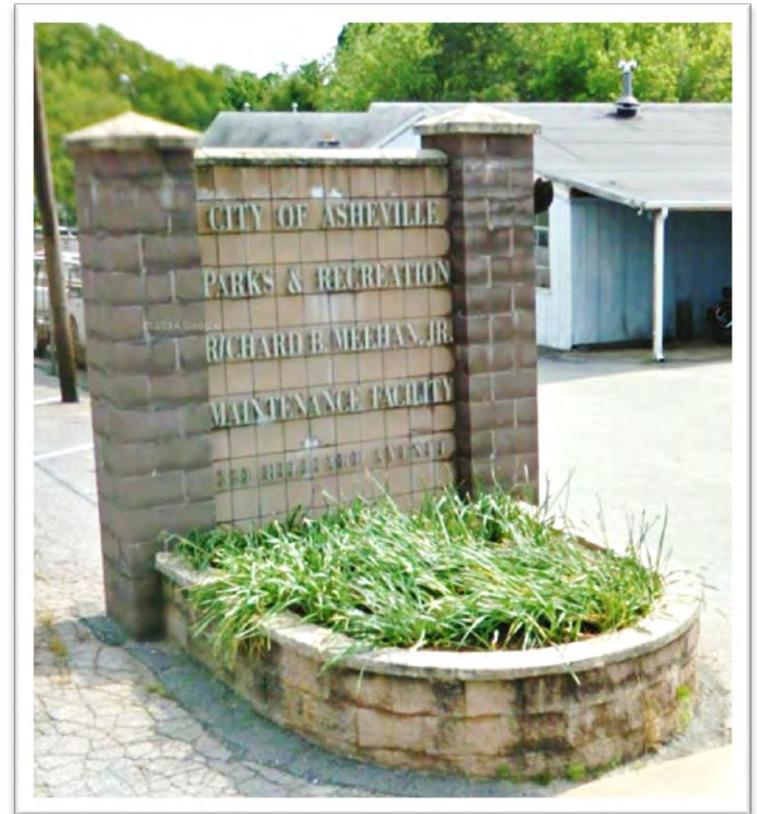
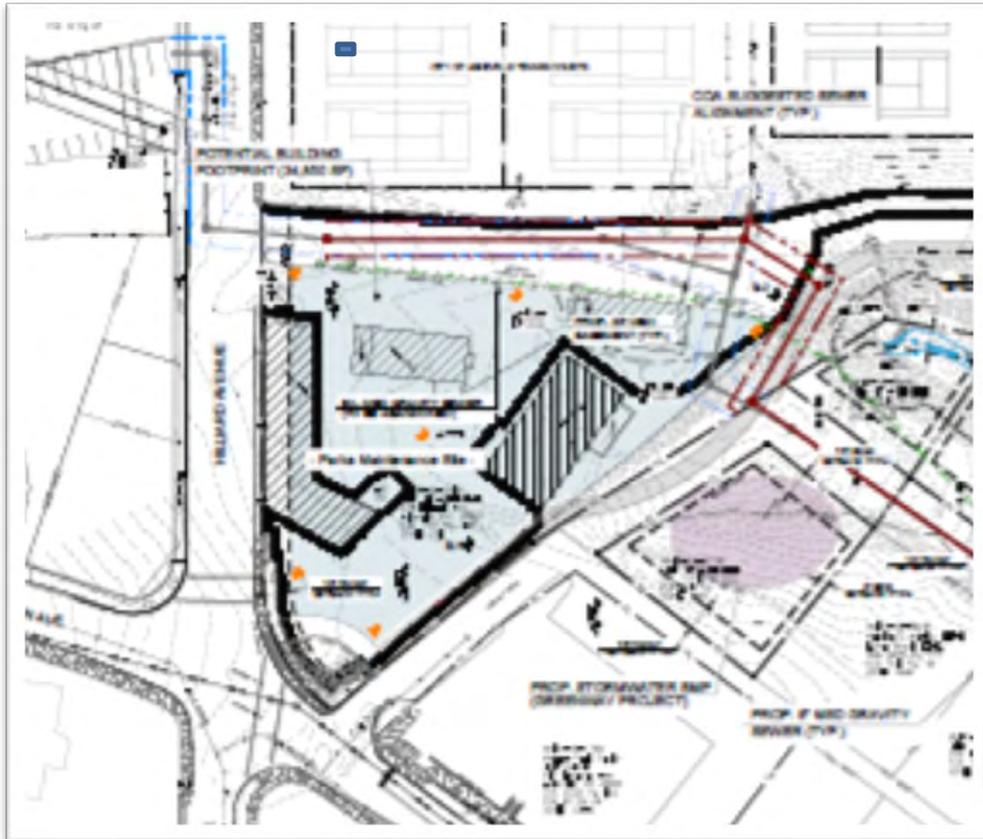
Eligible Uses:

- Market studies
- Engineering and architectural studies and plans
- Traffic analysis
- Infrastructure improvement
- Subsidies
- Land banking
- Construction
- Affordable Housing Financing

The initial tangible product will be redevelopment of existing City owned land for affordable housing.



City-Owned Property





Development Team Minimum Experience Qualifications

Minimum Developer Experience: :

- New Construction of at least one 24-unit or larger residential development in the past 5 years;
- Past experience with at least one of the following:
 - New affordable housing for low income families and for low income seniors;
 - Development of housing in Asheville
 - Low Income Housing Tax Credit financing.

Minimum Ownership Experience:

- Owned at least one residential development for at least 5 years prior to the Submittal Deadline of this RFP.

