

# Affordable Housing Plan for the City of Asheville

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June 24, 2008



The 2008 Affordable Housing Plan for the City of Asheville has been developed by the Mayor's Task Force on Affordable Housing ("Task Force"), working with Pisgah Legal Services and City of Asheville staff. The plan documents trends in the local housing market, population, and incomes, and offers recommendations from the Task Force to remedy the affordable housing crisis.

# Executive Summary

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Affordable housing needs in the City of Asheville are greater than ever before. More than 23,675 households in the City of Asheville make less than the HUD-determined area median income for the Asheville Metropolitan Statistical Area (MSA), which includes Buncombe, Henderson, and Madison counties.<sup>1</sup> In Asheville, 44.5% percent of renter households cannot afford their rent payments and 32.1% of homeowners cannot afford their mortgage payments.<sup>2</sup> Asheville has the lowest annual median income, but the second highest average monthly rent of major North Carolina cities.<sup>3</sup> Over the past several years Asheville has grown into a *city*, it is no longer a small town. It is a popular and attractive place, and people will continue to move here. As demand increases, unless the supply of housing grows at a comparable rate, the price of housing will increase further, resulting in greater economic polarization, and greater economic and environmental strain.

*The 2008 Affordable Housing Plan for the City of Asheville* is the culmination of a six-month planning effort by housing developers, non-profit service providers, City and County staff, local business leaders, community representatives and others. It is a long-range, comprehensive plan designed to help people access, maintain quality affordable housing, and stabilize their families and lives. Its recommendations are evidence-based and draw from the best practices of innovative programs and initiatives throughout the country as well as the vast knowledge and experience of task force members.

*The 2008 Affordable Housing Plan for the City of Asheville* is intended to address affordable housing needs. This emphasis reflects the growing concern within the City of Asheville over the number of working individuals and families who cannot afford quality housing near their jobs. More than 18,000 people commute into Buncombe County for work, many of those into the City of Asheville. Almost half of the renters and homeowners living in the City of Asheville cannot afford their rent or mortgages.

There are several direct causes for the affordable housing problem:

- ❖ There is little vacant land.

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<sup>1</sup> US Census Bureau, 2006.

<sup>2</sup> US Census Bureau, 2006.

<sup>3</sup> Apartment Index.

- ❖ Jobs are tourist-related and generate low-income wages.
- ❖ There is a large number of second homes.
- ❖ Mountain terrain increases construction costs which are passed on to consumers.

With this knowledge, the Task Force met approximately 40 times over six months and developed recommendations for the City of Asheville to follow in order to combat these direct causes of the lack of affordable housing.

These recommendations will:

- ❖ Educate stakeholders
- ❖ Support community initiatives that further affordable housing
- ❖ Match housing resources to people with the greatest needs and chances of success
- ❖ Increase the supply of affordable housing through new initiatives
- ❖ Remove barriers to affordable housing in existing City programs and ordinances

**These strategies alone will not address all of the housing needs in the City of Asheville.** The solution to Asheville's affordable housing needs is a long-term commitment to continue wrestling with the problem. The City of Asheville cannot meet all housing needs alone. True partnership between local governments, private and non-profit housing developers, and residents is required to create more affordable housing opportunities. Asheville as a whole needs to recognize that housing is the most fundamental of needs. Housing stability is an indicator of a person's ability to meet his other basic needs.

**The City of Asheville MUST make affordable housing a priority that is reflected in action, policy and words.** Multiple competing interests affect affordable housing and multiple competing voices affect decisions that impact affordable housing. The issue is political because it affects people's finances, but it is also personal because it affects ordinary citizens' ability to enjoy a healthy life – to live in safe housing and a clean environment, to buy food and medication, and to access healthcare and educate their children.

# Acknowledgments

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In November 2006, Mayor Terry Bellamy pulled together a diverse group of community stakeholders to discuss how to best address the City of Asheville's growing need for affordable housing. The result of that meeting was the creation of the Mayor's Affordable Housing Task Force. Mayor Bellamy met with the Task Force in September 2007 to introduce the concept of an Affordable Housing Plan that would guide the City of Asheville in its affordable housing related ordinances, policies, plans and actions for the next 20 years. On November 13, 2007, Asheville City Council voted to approve Pisgah Legal Services to create the Affordable Housing Plan working with the members of the Mayor's Affordable Housing Task Force.

Task Force members met together as a group and in sub-committees 38 times over the next six months. *Each Task Force member represents a larger segment of the population.* The Task Force did not seek to compromise their values, but instead sought to find balance. The City of Asheville should have an adequate housing stock for people at all income levels.

Robin L. Merrell of Pisgah Legal Services staffed the meetings and drafted the Plan. She was assisted by Carrie R. Knight, M.P.A. City of Asheville staff members who assisted by providing information and other help include: Blake Esselstyn, Kim Hamel, Charlotte Caplan and Anthony Goodson of the Planning Department; Lauren Bradley, Jeff Richardson, and Jessica Dunlap of the City Manager's Office; and Mark Monahan and Marlene Frisbee in the Building Safety Department. The authors would also like to acknowledge and thank Geri Martin-Transue for donating her talent and creating the image for the cover.

The Task Force members voted on the individual recommendations made in this plan; the vast majority of recommendations were approved unanimously. On June 6, 2008, The Task Force approved the entirety of the plan by consensus and forwarded it to City Council for adoption

# The Mayor’s Task Force on Affordable Housing

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## Asheville City Staff:

Charlotte Caplan.....City of Asheville Community Development  
Kim Hamel.....City of Asheville Planning Department

## Community Leaders:

Celeste Collins.....OnTrack Financial Education and Counseling  
Donna Cottrell.....Buncombe County  
Sophie Dixon.....NAACP  
Rusty Hunter.....Hunter Development Company  
Jerome Jones.....City of Asheville Planning and Zoning Commission  
Kelly Kelbel.....Warren Wilson College  
Beth Maczka.....The Community Foundation of Western North Carolina  
Jane Mathews.....Mathews Architecture  
Barber Melton.....Coalition of Asheville Neighborhoods  
Robin Merrell.....Pisgah Legal Services  
David Nash.....Housing Authority of the City of Asheville  
Eleanor Owen.....United Way Asheville and Buncombe County  
Tom Rightmyer.....Coalition of Asheville Neighborhoods  
Maria Roloff.....Mission Hospitals  
Philippe Rosse.....Affordable Housing Coalition  
LaVoy Spooner.....AT&T  
Caroline Sutton.....Asheville Home Builders Association  
Cindy Weeks.....Mountain Housing Opportunities

Harry Weiss.....Public Interest Projects  
David West.....Asheville Board of Realtors

### *Guiding Principles*

While developing this Affordable Housing Plan, the Task Force adopted the following Guiding Principles:

- ❖ *A stable work force needs housing affordable to all wage levels.*
- ❖ *“Affordable Housing” is not a four-letter word and neither is “profit.”*
- ❖ *Affordable Housing is about social justice, promoting diversity, addressing segregation issues and honoring mountain traditions.*
- ❖ *Affordable Housing is not a real estate problem, but the intersection of real estate and the larger economy.*
- ❖ *Affordable Housing is not just about social justice, but also economic development and community building.*
- ❖ *Affordable Housing is someone’s home.*
- ❖ *Affordable Housing is worthy of aggressive, committed public policy development and decisions.*
- ❖ *Affordable Housing should address options for special needs populations including disabled people.*
- ❖ *Affordable Housing should be safe and decent, and can create safety for vulnerable populations.*
- ❖ *Affordable Housing should not jeopardize housing for middle-income families.*
- ❖ *Needs of all stakeholders should be considered in the development of Affordable Housing, including consumers.*
- ❖ *People who work or grew up in Asheville, should be able to live in Asheville.*
- ❖ *Public and private collaboration is essential to the success of an Affordable Housing plan.*
- ❖ *Solutions for Affordable Housing must be supported by the entire community; success requires community-wide investment.*

# Introduction

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Asheville is located in Buncombe County, in the mountains of Western North Carolina. It is the largest city west of Charlotte and is a regional hub. People from every county in Western North Carolina come to Asheville to access services, entertainment, cultural activities, and employment. Many of them might choose to live in Asheville, but cannot afford to do so.

Affordable housing needs in the City of Asheville are greater than ever before. More than 66% of households make less than the area median income.<sup>4</sup> In Asheville 44.5% percent of renter households cannot afford their rent payments and 32.1% of homeowners cannot afford their mortgage payments.<sup>5</sup> Asheville has the lowest annual median income, but the second highest average monthly rent of major North Carolina cities.<sup>6</sup> For more information on the housing market in Asheville, see Appendix A, a housing market analysis that contains information evidencing the overwhelming need for affordable housing.

In 2004, the City of Asheville commissioned Bay Area Economics, Inc. to conduct a housing market study. The study concluded that housing affordability is the greatest challenge to the housing market in Asheville, NC. Their market analysis identified several direct causes for the affordability crunch in the City.

**First, there is little vacant land.** (See vacant land maps in Appendix B, showing vacant parcels in the city limits that are half-acre or larger, not in the flood plain and not subject to the steep slope ordinance. The various maps show the parcels in relation to bus lines, water/sewer lines and topography.) To address this problem, the City of Asheville must either annex more land or increase density within the existing City boundary.

**Second, although the economy in the region is strong and unemployment is low, most of the regions jobs are tourist related and generate low-income wages.** The City of Asheville must find ways to attract higher wage jobs.

**Third, the area is attractive to tourists as well as retirees, and as a result there is a large number of second-homes.** In Buncombe County 25% of homes are non-primary residences. Incentives must be offered to encourage developers to build affordable housing.

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<sup>4</sup> US Census Bureau, 2006.

<sup>5</sup> US Census Bureau, 2006.

<sup>6</sup> Apartment Index.

**Lastly, the terrain of the region increases construction costs; this cost transfers to consumers through high housing prices and increased rent costs.** To combat these costs, the City of Asheville must ensure that its ordinances and regulations do not add to the cost of construction.

In acknowledgement of the need to address these causes of the lack of affordable housing, the City of Asheville took action by authorizing the creation of this plan.

## **CALL TO ACTION**

This Task Force does not represent the first time that a group has met to discuss affordable housing issues. Most notably, in November, 2002, Buncombe County and the City of Asheville came together to create the County/City Housing Task Force. This group met for one year seeking to “provide the Buncombe County Commissioners and the Asheville City Council with information on current housing needs and programs, including the potential for a joint housing trust fund, recommend changes to current housing policies, and help raise awareness and support throughout the community for housing issues.” County/City Housing Task Force made eight recommendations. Only two of the eight recommendations have been fully implemented, and one has been partially implemented.

The recommendations were made by a diverse group representing housing providers, private developers, housing advocates and real estate, financial, and construction professionals who worked hard to reach agreement on these issues. Because their recommendations were not implemented, the current Affordable Housing Task Force fears that its hard work may be ignored by the City of Asheville. For this, the Affordable Housing Task Force implores you, the Council of the City of Asheville to have the political will to implement the strategies that we are recommending. Even if Council were to ultimately decide not to implement some of the things that we recommend, having a public dialogue about them and communicating the reasons why will go a long way in establishing trust and constructive dialogue with the community members who have engaged in this process. The time and effort Task Force members spent on this plan should not be in vain. In order for the affordable housing our community needs to become a reality, City Council must act.

# What does “Affordable Housing” Mean?

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The Task Force used the following definitions of commonly used words. These terms will be found throughout the Plan.

1. Affordable Housing – Housing is affordable when housing costs are no more than 30% of an individual’s total income. Housing costs include utilities, property taxes, association fees, insurance, and maintenance.
2. Area Median Income (AMI) is the midpoint in the income distribution for a specific geographic location (50% of households earn less than the median income, and 50% earn more). HUD calculates AMI levels for different communities annually, with adjustments for family size. For the City of Asheville, the area median income for a four person family is **\$52,500.00**.

<u>INCOME RANGE</u>	<u>PERCENT OF AMI</u>	<u>INCOME RANGE</u>
<i>EXTREMELY LOW INCOME</i>	<i>BELOW 30%</i>	<i>BELOW \$15,750</i>
<i>VERY LOW INCOME</i>	<i>30- 50%</i>	<i>\$15,750 - \$26,250</i>
<i>LOW INCOME</i>	<i>50- 80%</i>	<i>\$26,250 - \$42,000</i>
<i>MODERATE INCOME</i>	<i>80-120%</i>	<i>\$42,000 - \$63,000</i>
<i>MIDDLE INCOME</i>	<i>ABOVE 120%</i>	<i>ABOVE 63,000.00</i>

3. HUD – United States Department of Housing and Urban Development
4. Workforce Housing is defined as housing that is attainable by households who earn up to 140% of the Area Median Income. Meaning, in the City of Asheville families earning less than \$73,500 in 2008 are the target audience for workforce housing. Typically teachers, police officers, nurses and many other professionals fall into this category.

# Task Force Recommendations

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Following are the Task Force recommendations. Some of the recommendations include commentary explaining the Task Force's intention in making the recommendation, followed by voting information, priority level (high, medium, low), and suggested implementation deadlines. The Task Force did not choose to vote on every recommendation, although given several opportunities to do so. Instead, the Task Force chose to vote on recommendations that needed explanation, discussion or debate.

Many of the recommendations in this plan are general and will require more work before implemented. Some work will be delegated to city staff; other items will require local community leadership. Instead of creating task forces every few years to discuss affordable housing, we recommend the creation of a quarterly workgroup to evaluate, refine, and monitor implementation of this plan. Several Task Force members are willing to volunteer to be a part of this working group. They include: Cindy Weeks, Harry Weiss, Kim Hamel, Barber Melton, Caroline Sutton, Jane Mathews, Beth Maczka, Sophie Dixon, Tom Rightmyer, David Nash and Robin Merrell.

The recommendations fall into the following categories:

- I. Match housing resources to the populations with the greatest needs to maximize their chances of success
- II. Change City ordinances and programs
- III. Implement new initiatives to increase the supply of affordable housing
- IV. Provide Comprehensive Education to All Stakeholders
- V. Financially support community initiatives/collaborations that further affordable housing
- VI. Topics for further discussion

*Match housing resources to the populations with the greatest needs to maximize their chances of success.*

## **PRIORITIZE AFFORDABLE HOUSING DEVELOPMENT BY EXISTING DEMAND**

The Task Force requests that the City of Asheville prioritize the development of *rental housing over housing for purchase* to help increase the supply of affordable rental housing available to people at incomes below 80% of AMI. As a matter of policy, the City of Asheville should provide rental assistance whenever possible, because currently fair market rent is unaffordable to these citizens. Affordable homeownership *and* rental opportunities must be available to households earning between 80-120% of AMI, as some, but not all of these families will be successful homeowners.

Commentary: This request is in line with current City practice and is borne out of the Task Force's recognition that there is not enough affordable rental housing in the City of Asheville.

### **Recommendation Number 1**

THE CITY OF ASHEVILLE, IN PARTNERSHIP AND COLLABORATION WITH THE ENTIRE ASHEVILLE COMMUNITY AND AREA DEVELOPERS SHOULD SET A GOAL TO INCREASE THE SUPPLY OF AFFORDABLE HOUSING UNITS BY 500 UNITS A YEAR OVER THE NEXT 20 YEARS. APPROXIMATELY 75% OF THESE UNITS SHOULD BE RENTAL UNITS AND MANY SHOULD BE EFFICIENCY OR 1-BEDROOM UNITS.

Commentary: This recommendation is for the entire community, not just the City of Asheville. The City of Asheville should communicate this goal with to developers, leaders, neighborhood groups and others as a goal and a reason why affordable housing development must be prioritized. This target will need to be re-evaluated periodically and updated as needed. It is a starting point for beginning to fill the existing affordable housing gap before it becomes larger.

### **Recommendation Number 2**

REDEVELOPMENT OF SUBSIDIZED HOUSING SHOULD BE EXPLORED AND MIXED-INCOME USES CONSIDERED. THERE SHOULD BE NO OVERALL LOSS OF PUBLIC HOUSING UNITS UNLESS THEY ARE REPLACED WITH PROJECT-BASED SECTION 8 SUBSIDIES. THE DIFFICULTY OF FINDING LANDLORDS WILLING TO ACCEPT SECTION 8 HOUSING CHOICE VOUCHERS INDICATES THAT REPLACING PUBLIC HOUSING UNITS WITH SECTION 8 HOUSING CHOICE VOUCHERS IS NOT EFFECTIVE.

Commentary: When exploring Hope VI or other tools for re-development of subsidized housing, ensure that there is no overall loss of units. The Hope VI and other re-development models nationwide have resulted in the loss of public housing units that were replaced with Housing Choice Vouchers. Locally, such an effort would not be wise as Housing Choice Vouchers are not widely accepted. Any public housing units demolished should be replaced with public housing units or project-based Section 8 units. This action will ensure that families are not made homeless through re-development of subsidized housing.

Vote: This recommendation was made by the Current State of Affordable Housing sub-committee. The full Task Force did not choose to discuss and vote on this recommendation.

# *Amend ordinances and programs to increase the affordable housing supply*

## **THE CITY OF ASHEVILLE UNIFIED DEVELOPMENT ORDINANCE (UDO)**

### **Recommendation Number 4**

ACTIVELY SOLICIT BROAD AND INCLUSIVE PUBLIC PARTICIPATION IN THE FORMULATION AND IMPLEMENTATION OF PLANS AND ORDINANCES.

Commentary: This recommendation is not a criticism of current City practices. Broad public participation is needed for the formulation of plans, strategies, and action steps of ordinances or policies that affect affordable housing. Once those ordinances or policies are in place, decisions should be based those guidelines.

Task Force Vote: Unanimous

### **Recommendation Number 5**

LIMIT COUNCIL DISCRETION IN THE APPROVAL OF DEVELOPMENT PROJECTS THAT COMPLY WITH THE APPLICABLE ORDINANCES AND ADOPTED PLANS.

Commentary: The Task Force intention in this recommendation is not to limit public input (see recommendation #4 above), but to limit political pressures and bias from influencing Council decisions.

Vote: Unanimous

### **Recommendation Number 6**

FOR ALL PROPOSED DEVELOPMENTS UNDER 50 UNITS, DENSITY BONUSES FOR AFFORDABLE HOUSING SHOULD BE *USE BY RIGHT SUBJECT TO SPECIAL REQUIREMENTS*, NOT A CONDITIONAL USE. THE SPECIAL REQUIREMENTS SHOULD BE DEVELOPED WITH COMMUNITY INPUT AND SHOULD NOT BE PROHIBITIVE OR ONEROUS.

Commentary: This recommended UDO change could have a larger impact than many of the recommendations on how many units of affordable housing can be built. It encourages affordable housing infill development.

Vote: 12-4 in favor

Priority: High

Implementation Date: December 31, 2008

### **Recommendation Number 7**

ALL DEVELOPMENT REGULATIONS SHOULD BE REVIEWED ANNUALLY FOR CONSISTENCY AND TO ELIMINATE ANY BARRIERS TO AFFORDABLE HOUSING. THE IMPACT OF NEW REGULATIONS ON AFFORDABLE HOUSING SHOULD BE QUANTIFIED AND STUDIED SEMI-ANNUALLY. REGULATIONS WITH A DETRIMENTAL IMPACT ON AFFORDABLE HOUSING SHOULD BE REVISED TO REMOVE THE DETRIMENTAL IMPACT.

Vote: This recommendation was created from discussion of the Task Force at a full Task Force meeting on May 1, 2008. At future meetings, the Task Force did not choose to discuss the recommendation further or vote on it.

### **Recommendation Number 8**

THE CITY SHOULD SUPPORT AFFORDABLE HOUSING DEVELOPMENT IN ALL NEIGHBORHOODS. LOW WAGE JOBS ARE AVAILABLE THROUGHOUT THE CITY, AND ARE NOT CONCENTRATED IN THE CENTER CITY.

Vote: This recommendation was created from discussion of the Task Force at a full Task Force meeting on May 1, 2008. At future meetings, the Task Force did not choose to discuss the recommendation further or vote on it.

### **Recommendation Number 9**

IN ALL RESIDENTIAL SINGLE FAMILY DISTRICTS, ALLOW DUPLEXES, TRIPLEXES AND QUAD- PLEXES AS CONVERSIONS OR NEW CONSTRUCTION AS USE BY RIGHT SUBJECT TO SPECIAL REQUIREMENTS. RE-EVALUATE THE SPECIAL REQUIREMENTS CURRENTLY IN PLACE FOR DUPLEXES TO INCREASE FLEXIBILITY. IN GENERAL, ALL RESIDENTIAL AREAS SHOULD ALLOW

MULTI-FAMILY BUILDINGS THAT FIT THE DESIGN, SCALE AND CHARACTER OF THE NEIGHBORHOOD.

Vote: Unanimous

Priority: High

Implementation Date: December 31, 2008

### **Recommendation Number 10**

REVISE THE COTTAGE DEVELOPMENT CODE TO ALLOW MORE THAN 12 UNITS IF SOME OF THE UNITS ARE DUPLEXES.

Vote: Unanimous

Priority: Medium

Implementation Date: December 31, 2008

### **Recommendation Number 11**

ENCOURAGE THE USE OF TRANSIT BY REDUCING PARKING REQUIREMENTS THROUGH THE USE OF ON-STREET PARKING.

Vote: Unanimous

Priority: Medium

Implementation Date: December 31, 2009

### **Recommendation Number 12**

THE CITY SHOULD CONDUCT A LAND STUDY TO SEE WHERE DENSITY CAN BE INCREASED ABOVE THE CURRENT DENSITY ALLOWED. RETURNING TO ZONING THAT WAS IN PLACE BEFORE THE UDO WAS IMPLEMENTED SHOULD BE CONSIDERED AS THE RE-ZONING UNDER THE UDO RESULTED IN A SIGNIFICANT LOSS OF LAND AVAILABLE FOR MULTIFAMILY HOUSING. THE CITY

SHOULD INCREASE DENSITY, WITH AN EMPHASIS ON AFFORDABLE HOUSING, IN ALL DISTRICTS TO THE EXTENT FEASIBLE.

Vote: This recommendation was created from discussion of the Task Force at a full Task Force meeting on May 1, 2008. At future meetings, the Task Force did not choose to discuss the recommendation further or vote on it.

Priority: High

Implementation Date: July 1, 2009

### **Recommendation Number 13**

EMPHASIZE AFFORDABLE HOUSING DEVELOPMENT AS A PRIORITY TO ALL CITY DEPARTMENTS INCREASING THE COOPERATION BETWEEN CITY DEPARTMENTS AND DEVELOPERS AND OTHER CITY DEPARTMENTS.

Commentary: The Task Force recognizes the hard work of City Staff on affordable housing issues and improvements made in customer service. The Task Force, through this recommendation, is asking that *affordable housing* become the top priority of City Staff who work on development or housing related issues.

Vote: This recommendation was made by the Current State of Affordable Housing sub-committee. The full Task Force did not choose to discuss and vote on this recommendation.

## **CITY OF ASHEVILLE HOUSING TRUST FUND (HTF)**

### **Recommendation Number 14**

MONEY PAID FOR CITY OWNED LAND THAT IS TO BE DEVELOPED FOR AFFORDABLE HOUSING SHOULD BE PLACED IN THE HOUSING TRUST FUND. THE BUYER WOULD BE ABLE TO APPLY FOR A HOUSING TRUST FUND GRANT UP TO THE AMOUNT OF THE SALE PRICE, THE AMOUNT DEPENDING ON THE PERCENTAGE OF THE HOUSING THAT WILL BE AFFORDABLE AND THE INCOME OF THE POPULATION SERVED BY THE HOUSING (HOUSING FOR LOWER-INCOME POPULATIONS WOULD RECEIVE MORE FUNDING FROM THE HTF). THIS GRANT FROM THE HTF WOULD NOT PRECLUDE THE DEVELOPER OR BUYER FROM APPLYING FOR A HTF LOAN

SEPARATELY. THE HTF WOULD HAVE TO BE AMENDED TO ALLOW FOR THESE GRANTS. ANY REMAINING PORTION OF THE PURCHASE MONEY WOULD BECOME A PART OF THE HTF AND WOULD BE AVAILABLE FOR HTF ALLOCATIONS TO OTHER ENTITIES. THIS MECHANISM WOULD ALLOW FOR-PROFIT DEVELOPERS TO ACCESS CITY-OWNED LAND FOR AFFORDABLE HOUSING ALONG WITH NON-PROFIT DEVELOPERS. LAND ACQUIRED BY THE CITY WITH CDBG FUNDING IS EXEMPT FROM THIS PROVISION, AS THOSE FUNDS MUST BE USED ACCORDING TO HUD CDBG REGULATIONS, PREFERABLY FOR ACTIVITIES THAT SUPPORT AFFORDABLE HOUSING. A MAP OF CITY-OWNED LAND IS INCLUDED IN APPENDIX G.

Commentary: Any money put into the Housing Trust Fund through this program should have no effect on the annual allocation by City Council.

Vote: Unanimous

Priority: Medium

Timeline for Implementation: July 1, 2009

### **Recommendation Number 15**

AMEND THE HOUSING TRUST FUND GUIDELINES TO ALLOW FOR 20% OF MONEY PUT INTO THE FUND ANNUALLY TO BE MADE AVAILABLE AS GRANTS FOR RENTAL ASSISTANCE PROGRAMS FOR THE HOMELESS OR TO SUBSIDIZE DEVELOPMENT OR OPERATION OF UNITS SET ASIDE FOR THE HOMELESS.

Vote: Unanimous

Priority: Medium

Timeline for Implementation: July 1, 2009

### **Recommendation Number 16**

TO PROTECT THE SUBSIDIES PROVIDED BY THE CITY OF ASHEVILLE THROUGH THE HOUSING TRUST FUND AND/OR ANY DENSITY BONUSES IN THE UNIFIED DEVELOPMENT ORDINANCES GRANTED TO INCREASE THE SUPPLY OF AFFORDABLE HOUSING, THE TASK FORCE ASKS FOR THE CITY OF ASHEVILLE TO ADOPT THE FOLLOWING RECOMMENDATIONS:

A. HOUSING FOR SALE

1. Use deeds of trust or other instruments to protect the City's equity interest.
2. Reinvest any re-captured funds in the Housing Trust Fund.
3. Units must be primary residences and cannot be sold to relatives or business associates of developer.
4. All housing must be openly marketed.

B. HOUSING FOR RENT

1. Use a Declaration of Deed Restrictions ensuring that rents shall remain affordable for 20 years, increasing by no more than 4 percent per annum, or the annual increase in the Consumer Price Index, whichever is lower, excepting rental housing constructed with other public funding that includes a long-term affordability requirement.
2. Rental unit must be openly advertised, including notification to non-profit housing agencies, the Housing Authority of the City of Asheville, and the free website [www.socialserve.com](http://www.socialserve.com).
3. There shall be no discrimination against applicants who have Housing Choice Vouchers or other forms of rental assistance.
4. Fine owners who fail to comply with these conditions.

Commentary: This recommendation is a variation of a recommendation made by the Community Development Director to the Housing and Community Development Committee.

Vote: 11-2 in favor of rental provisions. The 2 dissenting votes wanted to preserve subsidies for 30 years instead of 20. The vote for the homeownership provisions was also 11-2. The entire task force supports the City of Asheville taking steps to ensure it preserves the subsidies it provides.

Priority: High

Implementation Date: January 1, 2009

### **Recommendation Number 17**

ELIMINATE A MAXIMUM SALES PRICE FOR UNITS UTILIZING THE HOUSING TRUST FUND AND DENSITY BONUSES IN THE UDO. INSTEAD, LINK THE UTILIZATION OF THESE RESOURCES TO THE INCOMES OF THE OCCUPANTS.

Commentary: Federal programs and banking practices, with little exception, treat affordability primarily as a function of income rather than absolute price. Potential homebuyers can avail themselves of a variety of gap financing opportunities that bring market rate housing within reach - down payment assistance, forgivable loans, NCHFA secondary financing, and other soft second deferred mortgages. It is these gap financing sources that make up the difference between what a buyer qualifies for in a mortgage and what the actual purchase price of the home is. Price caps artificially understate actual land and construction costs, and the changing nature of development finance. Price caps also impede the community's understanding of the real cost of housing. Currently for the Housing Trust Fund and Density Bonuses under the UDO, developers must construct housing under the price cap **and** sell it to buyers who are under a specific percentage of AMI.