Minimum Architectural Experience:

- Design and construction of at least one multifamily housing development.
- Design and completed construction of at least one 24-unit or larger residential development within the past 5 years.

Minimum Property Manager Experience:

- Managed at least one family rental project for at least 24 months.

For any Developer team member, the experience of key staff members may be substituted for the experience of the organization as a whole

Requirements

- Minimum of 40 units of rental Housing
- Minimum 51% affordable to households earning 80% or less AMI
- Minimum 20% affordable to households earning 60% or less AMI
- Maximum rents no greater than 30% of the annual income for the above income levels
- Minimum commitment of 20 years affordable at the above minimums
- Minimum 50% One-Bedroom Units
- Minimum 15% Three-Bedroom Units

Other Standards and Achievables

- 10% affordable to households at 30% AMI or homeless at rent –up
- Sustainability
- Livability
- Urban Design
- Neighborhood Amenities





- **Development Experience -- 30 points possible**

- ***Housing Program Objectives* -- 30 points possible**

Key scoring elements will be:

How many units will be developed?

How many units will be affordable, and at what income levels?

How long will the units be affordable?

- ***Development Concept* – 10 points possible**

- ***Financing, Cost Control and Innovations* – 25 points possible**

- Feasibility of preliminary financing plans
- Development costs that are comparable to other similar Projects and reflect knowledge of site conditions and constraints;
- Minimize the City's permanent financing; Propose innovative sources or financing instruments;
- Use innovative but practical materials or methodologies designed to reduce costs, without reducing the overall quality of the completed Development.

- **(4) Community Outreach and Affirmative Marketing Plan- 5 points possible**

Land Use Incentive Grant

- 10 points = 1 year grant equal to the City of Asheville property tax that results from the increase in value due to the development.
- 10 points = 10% reduction in City of Asheville building permit fees.
- At least 10% of the units must be affordable for households earning 80% or less of the Area Median Income.
- The affordable units must be affordable to and leased to income-eligible households for at least 15 years.
- Must be located to provide convenient access to jobs, schools and services. The applicant may make the case for convenient access.



Points	5	10	15	20	30	40	50	60	70	80	90	100
10%+ Affordable				x								
20%+ Affordable					x							
30%+ Affordable						x						
40%+ Affordable							x					
50%+ Affordable								x				
60%+ Affordable									x			
70%+ Affordable										x		
80%+ Affordable											x	
90%+ Affordable												x
25%+ Workforce	x											
50%+ Workforce		x										
75%+ Workforce			x									
Location: .25 mile ½ hour transit stop		x										
Location: 1 mile from job center	x											
Location:.5 mile from transp. Amenity	x											
Tenant Affordability: 20 years		x										
Tenant Affordability: 30 years				x								



Smith Mill Place

- 72 units
- 36 units affordable at 60% AMI
- West Asheville, walking distance to grocery, bus
- Subsidy: Housing Trust Fund, \$520,000
- Subsidy: Land Use Incentive Grant, 9.5 years, est. value of \$450,000
- Conditional Zoning for increased density

Smith Mill Place



Smith Mill Place

- How LUIG score was determined:
 - 60 points: 50% of units affordable to households at 60% or less of median income, for the minimum affordability period of 15 years
 - 15 points: 50% of units (the remainder of the units) for households earning 100% or less of median income for a period of 20 years.
 - 10 points: Superior locational efficiency within .25 mile of an existing bus-stop served by one-half hour ART transit frequency.
 - 10 points: Long term affordability at the designated rental rates for a period of 20 years.

CDBG and HOME

Production Type/Performance measures			Achievements					
	Annual Targets	5 year Targets	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	5 Year Percentage
New construction (or rehab) for homeownership	15	75	16	39	27	21	30	177%
Rehabilitation or repair of owner-occupied units	40	200	50	72	91	59	33	153%
New construction for rental*	100	500	128	72	115	22	22	72%
Rehabilitation/Repair of rental units	25	125	0	6	0	0	0	5%
Homeownership Assistance (Down payment assistance)	10	50	24	8	10	7	10	118%
Rent or Relocation Assistance	50	250	179	221	159	233	100	357%
Total units	240	1200	397	419	402	342	195	146%

180 additional units are scheduled to be completed in 2016.





Density Bonus

Update to Residential Density in Commercial Areas

Ordinance No. 4374: Adopted December 9, 2014

Zoning District	PREVIOUS	CURRENT	
	Residential Density (units/acre)	Units/acre without affordable units	Units/acre with at least 20% affordable units
Office (OFF)	8	20	40
Office II (OFF II)	12	20	40
Office Business (OB)	12	20	40
Community Business I (CB I)	16	20	40
Community Business II (CBII)	16	25	50
Institutional (INST)	16	30	60
River (RIV)	16	30	60
Highway Business (HB)	32	35	70
Regional Business (RB)	32	35	70
Neighborhood Corridor (NCD)	32	35	70
Urban Residential (URD)	32	35	70
Commercial Industrial (CI)	16	8	N.A.

Housing: The Missing Middle



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Small-Scale Infill Strategies

Possible Changes

- Cottage Developments
- Multi-Family Review
- Lot Standards Study
- Tiny House Zoning Study
- Higher Density Residential Buffer Zone
- Conservation Development
- Sustainable Development



More information

- <http://www.ashevillenc.gov/Departments/CommunityDevelopment/PlansReports.aspx>
- Jeff Staudinger
 - 828-259-5723
 - jstaudinger@ashevillenc.gov