Vote: Unanimous

Implementation Date: December 31, 2008

## **CITY OF ASHEVILLE FEE REBATE PROGRAM**

### **Recommendation Number 18**

AS A POLICY ISSUE THE CITY SHOULD REBATE FEES AS MUCH AS POSSIBLE AND WORK WITH OTHER ENTITIES SUCH AS THE METROPOLITAN SEWAGE DISTRICT TO ENABLE THEM TO OFFER MAXIMUM POSSIBLE FEE REBATES FOR THE DEVELOPMENT OF AFFORDABLE HOUSING. THE FEE STRUCTURE SHOULD BE EVALUATED ANNUALLY TO ENSURE THAT AN INCENTIVE FOR THE DEVELOPMENT OF AFFORDABLE HOUSING IS BEING OFFERED BUT THAT THE CITY'S RESOURCES ARE NOT BEING DEPLETED.

Vote: Unanimous

Priority: Medium

Implementation Date: July 1, 2009

### **Recommendation Number 19**

OFFER THE FEE REBATE TO DEVELOPERS FOR HOUSING THAT FALLS UNDER THE MAXIMUM SALES PRICE OR OTHERWISE COMPLIES WITH THE REQUIREMENTS FOR THE HOUSING TRUST FUND OR DENSITY BONUSES REGARDLESS OF PRICE.

Commentary: Currently, the fee rebates are available to developers who build housing under a maximum sales price. This recommendation would leave that provision in place, but also give rebates to developers who build affordable housing meeting the requirements of the Housing Trust Fund. See commentary to recommendation #17

Vote: Unanimous

Implementation Date: December 31, 2008

## **COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG)**

### **Recommendation Number 20**

CDBG FUNDING SHOULD NOT BE USED FOR CITY INFRASTRUCTURE IMPROVEMENTS JUST BECAUSE THE IMPROVEMENT WILL BE MADE IN A PREDOMINATELY LOW-INCOME NEIGHBORHOOD. THE CITY HAS OTHER FUNDING AVAILABLE FOR INFRASTRUCTURE IMPROVEMENTS.

Commentary: Due to the limited amount of CDBG funding the City receives annually, it should be used for affordable housing as much as possible.

Vote: This recommendation was made by the Current State of Affordable Housing sub-committee. The full Task Force did not choose to discuss and vote on this recommendation.

Priority: Low

Implementation Date: Immediate and ongoing.

## CITY OF ASHEVILLE MINIMUM HOUSING CODE

### **Recommendation Number 21**

IN 2003, CITY COUNCIL VOTED TO RESCIND THE MANDATORY INSPECTION PROVISION OF THE MINIMUM HOUSING CODE, BUT COMMITTED TO STUDYING THE IMPACT OF THIS CHANGE ON THE AFFORDABILITY AND CONDITION OF RENTAL HOUSING. THIS STUDY HAS NOT BEEN DONE. THE CITY SHOULD EXPLORE THE IMPACT OF THIS CHANGE AND REVISE THE MINIMUM HOUSING CODE AS NECESSARY TO ENSURE THE RESIDENTS OF ASHEVILLE HAVE SAFE HOUSING TO RENT.

Commentary: The Building Safety Department records the number of complaints it receives. There were 60 complaints in 2003 and 189 in 2007. (It should be noted, however, that there were 227 complaints in 2001.) Residential fires have increased from 65 in 2002 to 187 in 2007.

Vote: This recommendation came from the Current State of Affordable Housing subcommittee. The full Task Force did not choose to discuss and vote on this recommendation.

Priority: High

Implementation Date: July 1, 2010

# *Implement new initiatives to increase the supply of Affordable Housing*

## NEW INITIATIVES

### **Recommendation Number 22**

AFFORDABLE HOUSING IS ONE PART OF AN INTEGRATED APPROACH TO PLANNING. CREATE TRANSIT CORRIDOR OVERLAY DISTRICTS THAT ENCOURAGE AFFORDABLE HOUSING BY PROVIDING INCENTIVES FOR MIXED USE DEVELOPMENT, HIGHER DENSITY, SUSTAINABILITY, INFILL DEVELOPMENT AND OPEN SPACE. POTENTIAL AREAS FOR THE TRANSIT CORRIDOR OVERLAY DISTRICTS ARE: PATTON AVENUE IN WEST ASHEVILLE, MERRIMON AVENUE IN NORTH ASHEVILLE, TUNNEL ROAD IN EAST ASHEVILLE, AND HENDERSONVILLE ROAD AND, SWEETEN CREEK ROAD IN SOUTH ASHEVILLE.

Commentary: The Transit Corridor Overlay District will be a new tool that will allow the City of Asheville to achieve many of its goals in a comprehensive, holistic approach. The potential for affordable housing development in this overlay district is very high.

Vote: Unanimous

Priority: High

Implementation Date: January 1, 2010

### **Recommendation Number 23**

UTILIZE TAX INCREMENT FINANCING AS AN ADDITIONAL TOOL FOR CREATING AFFORDABLE HOUSING. AS THE CITY OF ASHEVILLE CREATES TIF DISTRICTS IN KEY DEVELOPMENT AREAS, AFFORDABLE HOUSING SHOULD BE REQUIRED AS A COMPONENT OF THE DEVELOPMENT PROJECTS PROPOSED. TIF CAN SUPPORT AFFORDABLE HOUSING IN DEVELOPMENT PROJECTS BY FINANCING THE INCREASED COSTS OF SUSTAINABLE PRACTICES AND INFILL PROJECTS. SOME OF

THE ITEMS THAT SHOULD BE SUPPORTED BY TIF ARE: SUSTAINABLE BUILDING, STRUCTURED PARKING, AND AFFORDABLE HOUSING.

Commentary: TIFs require approval from Buncombe County. This tool could be used effectively in the Transit Corridor Overlay District (see #22 above), and is potentially one of the most effective ways to increase the affordable housing supply.

Vote: Unanimous

Priority: High

Implementation Date: July 1, 2010

#### **Recommendation Number 24**

THE CITY SHOULD COMBINE MULTIPLE PUBLIC GOALS INTO A BOND REFERENDUM: AFFORDABLE HOUSING, OPEN SPACES AND PARKS, INFRASTRUCTURE IMPROVEMENTS, ETC. AFFORDABLE HOUSING SHOULD BE A SUBSTANTIAL PART OF ANY BOND REFERENDUM THE CITY PURSUES.

Commentary: A public bond will allow for more production of affordable housing than any other recommendation.

Vote: Unanimous

Priority: High

Implementation Date: 2009

## **COLLABORATION WITH BUNCOMBE COUNTY**

THE CITY OF ASHEVILLE IS LOCATED WITHIN BUNCOMBE COUNTY. CITY AND COUNTY REGULATIONS, ORDINANCES AND POLICIES REGARDING AFFORDABLE HOUSING IMPACT THE HOUSING MARKET IN BOTH JURISDICTIONS. IN 2007, BUNCOMBE COUNTY INSTITUTED A ZONING ORDINANCE FOR SOME PARTS OF ITS LAND AREA. THE ORDINANCE LIMITED SOME OF THE AREAS WHERE MOBILE HOMES AND MOBILE HOME PARKS COULD BE LOCATED. WITHIN BUNCOMBE COUNTY, MOBILE HOMES AND MOBILE HOME PARKS PROVIDE A LARGE PORTION OF AFFORDABLE HOUSING. WHILE ALL OF THE COUNTY LAND WAS NOT ZONED IN 2007, FUTURE ACTIONS MAY INCLUDE ZONING THE ENTIRE COUNTY. ANY REDUCTION OF AFFORDABLE HOUSING OPPORTUNITIES IN BUNCOMBE COUNTY WILL HAVE A DETRIMENTAL IMPACT ON THE HOUSING MARKET IN ASHEVILLE, JUST AS THE REDUCTION OF AFFORDABLE HOUSING OPPORTUNITIES IN THE CITY OF ASHEVILLE HAS AN IMPACT ON THE HOUSING MARKET IN BUNCOMBE COUNTY. BUNCOMBE COUNTY AND THE CITY OF ASHEVILLE SHOULD STRIVE TO COLLABORATE AS MUCH AS POSSIBLE ON THEIR AFFORDABLE HOUSING REGULATIONS, ORDINANCES AND POLICIES. POTENTIAL AREAS FOR COLLABORATION INCLUDE:

- HOUSING TRUST FUNDS
- TAX INCREMENT FINANCING (ALL TIF PROJECTS IN BUNCOMBE COUNTY MUST BE APPROVED BY BUNCOMBE COUNTY)
- PUBLIC BONDS
- THE EXTRA-TERRITORIAL JURISDICTION (ETJ)

PROVIDE COMPREHENSIVE EDUCATION TO STAKEHOLDERS

**Recommendation Number 25**

THE TASK FORCE RECOMMENDS THAT THE CITY OF ASHEVILLE SUPPORT A PUBLIC AWARENESS AND EDUCATION CAMPAIGN DESIGNED TO OVERCOME THE MYTHS AND STEREOTYPES CONNECTED TO AFFORDABLE HOUSING; TO COMMUNICATE THE CITY'S COMMITMENT TO AFFORDABLE HOUSING; TO COMMUNICATE THE BENEFITS OF AFFORDABLE HOUSING; AND TO GAIN SUPPORT BY A WIDE GROUP OF LOCAL INTERESTS FOR EXPANDED AFFORDABLE HOUSING OPPORTUNITIES IN ASHEVILLE AND BUNCOMBE COUNTY. (COMPONENTS OF A MODEL PROGRAM ARE ATTACHED AS APPENDIX C.)

Commentary: Some City Council members have expressed a belief that there is wide-spread support for affordable housing in the community. This belief is counter to the experiences of many Task Force members. The Task Force makes this recommendation because it believes that there are common misperceptions in the community about what affordable housing is and who lives in it, and that due to these misperceptions some of the recommended actions in this document, i.e., a public bond, will not be successful unless public perception is changed.

Vote: This recommendation was made by the Housing Stability subcommittee. The full Task Force did not choose to discuss and vote on this recommendation.

Priority: High

Implementation Deadline: September 30, 2008

Responsible parties: City of Asheville, community organizations, employers, media.

## **Recommendation Number 26**

PROVIDE HOUSING CONSUMER EDUCATION THROUGH A CONTINUUM OF HOUSING COUNSELING PROGRAMS, ACCESSIBLE THROUGH MULTIPLE POINTS OF ENTRY THAT WILL RESULT IN INCREASED OPPORTUNITIES FOR PEOPLE TO ACCESS HOMEOWNERSHIP OR RENTAL IN THE PUBLIC OR PRIVATE MARKET.

Commentary: Counseling programs are an integral part of the strategy to match families with the housing opportunities where they will be most successful. These programs are ideally provided by community organizations. Historically, the City of Asheville has supported these programs through CDBG funding. The change requested in this recommendation is for the programs themselves to become more flexible in the provision of counseling services. These changes can be accomplished through conversations between Community Development and local agency staff.

Vote: Unanimous

Priority: Low

Responsible parties: City of Asheville, OnTrack Financial Education and Counseling, Affordable Housing Coalition, Housing Authority of the City of Asheville, potential other community organizations.

## **Recommendation Number 27**

AGGRESSIVELY MARKET THE SECTION 8 HOUSING CHOICE VOUCHER HOMEOWNERSHIP PROGRAM TO ALL SECTION 8 PARTICIPANTS AND MAKE LOCAL AGENCY WORKERS AWARE OF THE BENEFITS OF PROGRAM. PARTNER WITH MHO AND HABITAT FOR HUMANITY FOR PRODUCTION OF QUALITY HOMES FOR THESE PARTICIPANTS.

Commentary: The Section 8 Housing Choice Voucher program is one of the most effective ways for low-income working and/or disabled families and individuals to become homeowners.

Vote: This recommendation was made by the Subsidized Housing subcommittee. The full Task Force did not choose to discuss and vote on this recommendation.

Priority: Low

Responsible parties: Housing Authority of the City of Asheville, Mountain Housing Opportunities, Habitat for Humanity, others.

### **Recommendation Number 28**

PROVIDE CONCENTRATED LANDLORD EDUCATION ON THE BENEFITS OF THE HOUSING CHOICE VOUCHER PROGRAM AND OTHER SUBSIDY PROGRAMS; BUILD A BASE OF COOPERATING LANDLORDS. Currently, many Housing Choice Voucher recipients return the voucher unused, many because they cannot find a suitable rental. The voucher program is the largest of only a few subsidy programs available for low-income renters.

Vote: This recommendation was made by the Subsidized Housing subcommittee. The full Task Force did not choose to discuss and vote on this recommendation.

Priority: Low

Responsible parties: Housing Authority of the City of Asheville; Affordable Housing Coalition; OnTrack Financial Education and Counseling, Carolina Real Estate Investors Association, others.

### **Recommendation Number 29:**

PROVIDE DEVELOPER EDUCATION CONCENTRATED TO HOUSING DEVELOPERS ON THE INCENTIVES OFFERED BY THE CITY. PARTNER WITH THE HOME BUILDERS ASSOCIATION AND OTHER TRADE GROUPS TO FACILITATE THIS EDUCATION.

Commentary: Task Force members representing developers noted that many developers would be interested in utilizing City programs such as the Housing Trust Fund if the developers knew more about how the programs work. Organizations such as the Asheville Home Builders Association are willing to work in conjunction with other organizations to facilitate educational opportunities.

Vote: This recommendation was made by the Current State of Affordable Housing subcommittee. The full Task Force did not choose to discuss and vote on this recommendation.

Priority: Low

Responsible parties: Asheville Home Builders Association, others.

*Provide support to community initiatives and collaborations that further affordable housing.*

## **FINANCIALLY SUPPORT COMMUNITY INITIATIVES AND COLLABORATIONS THAT FURTHER AFFORDABLE HOUSING**

### **Recommendation Number 30**

CREATE AND MAINTAIN A COMPREHENSIVE HOUSING WEBSITE FOR DEVELOPERS, CONSUMERS, ADVOCATES, AND OTHERS. (SEE APPENDIX D FOR THE HOMEPAGE OF [WWW.LIVEBALTIMORE.COM](http://WWW.LIVEBALTIMORE.COM), A MODEL HOUSING WEBSITE.) THE WEBSITE WOULD HAVE THE FOLLOWING FEATURES IN ADDITION TO OTHERS: LINKS TO VARIOUS SERVICES; AFFORDABLE RENTALS AND HOMES FOR SALE; INVENTORY OF PUBLIC AND PRIVATELY-OWNED BUILDABLE LOTS; ONLINE PERMIT TRACKING; NEIGHBORHOOD INFORMATION; RELOCATION INFORMATION; SCHOOL INFORMATION; HOMEBUILDERS; INSURANCE COMPANIES; MORTGAGE LENDERS; REAL ESTATE AGENTS; AND HOUSING AND BUDGET COUNSELORS

Commentary: This website would work well in conjunction with the public awareness and media campaign.

Vote: This recommendation was made by the Housing Stability subcommittee. The full Task Force did not choose to discuss and vote on this recommendation.

Priority: Medium

Implementation Date: December 31, 2008

Responsible parties: City of Asheville, community organizations.

### **Recommendation Number 31**

PROVIDE SUPPORT FOR THE EARNED INCOME TAX CREDIT PROGRAM TO ENHANCE THE CURRENT TAX PREPARATION PROGRAMS TO INCREASE THE ACCESS OF EARNED INCOME TAX CREDITS (EITC) AND DECREASE USE OF REFUND ANTICIPATION LOANS (RALs).

(INFORMATION ON THE BOSTON EITC COLLABORATIVE, A MODEL PROGRAM, IS ATTACHED AS APPENDIX D.)

Commentary: City of Asheville residents did not have approximately \$4 million to utilize for tax year 2004, \$3 million in EITC that was not filed for and \$1 million that was spent in Refund Anticipation Loans.

Vote: This recommendation was made by the Housing Stability subcommittee. The full Task Force did not choose to discuss and vote on this recommendation.

Priority: Medium

Implementation Date: January 1, 2009 (for the next tax season)

Responsible Parties: See Appendix D.

### **Recommendation Number 32:**

IMPLEMENT A LOCAL EMPLOYER ASSISTED HOUSING COLLABORATIVE WITH THE FOLLOWING COMPONENTS, WHICH HAVE BEEN TAKEN FROM MODEL PROGRAMS IN OTHER COMMUNITIES IN THE UNITED STATES. (MORE INFORMATION TAKEN FROM MODEL PROGRAMS IS ATTACHED AS APPENDIX E.)

- PARTNERSHIP WITH A LEAD BANK THAT OFFERS ITS LOAN PRODUCTS AT DISCOUNTED RATES IN EXCHANGE FOR EXCLUSIVITY.
- NETWORK OF THIRD-PARTY APPRAISERS, INSPECTORS, REALTORS, AND DEVELOPERS WHO DISCOUNT THEIR SERVICES TO PROGRAM PARTICIPANTS.
- PARTNERSHIP WITH NON-PROFIT AGENCY FOR PRE AND POST PURCHASE COUNSELING FOR HOMEBUYERS AND HOUSING COUNSELING FOR RENTERS.
- SPECIALIZED PROGRAM FOR RENTERS THAT INCLUDES SECURITY DEPOSIT, UTILITY DEPOSIT AND FIRST MONTH'S RENT ASSISTANCE. IF RENTER CONTINUES EMPLOYMENT OVER A SPECIFIED PERIOD OF TIME, CAN ACCESS DOWN-PAYMENT/CLOSING COST ASSISTANCE FOR PURCHASE OF FIRST HOME.
- WEBSITE LINKING BANK, COUNSELING PROGRAMS, AND THIRD-PARTY PARTNERS.

- **EMPLOYER FLEXIBILITY:** EMPLOYERS CAN DESIGN THEIR OWN PROGRAM COMPONENTS WITH LEAD ENTITY, SUCH AS HOW MUCH EMPLOYER CONTRIBUTES AS MATCHING FUNDS (IF ANY), HOW LONG EMPLOYEE MUST CONTINUE EMPLOYMENT, MAXIMUM INCOME LEVEL, PERMISSIBLE GEOGRAPHY.

Vote: This recommendation was made by the Housing Stability subcommittee. The full Task Force did not choose to discuss and vote on this recommendation.

Priority: Medium

Implementation Date: July 1, 2010

Responsible parties: City of Asheville, Asheville Area Chamber of Commerce, other employers, OnTrack Financial Education and Counseling, Affordable Housing Coalition, others.

### **Recommendation Number 33**

SUPPORT COMMUNITY-WIDE UTILIZATION OF THE CAROLINA HOMELESS INFORMATION NETWORK. THE DATA COLLECTED THROUGH THE NETWORK MEASURES OUTCOMES AND TRACKS SERVICES AND HOUSING PLACEMENTS FOR HOMELESS INDIVIDUALS AND FAMILIES. SEEK TO EXPAND AND INTEGRATE WITH OTHER HUMAN SERVICE AGENCIES TO CREATE AN INTEGRATED DATA SYSTEM. REQUIRE PARTICIPATION IN HMIS OF PROGRAMS RECEIVING CITY FUNDING TO WORK WITH PEOPLE EXPERIENCING HOMELESSNESS. THE CURRENT LACK OF UTILIZATION OF THE NETWORK IS PLACING VITAL FEDERAL AND STATE FUNDING IN JEOPARDY.

Vote: 10-4 in favor

Priority: Low

Timeline for Implementation: June 30, 2008

Responsible parties: City of Asheville Community Development

### **TOPICS FOR FURTHER DISCUSSION**

There are a few topics that the Task Force did not get to discuss that are important components of affordable housing and will need to be addressed by the City of Asheville:

1. Mobile homes - Although there are few mobile homes within the City of Asheville, there are many in the Extra-Territorial Jurisdiction (ETJ). Future annexation by the City will more than likely bring in more mobile homes. Policies should be developed regarding the use of mobile homes as residences within the City of Asheville that promote their use as an affordable housing option when they are constructed to ensure their long-term suitability for housing.
2. Community organizing - Community organizing activities were a service provided by Neighborhood Housing Services until 2007. Mountain Housing Opportunities does some community organizing in the communities where they are constructing housing. Discussions about which organization(s) should be doing community organizing how it will be funded will need to take place.
3. Relocation assistance - The City of Asheville has historically provided some relocation assistance to families displaced due to enforcement of the minimum housing code. Relocation assistance is required when families are relocated in certain circumstances. Historical efforts have included collaboration between the City of Asheville and local community non-profit organizations. Formal policies regarding relocation assistance should be considered.
4. Housing Trust Fund - The City of Asheville makes an annual allocation into the Housing Trust Fund for the development of affordable housing. Some of the recommendations in this plan include changing the Trust Fund from a loan only fund to a loan and grant fund. Discussions will need to be held concerning how much money should be placed into the Housing Trust Fund on an annual basis to ensure enough funding is available to achieve the goals of the fund.

## Conclusion

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This plan is a living document and should be treated as such. It reflects the Task Force recommendations as of June, 2008. The Task Force considered and chose not to recommend other potential initiatives. The plan will need to be evaluated and changed on a periodic basis. Factors affecting affordable housing will change. The economic forecast for the next few years is uncertain, and market conditions affect housing development. As recommendations are implemented, they must be studied for effectiveness. Other communities may have great success with a program this Task Force did not consider. Hopefully legislation authorizing cities to take broader action around housing and property taxation will be enacted by the State of North Carolina. At this point, we simply do not know, but as a community we must be ready to capitalize on opportunities to make housing more affordable for all of Asheville.

## **APPENDIX A**

### **HOUSING MARKET ANALYSIS**

#### **Population Growth - Asheville is growing rapidly.**

The North Carolina Department of State Treasurer estimated **Asheville's July 1, 2006 population to be 75,948**, a 6% population increase from the 2003 population of 71,448.

According to the U.S. Census Bureau, North Carolina is the nation's 11<sup>th</sup> largest state. They estimate that in 2030 the state's population will increase by 4.2 million, and the population in the Asheville Metropolitan Statistical Area (Buncombe, Haywood, Henderson, and Madison Counties) will increase to 526,063 people. Buncombe County will continue to grow, and will eventually hold almost 290,000 people. The authors of the Asheville City Development Plan 2025 estimated that the City's population in 2010 would be 76,701, and by 2025, the population would reach 90,000 residents (2025 Plan, pg. 28). However, by 2006, the population had grown faster than projected and was only 753 away from the 2010 projection.

**According the U.S. Census Bureau in 2006, there were an estimated 35,872 households in the City of Asheville.** Since 1990, the number of households in Asheville has grown at an estimated rate of 561 households a year.

#### **Asheville has low density.**

**While the City of Asheville is the 10<sup>th</sup> most populated city in North Carolina, in terms of population density, the City of Asheville is 18<sup>th</sup>.**<sup>1</sup> This information indicates that people are relatively spread-out within the city limits.

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<sup>1</sup> *Municipal Population Densities, 1980-2006* (2007, September 27). Retrieved May 22, 2008, from [http://www.osbm.state.nc.us/ncosbm/facts\\_and\\_figures/socioeconomic\\_data/population\\_estimates/demog/dens8006.htm](http://www.osbm.state.nc.us/ncosbm/facts_and_figures/socioeconomic_data/population_estimates/demog/dens8006.htm)

## **Asheville has low incomes and high rents.**

In 2005, the Real Data Market Index identified the average rents in Asheville to be \$656 for a one-bedroom apartment, \$746 for a two-bedroom apartment, and \$852 for a three-bedroom apartment. The data from the Apartment Index, indicates that from June of 2004 to December of 2006, the cost to rent a one bedroom apartment in Asheville increased by 6%, cost for a two bedroom increased by 4%, and the cost to rent a three bedroom apartment increased by an alarming 11%. **In 2006, although Asheville had the lowest area median income, the city had the second highest average monthly rent in comparison to the other major North Carolina cities.** The Raleigh/Durham area and Asheville were the only two cities with an average rent higher than \$700. Charlotte, Greensboro/Winston-Salem, and Wilmington all had average rents over \$600, but below \$700.

## **Incomes in Asheville are low.**

In 2008, a single wage earner must earn a wage of \$13.37 (40hr/wk) or \$27,810 annually to afford a two-bedroom rental unit at fair market rent (FMR) in the Asheville area. A wage earner must earn a wage of \$17.90 (40hr/wk) or \$37,240 annually to afford a three-bedroom rental unit at fair market rent (FMR) in the Asheville area.

### Asheville, NC: Fair Market Rent (2008)<sup>2</sup>

Efficiency	\$521
1-Bedroom	\$609
2-Bedroom	\$695
3-Bedroom	\$931
4-Bedroom	\$1,220

The "Living wage" concept is that people working more than 40 hours a week should be able to provide themselves with housing. The formula is centered on the Fair Market Rents for an area (generally for an efficiency or one bedroom apartment). For 2008, \$609 is the FMR for a one-bedroom apartment in Asheville, NC.

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<sup>2</sup> Final FY 2008 Fair Market Rent Documentation System. HUD. 22 May 2008

<[http://www.huduser.org/datasets/fmr/fmrs/2008summary.odn?INPUTNAME=METRO11700M11700\\*Buncombe+County&county\\_select=yes&state\\_name=North+Carolina&data=2008&statefp=37.0&fmrtype=Final](http://www.huduser.org/datasets/fmr/fmrs/2008summary.odn?INPUTNAME=METRO11700M11700*Buncombe+County&county_select=yes&state_name=North+Carolina&data=2008&statefp=37.0&fmrtype=Final)>.

$\$609 \div .3 = \$2,030$  Monthly Income Necessary to Afford an Efficiency Apartment

$\$2,030 \times 12\text{mo.} = \$24,360$  Annual Income

$\$24,360 \div 2080$  (40hrs/wk  $\times$  52) = Asheville's Living Wage is **\$11.71**

Apartments are simply unaffordable for many Asheville residents and employees. **According to the North Carolina Security Commission, in 2007, 139,500 employees working in Buncombe County cannot afford the areas FMR for a two bedroom home.** This means more people are working inside the county who cannot afford fair market rents than the total population living in the city. Most of these employees are in offices or in the hospitality and healthcare fields.

Asheville Occupations and Average Wages

Cashiers	\$7.70
Child Care Workers	\$8.37
Home Health Aids	\$9.93
Food Service	\$10.28
Retail Sales	\$11.07
Security Guards	\$11.78
Medical Assistants	\$12.80
Administrative Assistants	\$13.10

**Affordable Rent in Asheville, NC by Wage**

	<u>FMR</u>	<u>Minimum Mo. Wage</u>	<u>Annual Income</u>	<u>Hourly Wage</u>
<b>Efficiency</b>	\$521	\$1,737	\$20,844 (39% AMI)	\$10.02
<b>One Bedroom</b>	\$609	\$2,030	\$24,360 (46% AMI)	\$11.71
<b>Two Bedroom</b>	\$695	\$2,317	\$27,804 (53% AMI)	\$13.37
<b>Three Bedroom</b>	\$931	\$3,103	\$37,240 (71% AMI)	\$17.90
<b>Four Bedroom</b>	\$1,221	\$4,070	\$48,840 (93% AMI)	\$23.48

According to the North Carolina Security Commission, the following Asheville employees do not earn \$11.71 an hour in Buncombe County, and therefore, cannot afford an efficiency apartment. All of the wages listed are below 50% of the Area Median Income.

**Employees in Buncombe County that Cannot Afford an Efficiency**

## Apartment

### Employees in Buncombe County that Cannot Afford an Efficiency Apartment

<u>Occupation</u>	<u>Average Wage</u> <u>(\$)</u>	<u>Number of Employees in the</u> <u>County</u>
<b>Cashiers</b>	7.70	3,330
<b>Dry Cleaners</b>	8.35	250
<b>Child Care Workers</b>	8.37	500
<b>Housekeepers</b>	8.47	1,120
<b>Bakers</b>	9.36	110
<b>Home Health Aids</b>	9.93	1,110
<b>Janitors</b>	10.00	1,420
<b>Food Service<sup>3</sup></b>	10.28	75,300
<b>Building Maintenance</b>	10.31	3,720
<b>Construction Labor</b>	10.41	650
<b>Receptionists</b>	10.47	980
<b>Grounds keeping</b>	10.54	770
<b>Production Assembly Teams</b>	10.60	1,380
<b>Office Clerks</b>	10.66	2,080
<b>Stock Clerks</b>	10.69	1,410
<b>Florists</b>	10.77	110
<b>Telephone Operators</b>	10.82	190
<b>Retail Sales</b>	11.07	4,120
<b>Nursing Attendants</b>	11.13	1,050
<b>Pharmacy Technicians</b>	11.18	240
<b>Tellers</b>	11.52	450
<b>Preschool Teachers</b>	11.67 (46%)	230
<b>Total</b>	<b>&lt; \$11.71</b>	<b>100,520</b>

According to the North Carolina Security Commission, the following Asheville employees do not earn \$13.37 an hour in Buncombe County, and therefore, cannot afford a 2-bedroom apartment.

### Employees in Buncombe County that Cannot Afford a Two-Bedroom

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<sup>3</sup> Food Preparation and Serving Related Occupations (\$8.40), Fast Food Cooks (\$6.15), Institutional and Cafeteria Cooks (\$10.28), Short Order Cooks (\$9.19), Food Prep Employees (\$7.77), Attendants (\$7.64), Dishwashers (\$7.45), Host & Hostess and Lounge & Coffee Shop employees (\$8.43)

## Apartment

<u>Occupation</u>	<u>Average Wage (\$)</u>	<u>Number of Employees in County</u>
Security Guards	11.78	520
Data Entry	11.84	110
Healthcare Support	11.84	3910
Shipping & Receiving	11.90	640
Rehabilitation Councilors	11.94	180
Butchers	12.14	110
Installers (Electronic Equipment)	12.36	70
Medical Technicians	12.37	220
Kitchen Managers	12.64	1020
Secretaries <sup>4</sup>	12.64	2220
Production Occupation	12.74	9930
Medical Assistants	12.80	580
Painters	12.84	190
Production Inspectors	13.06	600
Emergency Dispatchers	13.07	100
Administrative Assistants	13.10	18,360
Hospitality Supervisors	13.22	190
Broadcast Technicians	13.27	30
<b>Total</b>	<b>&lt; \$13.37</b>	<b>38,980</b>

### **Most rents in Asheville are higher than Fair Market Rents established by HUD.**

Further complicating the living wage issue is that FMRs are lower than average rents.

2008 FMR "Gap Between Market and Affordable Rent"			
	Extremely Low Income Households	Very Low Income Households	Low Income Households
<b>Maximum Income</b>	\$14,200	\$23,650	\$37,800
<b>Maximum Gross Rent</b>	<b>\$355</b>	<b>\$591</b>	<b>\$945</b>
<b>2008 Fair Market Rent</b>			
<b>Two Bedrooms</b>	\$695	\$695	\$695

<sup>4</sup> Includes Medical Secretaries, but does not include legal or executive secretaries

<b>Three Bedrooms</b>	\$931	\$931	\$931
<b>FMR as Percent of Maximum Gross Rent</b>			
<b>Two Bedrooms</b>	195%	118%	74%
<b>Three Bedrooms</b>	262%	156%	99%

<b>Average Rents Compared to Fair Market Rents (2004-2007)</b>						
	<u>Efficiency</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Total</u>
		<u>Bedroom</u>	<u>Bedroom</u>	<u>Bedroom</u>	<u>Bedroom</u>	
<b>Average 2004</b>	<b>N/A</b>	<b>\$615</b>	<b>\$702</b>	<b>\$786</b>	<b>N/A</b>	<b>\$690</b>
<b>FMR 2004</b>	\$369	\$446	\$582	\$758	\$819	\$582
<i>Difference</i>	<i>N/A</i>	<i>\$169</i>	<i>\$120</i>	<i>\$28</i>	<i>N/A</i>	<i>\$108</i>
<b>Average 2005</b>	<b>N/A</b>	<b>\$631</b>	<b>\$714</b>	<b>\$822</b>	<b>N/A</b>	<b>\$708</b>
<b>FMR 2005</b>	\$460	\$537	\$600	\$816	\$1054	\$600
<i>Difference</i>	<i>N/A</i>	<i>\$94</i>	<i>\$114</i>	<i>\$6</i>	<i>N/A</i>	<i>\$108</i>
<b>Average 2006</b>	<b>N/A</b>	<b>\$656</b>	<b>\$746</b>	<b>\$852</b>	<b>N/A</b>	<b>\$735</b>
<b>FMR 2006</b>	\$447	\$522	\$596	\$799	\$1047	\$596
<i>Difference</i>	<i>N/A</i>	<i>\$134</i>	<i>\$150</i>	<i>\$53</i>	<i>N/A</i>	<i>\$139</i>
<b>Average 2007</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>\$792</b>
<b>FMR 2007</b>	\$465	\$543	\$620	\$831	\$1089	\$620
<b>Difference</b>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>\$172</i>

## Housing Affordability

### Why is housing unaffordable?

In 2004, the City of Asheville commissioned Bay Area Economics, Inc. to conduct a housing market study. **The study concluded that housing affordability is the greatest challenge to the housing market in Asheville.** Their market analysis identified several direct causes for the affordability crunch in the City.

**First, there is little vacant land.** (See vacant land maps in Appendix B, showing vacant parcels in the city limits that are half-acre or larger, not in the flood plain and not subject to the steep slope ordinance. The various maps

show the parcels in relation to bus lines, water/sewer lines and topography.) To address this problem, the City of Asheville must either annex more land or increase density within the existing City boundary.

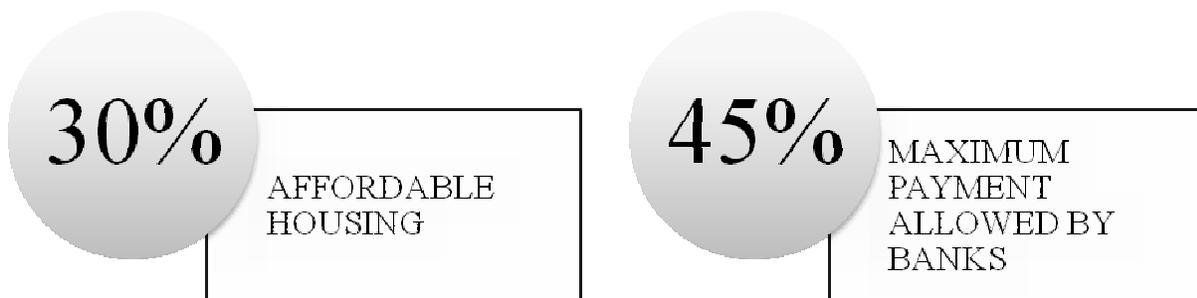
**Second, although the economy in the region is strong and unemployment is low, most of the regions jobs are tourist related and generate low-income wages.** The City of Asheville must find ways to attract higher wage jobs.

**Third, the area is attractive to tourists as well as retirees, and as a result there is a large number of second-homes.** In Buncombe County 25% of homes are non-primary residences.

**Lastly, the terrain of the region increases construction costs; this cost transfers to consumers through high housing prices and increased rent costs. To combat these costs, the City of Asheville must ensure that its ordinances and regulations do not add to the cost of construction.**

### **What makes housing affordable?**

Housing is affordable when housing costs are no more than 30% of an individual's total income. Housing costs include utilities, property taxes, association fees, insurance, and maintenance. Most federal, state, and local government policies define affordable housing by this "30% Rule of Thumb." Still, many renters and homeowners in Asheville, NC pay more than 30% for their housing costs. **This is in part because often times, banks allow homeowners to spend up to 45% of their income on household debt (including credit card and other loan payments).**



### **Area Median Income**

Government housing programs measure eligibility by the Area Median Income (AMI). Of all household incomes in the area, the AMI is the middle number on that list. Housing programs assess a client's income and calculate their income as a percentage of the AMI. Clients may benefit from certain programs based on their need and their percentage of the AMI. The following

numbers are based on the Asheville AMI for 2006 (\$50,400), these are the estimated number of Asheville households determined to be extremely low income, very low income, low income, or moderate income families based on the percentage of the AMI earned.<sup>5</sup>

<u>Percent of AMI</u>	<u>Income Range</u>	<u>Income Classification</u>	<u>Estimated # of Asheville Households in 2006</u>
Under 30%	Less than \$14,999	Extremely Low Income	6,235
30% - 50%	\$15,000 - \$24,999	Very Low Income	4,213
50% - 80%	\$25,000 - \$39,000	Low Income	9,035
80% - 120%	\$40,000 - \$60,480	Moderate Income	6,558

Families in these categories tend to have the most difficulty finding affordable housing in the area. **According to the 2006 American Community Survey, approximately 55% of all households earned an income less than 80% of the 2006 AMI (\$40,300).** The HUD determined 2008 AMI for the Asheville MSA is \$52,000. The following charts show the rental and for-purchase housing that is affordable to families at various levels of AMI.

***In Asheville 2008, the Median Area Income (AMI) is \$52,500 (family of four).***

<u>Area Median Income (%)</u>	<u>Income Max (\$)</u>	<u>Income Min (\$)</u>
10%	0	5,200
10-20%	5,200	10,500
20-30%	10,500	15,750
30-40%	15,750	21,000
40-50%	21,000	26,250
50-60%	26,250	31,500
60-70%	31,500	36,750
70-80%	36,750	42,000

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<sup>5</sup> American Community Survey, U.S. Census Bureau (2006).

80-90%	42,000	47,250
90-100%	47,250	52,500

Hour Wage	AMI	Monthly Income Before Taxes <sup>6</sup>	Annual Income Before Taxes <sup>7</sup>	The Cost to Buy an Affordable Home <sup>8</sup>	Max Mo. Cost <sup>9</sup>	Max Loan Amount <sup>10</sup>	Affordable Housing Costs <sup>11</sup>
(\$)	(%)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>6<sup>12</sup></b>	24	1,065	12,792	31,980-35,178	479	0.00	319
<b>7</b>	30	1,311	15,750	39,375-43,312	590	11,793	393
<b>8</b>	35	1,530	18,375	45,937-50,531	689	24,490	459
<b>10</b>	40	1,748	21,000	52,500-57,750	786	37,241	525
<b>12</b>	50	2,185	26,250	65,625-72,187	983	56,928	656
<b>13<sup>13</sup></b>	52	2,317	27,809	69,552-76,674	1,042	62,733	695
<b>15</b>	60	2,622	31,500	78,750-86,625	1,180	76,855	787
<b>17</b>	70	3,060	36,750	91,875-101,062	1,377	77,833	918
<b>20</b>	80	3,497	42,000	105,000-115,500	1,573	116,789	1,050
<b>25</b>	100	4,330	52,500	131,250-14,4375	1,948	156,651	1,312.50
<b>30</b>	120	5,245	63,000	157,500-173,250	2,360	194,097	1,573.78
<b>35</b>	140	6,125	73,500	183,750-202,125	2,756	225,079	1,837.50

### **Rent-burdened households pay rents they cannot afford.**

<sup>6</sup>Monthly Income before taxes: Hourly Wage x 40 hours a week x 4.33 weeks

<sup>7</sup>Annual Income before taxes: Hourly Wage x 173 hours a month (40x4.33) x 12 months = 2080 hr/yr

<sup>8</sup> 2.5 – 2.75 times the income to account for variations in household debt, interest rates, and the amount paid towards a down payment

<sup>9</sup> The maximum monthly payment on a purchased home is 45% of the qualifiers income

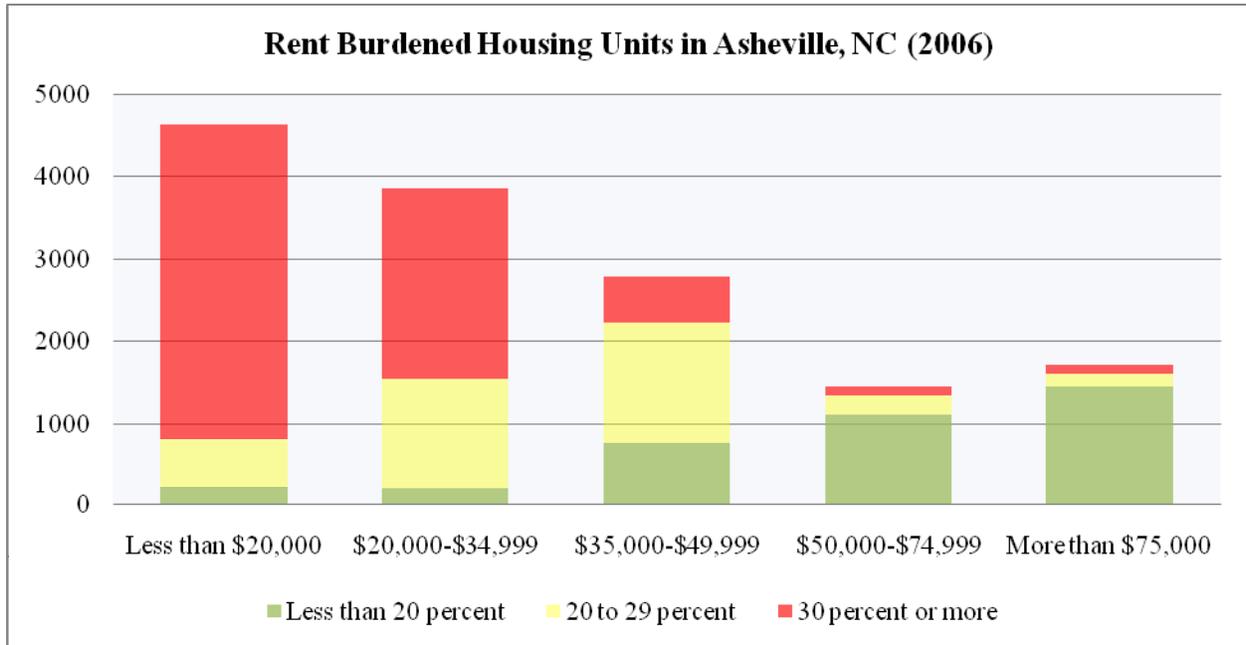
<sup>10</sup> Home prices were calculated using an online mortgage qualifier tool <http://www.finance.cch.com/sohoApplets/MortgageQualifier.asp>

<sup>11</sup> Affordable Rent is 30% of an individual's or household's income

<sup>12</sup> In 2008, the minimum wage in North Carolina \$6.15/hr

<sup>13</sup> In 2008, a single wage earner must earn \$13.37 (40hr/wk) to afford a two-bedroom rental unit at fair market rent (FMR) in the Asheville area.

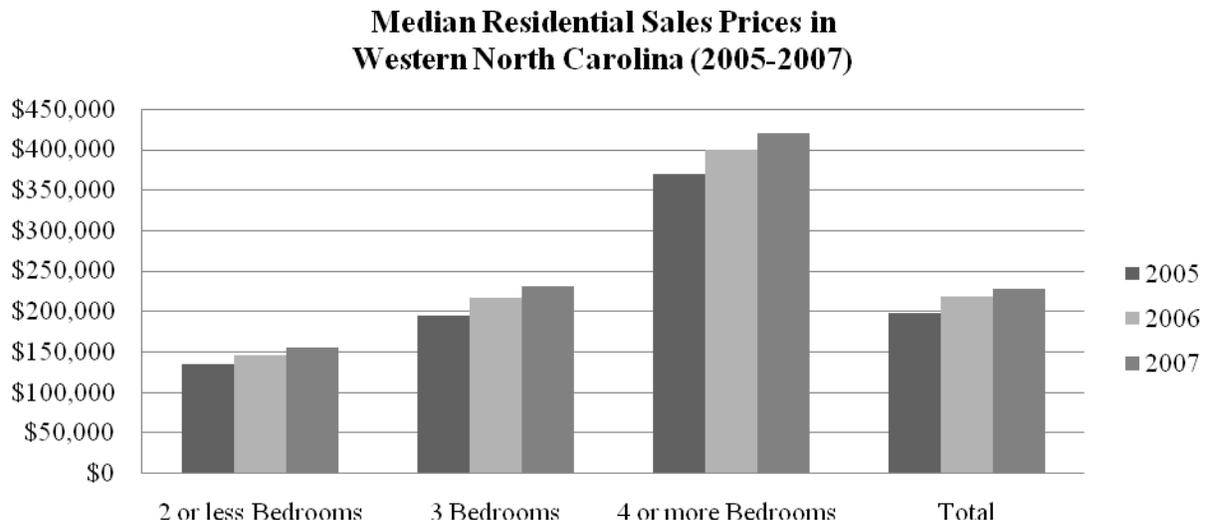
When the fair market rent and market rate rent exceed 30% of a household's monthly wages, the household is determined to be rent burdened. **The U.S. Census Bureau determined in 2006 that 6,925 of 15,548 (44.5%) renter households were rent burdened in the City of Asheville.** See the figure below.



## Cost of Housing for Sale

### Median sales price of housing has risen rapidly in the past few years.

According to Bay Area Economics, Inc., the median price of all units (new and existing) for sale in Asheville in 2004 was \$165,000. In 2004, the majority of homes sold in Asheville were in the \$100,000-\$149,000 range, as shown below.



The Asheville Board of Realtors reports that in 2007, the median sales price for a residential home in the region rose to \$220,000. The median sales price for homes is below the average sales price, \$277,636. This \$50,000 difference has a big impact on the availability of affordable housing in Asheville, NC. **Households making 160% the Area's Median Income, or at least \$84,000 a year, are able to afford homes at the median sales price. However, households must make 200% of the Area Median Income (or \$105,000) to afford the average sales price of a home in the area.**

### Relatively small increases in cost can make housing unaffordable.

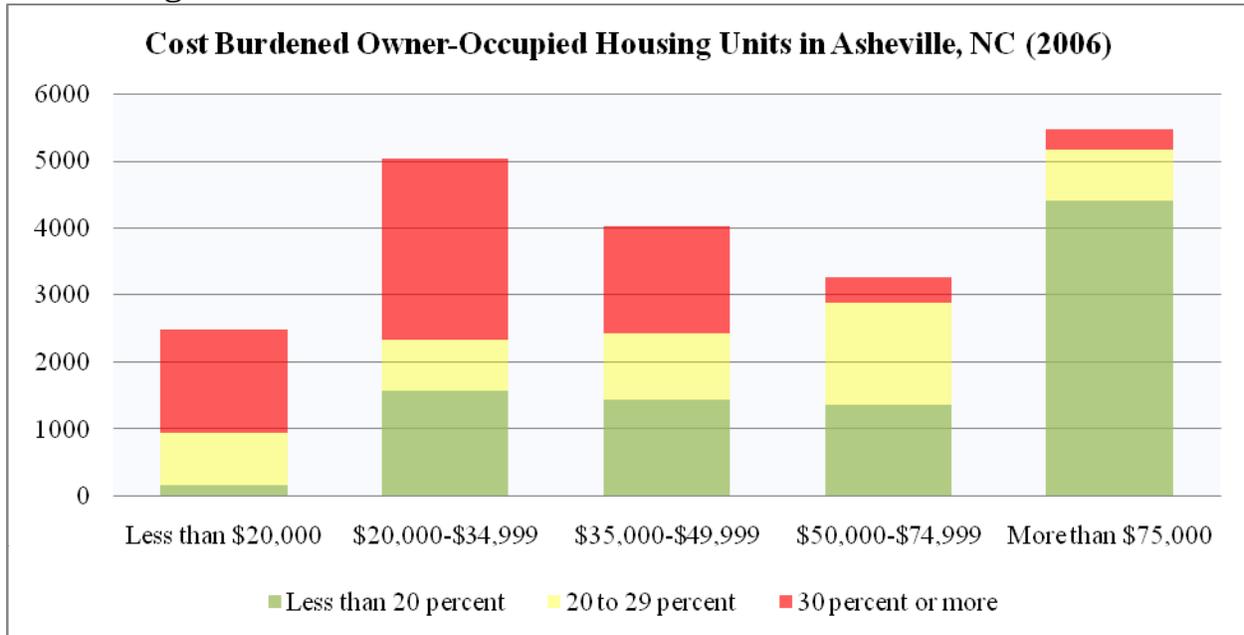
**According to the National Association of Homebuilders, for every \$1,000 increase in the price of a house, 190 families in the Asheville MSA can no longer afford to purchase that house.<sup>14</sup>**

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<sup>14</sup> Asheville Home Builders Association, *Blueprints September 2007*.

## **Almost half of Asheville homeowners cannot afford their mortgage payments.**

In Asheville however, 45.4% of homeowners have mortgages that are unaffordable (more than 30%) for their income. As a result, these homeowners are at a higher risk of foreclosure.



## **What assistance is currently in place to help families pay their rent or mortgage?**

### **Subsidized Housing**

Housing is subsidized when some portion of its construction, operation, or purchase is paid for by a source other than the buyer or renter. Housing subsidies are common and take many forms: first-time homebuyer downpayment assistance programs, property tax exemptions for seniors, tax credit financing, etc.

### **Subsidized Homeownership**

**Most government assistance goes to homeowners.**

Although many people perceive “subsidized housing” only as government-assisted rental housing, the vast majority of subsidies are provided for homeownership. The federal government spent approximately \$199.5 billion on housing programs and tax expenditures in 2006.<sup>15</sup> **The overwhelming majority was for homeownership, \$157.5 billion compared to \$42.0 billion spent on rental programs.<sup>16</sup> Over 98% of the homeownership subsidies were tax breaks which generally do not benefit low-income families.** <sup>17</sup> The deductibility of mortgage interest on owner-occupied housing was the largest homeownership tax subsidy in 2006, constituting 43.4 percent of total homeownership assistance.<sup>18</sup> The richest 20% of the population claimed 81.5% of the benefits.<sup>19</sup> These facts show that homeownership is not as pure an indicator of self-sufficiency as commonly believed.

## **Subsidized Rental Housing**

### **There is not enough assistance for renters.**

Subsidized rental housing developments and programs currently in existence in Asheville and Buncombe County include: Public Housing, Housing Choice Voucher Program, other various HUD programs, USDA Rural Development, and Low Income Housing Tax Credit properties.

Task Force members conducted surveys on all subsidized rental housing developments in Buncombe County to determine an accurate inventory of what types of subsidized rental housing is available. The survey found that there are 3,717 overall units of subsidized rental housing in Buncombe County with a total of 6,762 bedrooms. The breakdown of bed-room sizes is represented in the graph below.

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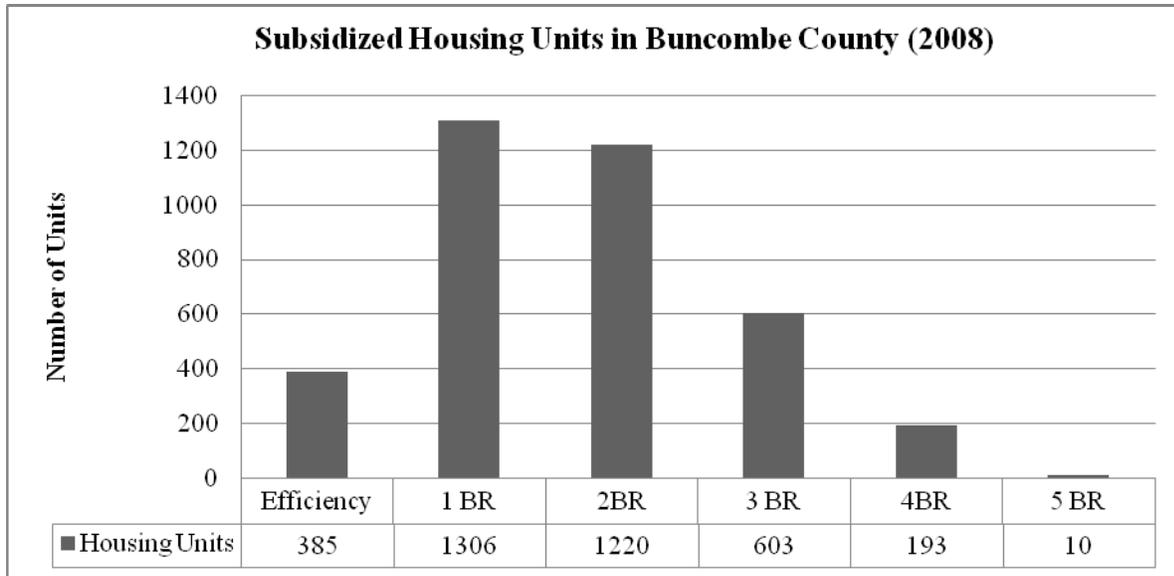
<sup>15</sup> Reynolds, G. *Federal Housing Subsidies: To Rent or To Own?* The Urban Institute, (2007).

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.



Some of the subsidized rental units in the inventory are targeted for specific populations. Public Housing accounts for 41% of the total subsidized rental housing, and is for people who are below 80% of AMI and who meet public housing screening criteria. Senior Housing accounts for 30% of the overall subsidized rental units, but 65% of the efficiencies and 62% of the 1-bedroom apartments. The definition of “senior housing” varies by program, but is age 55+ or age 62+ for most programs. All subsidized efficiency apartments in Buncombe County are targeted for a specific population, and are in public housing, senior housing, or set aside for the chronically homeless. Only 223 of the 1-bedroom units are not in public housing, senior housing, or set aside for the chronically homeless.

Subsidized rental units are concentrated in certain areas of Buncombe County and completely lacking in other areas as represented in the Affordable Rental Housing Units in Buncombe County Maps in Appendix F. These maps do not contain many privately-owned affordable rental units.

The largest percentage of units (41%) are public housing units operated by the Housing Authority of the City of Asheville. Public housing is housing subsidy program through the United States Department of Housing and Urban Development (HUD). Residents pay no more than 30% of their income for rent and utilities and their incomes must be less than 80% of AMI. Public Housing Developments range in size from 56 units (Altamont Apartments) to 262 units (Pisgah View Apartments).

Public Housing households are predominately female-headed households (77%) and are predominately African-American (70%). The average family size

is 2 people and the average annual income per family is \$9,369, which is 17.8% of AMI.<sup>20</sup>

### **Housing Choice Voucher Program (Commonly referred to as Section 8)**

The Housing Choice Voucher Program (HCVP) is also administered by the Housing Authority of the City of Asheville (HACA). There are currently 1,350 vouchers. The program works similarly to the Public Housing Program in that participants pay 30% of their income for rent and utilities. The main difference is that participants rent from a private property owner in the rental market instead of renting a unit owned by HACA. The typical HCVP household differs from the typical public housing household in significant ways. While 78% of households are female-headed households, 71% of the people living in the households are white, a stark contrast to the 77% of Public Housing Residents who are black. The average family size is 2 and the average annual income per family is \$8,183, which is 15.5% of AMI.<sup>21</sup>

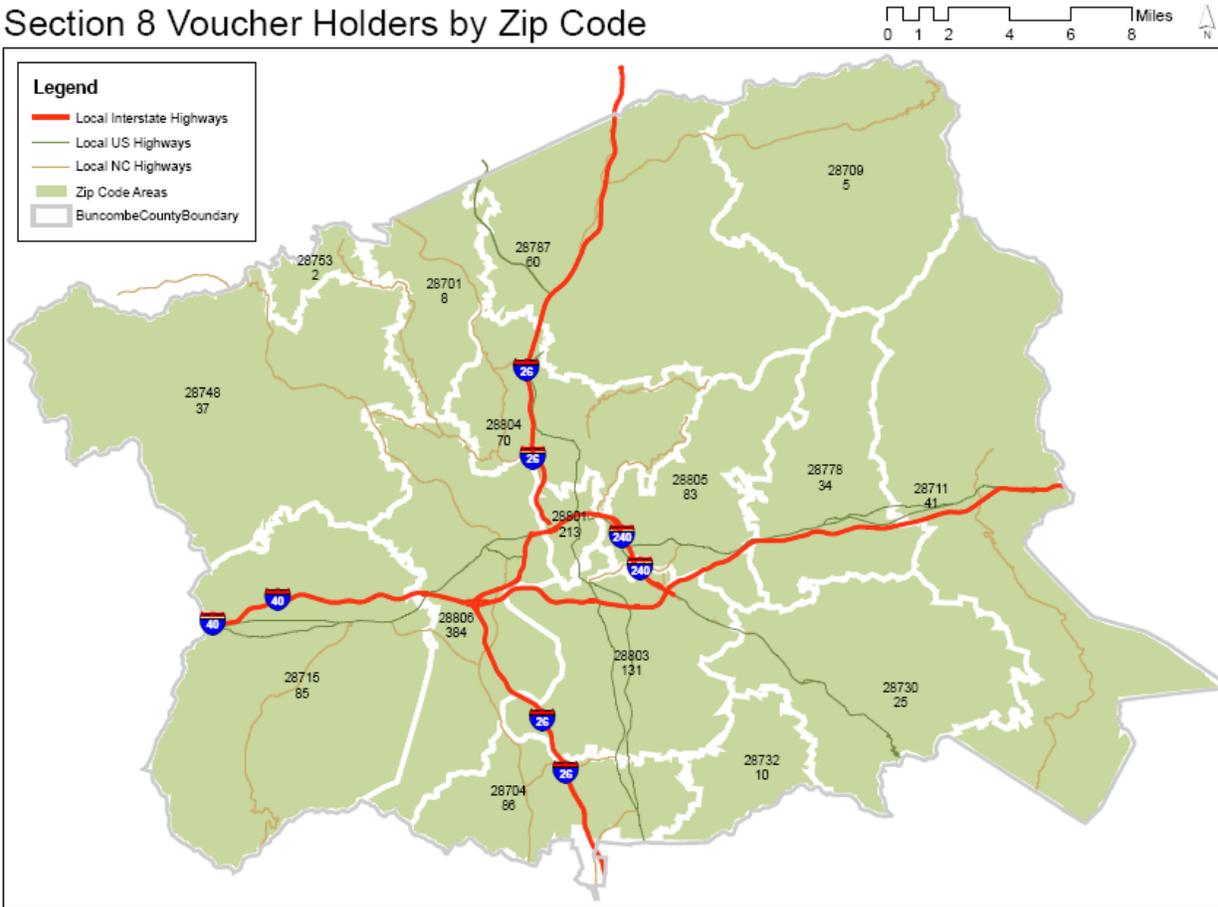
It is impossible to map the specific locations of various Section 8 households in Buncombe County. However, the following map represents the number of HCVP holders in various zip codes.

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<sup>20</sup> Housing Authority of the City of Asheville, Public Housing Demographic Report, May 2, 2008.

<sup>21</sup> Housing Authority of the City of Asheville, Section 8 Demographic Report, May 2, 2008.

## Section 8 Voucher Holders by Zip Code



Prepared by the City of Asheville Planning and Development Department, May 2008

### **Rent assistance will not pay the average rent.**

Section 8 rents are controlled by HUD, which each year puts out a fair market rent standard for each bedroom size for Buncombe County. The fair market rents in place as of October 1, 2007 range from \$521 for an Efficiency to \$1220 for a 4 Bedroom unit. Fair market rents are often much less than the average rents in the City of Asheville.

There are a few other rental subsidy programs in place, including project based Section 8 programs through HUD. These programs work similarly to the Housing Choice Voucher Program but the subsidy resides with the unit, not with the tenant, so when the tenant moves from the property they are not able to take the subsidy with them to a different property. However, the next person who qualifies to rent that same space will have the subsidy available to them. One other type of subsidy program is the U.S. Department of Agriculture's Rural Housing Program. All USDA properties are located outside of the city

limits of Asheville. A third type of rental program is Low Income Housing Tax Credit. What is specifically different about tax credit properties is that the rent is not based on 30% of the resident’s income but is set at a flat rate based on local area median income. Low Income Housing Tax Credit properties (LIHTC) are targeted for people whose incomes are below 60% of area median income.

**Homelessness**

**At least 509 people in Asheville do not even have a home.**

In 2005 the City of Asheville and Buncombe County adopted the 10-Year Plan to End Homelessness. This plan outlined a 5-prong approach:

1. Designation of a lead entity to oversee implementation of the plan;
2. Utilization of the Homeless Management Information System to link services, screen for program eligibility, and gather data needed to monitor progress of implementation;
3. Prevention to stop individuals and families from becoming homeless;
4. Housing First – support of permanent housing for all homeless people;
5. Housing Plus – the necessary supportive services that ensure homeless individuals and families placed in permanent housing can remain housed long-term.

Most recent data available on homelessness in Asheville and Buncombe County is from a Point-in-Time count held on January 30, 2008. This count found a total of 509 homeless people.

**Homelessness in Asheville and Buncombe County**

<i>People can be counted twice in these categories:</i>	Adults	441
	Children	58
	Chronic	181
	Mental Illness	158
	Chronic Substance Abuse	124
	Veteran	121
	Domestic Violence	45
	Unaccompanied Youth	9
	In a facility/ institution within past 30 days.	145
	<b>Total Counted</b>	<b>509</b>

This chart shows more information about who is homeless in Asheville and Buncombe County. The Point-in-Time count is ever evolving because of the change in agency participation and a better understanding of counting methods. The next count will be held in the summer of 2008. The current methods of collecting data are imperfect and could be improved through the utilization of the Homeless Management Information System (HMIS) offered through the Carolina Homeless Information Network (CHIN).

## **Transportation**

### **Transportation costs impact a family's ability to afford their rent or mortgage.**

Transportation is a significant factor in constructing meaningful affordable housing policies. For all income levels, Transportation costs are second only to housing expenditures. However, lower-income families pay the greatest percentages of their incomes on housing and transportation costs. **According to “Driven to Spend: Pumping Dollars out of Our Households and Communities” a study produced from the Surface Transportation Policy Project (STPP) and the Center for Neighborhood Technology (CNT), in 2003 when the cost of gasoline was \$1.60 a gallon: The**

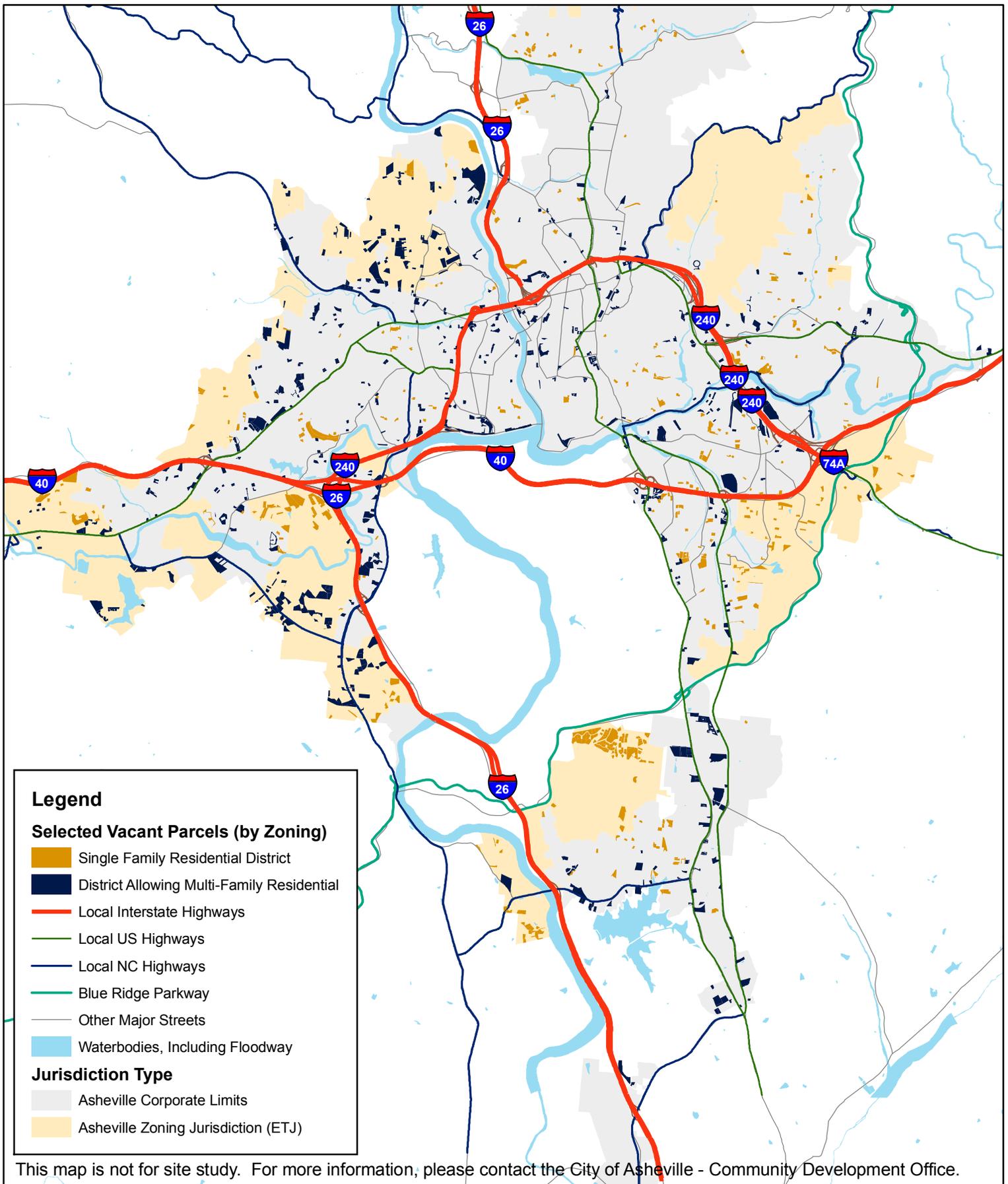
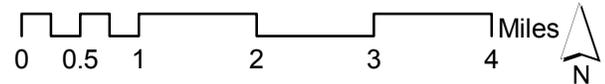
**“combined, the costs of transportation and housing account for 52 percent of the average family’s budget, which explains why there is growing public debate on the need for policies that address these issues in tandem (pg. 4).”**

The lack of affordable housing in an urban area, increased commute times, and traffic congestions are interrelated issues. Development plans and strategies for the City of Asheville have already linked these as priorities. Addressing the interdependent relationship between housing and transportation (land use) policies and the impact they could have on the density of development is important in addressing the needs of families in Asheville. Higher density development simultaneously addresses many housing and transportation needs.

## **APPENDIX B VACANT LAND MAPS**

The following maps show parcels of land within the City of Asheville that are half-acre or larger, not subject to the steep slope regulations, not in the floodway, not zoned industrial or light industrial. These maps are for illustrative purposes only. For information on specific parcels of land, please contact the City of Asheville Community Development Division at 828-259-5721.

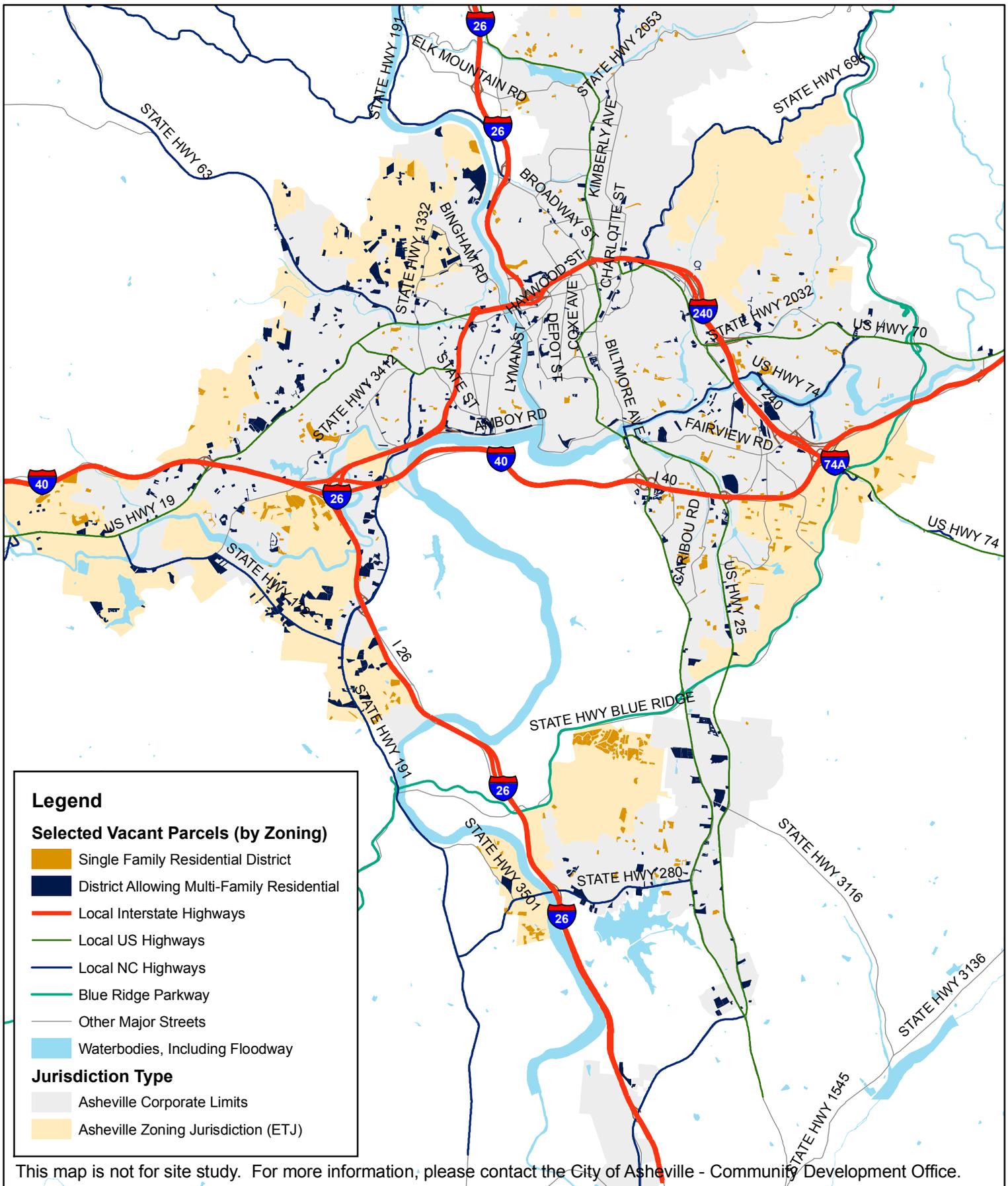
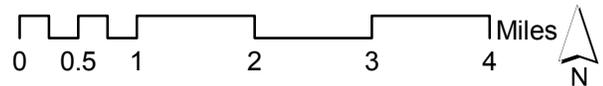
# Asheville Vacant Properties\*



February 2008

\* Parcels shown meet the following criteria: classified by Buncombe County Land Records as vacant, area at least 1/2 acre, not subject to steep slope development standards, no land in floodway, not zoned industrial or light industrial.

# Asheville Vacant Properties\*

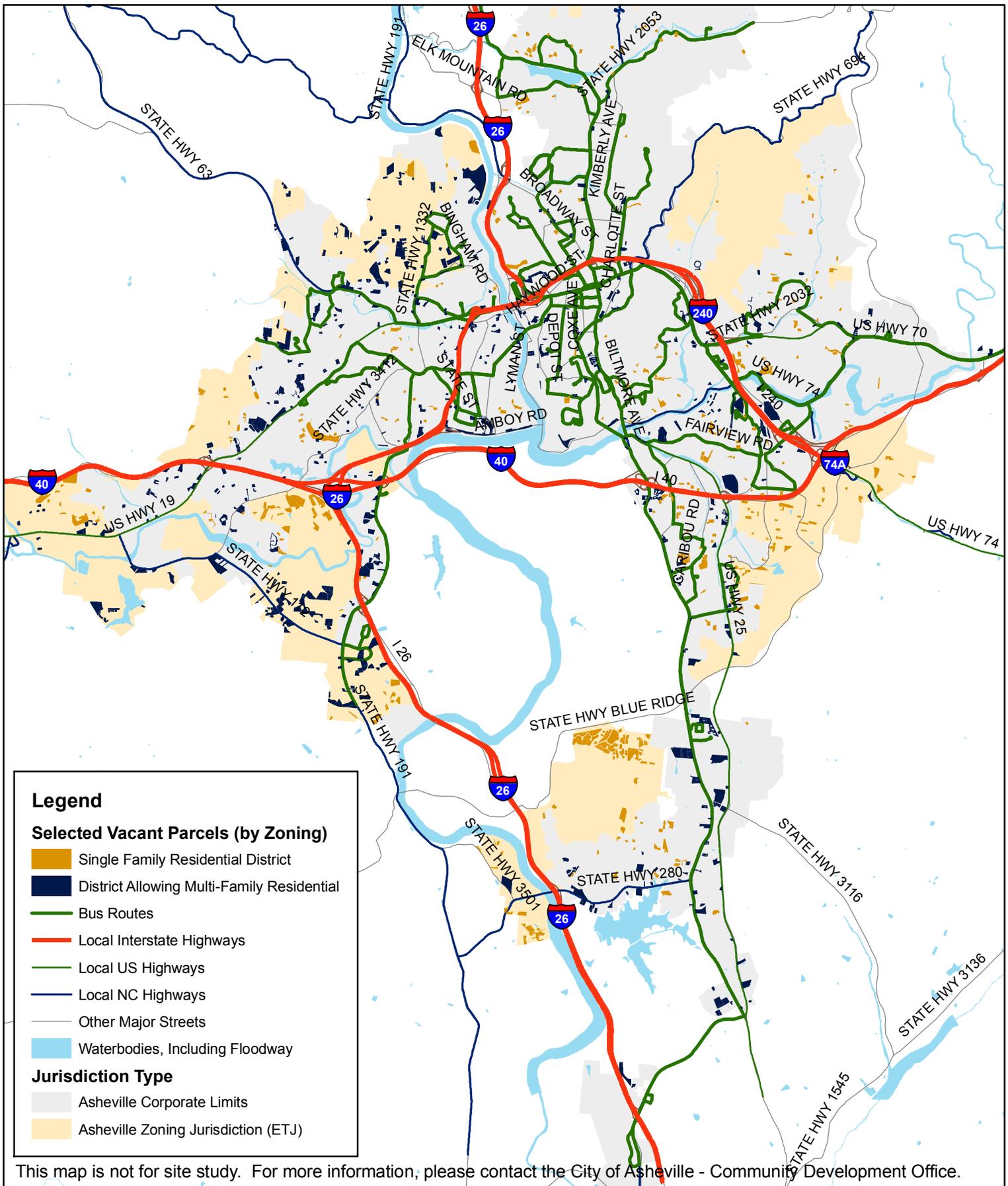
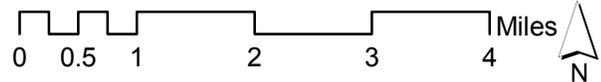


This map is not for site study. For more information, please contact the City of Asheville - Community Development Office.

February 2008

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# Asheville Vacant Properties\*



**Legend**

**Selected Vacant Parcels (by Zoning)**

- Single Family Residential District
- District Allowing Multi-Family Residential

**Jurisdiction Type**

- Asheville Corporate Limits
- Asheville Zoning Jurisdiction (ETJ)

**Other Legend Items:**

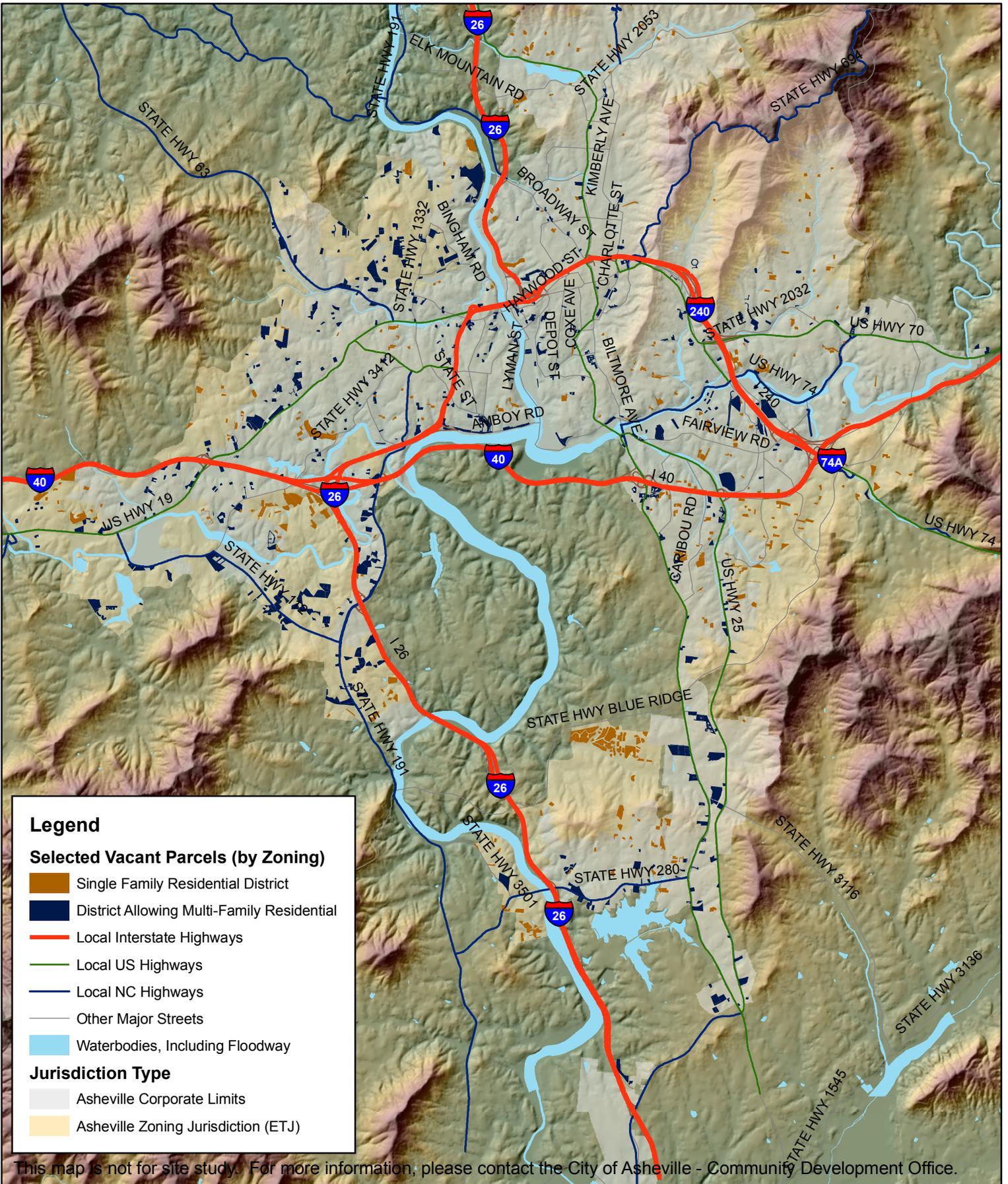
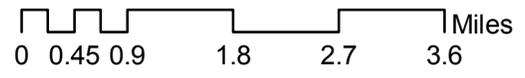
- Bus Routes
- Local Interstate Highways
- Local US Highways
- Local NC Highways
- Other Major Streets
- Waterbodies, Including Floodway

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February 2008

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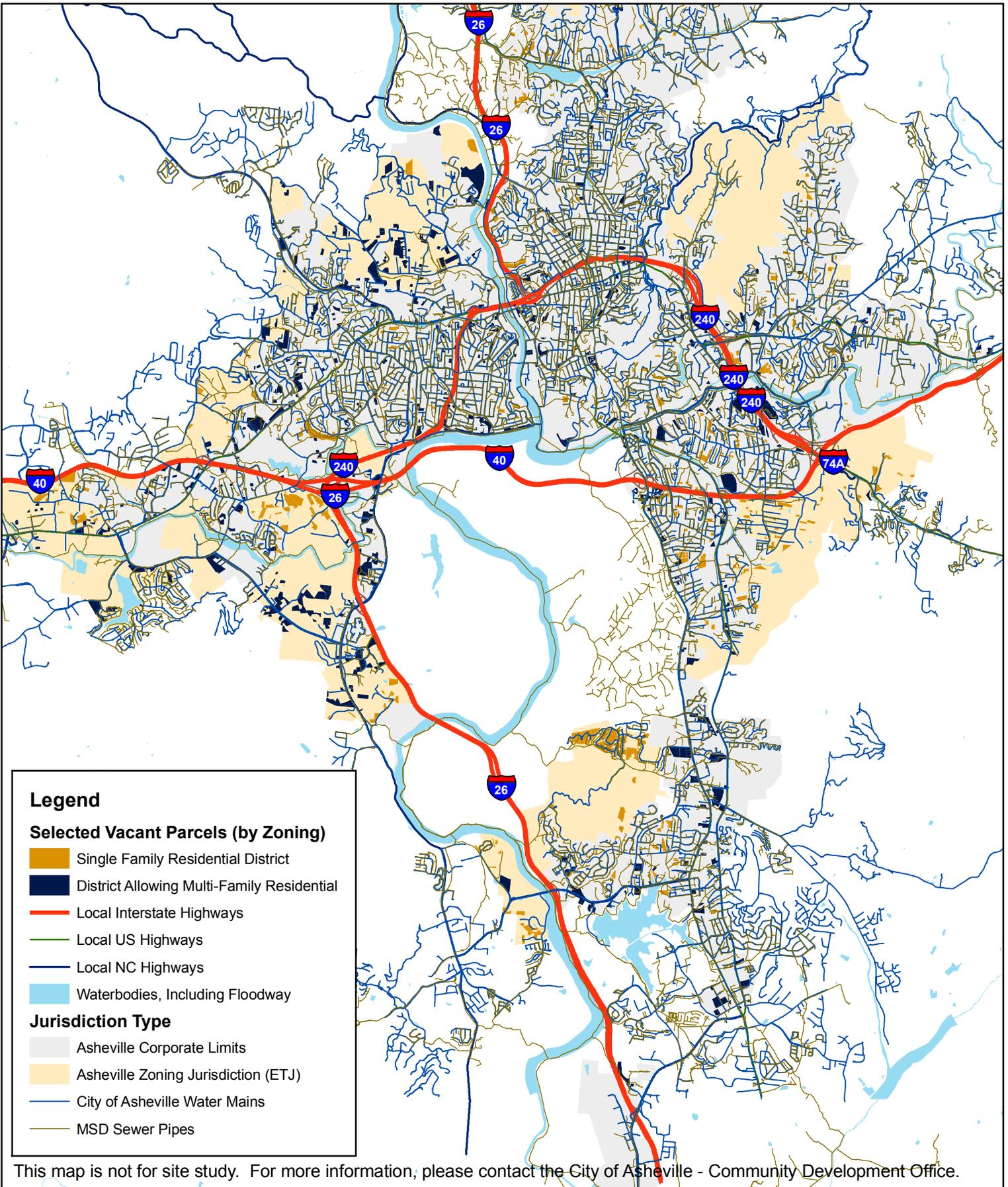
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February 2008

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## **APPENDIX C**

### **AFFORDABLE HOUSING PUBLIC AWARENESS AND MEDIA CAMPAIGN**

**RECOMMENDATION:** The Task Force recommends that the City of Asheville create a public awareness/education campaign designed to overcome the myths and stereotypes connected to affordable housing; to communicate the City's commitment to affordable housing; to communicate the benefits of affordable housing; and to gain support by a wide group of local interests for expanded affordable housing opportunities in Asheville and Buncombe County.

There currently does not exist a clear understanding of what affordable housing is and who benefits from it. To combat this lack of clear understanding, the Task Force recommends several steps:

1. Assign the work: contract with an outside agency or commission city staff to coordinate the campaign.
2. Alliance of stakeholders: capitalize on existing groups and efforts. Partners and collaborators should be involved in the decision making and direction of the campaign and in providing communication networks.
3. Data: Gather meaningful, understandable data. More than enough information exists to support the need for affordable housing.  
Create a Common Language: Use the data to craft a message that appeals to a large spectrum of the population. It should include hard numbers and human interest elements. Convey the economic worthiness of affordable housing and its role in the economic success and strengthening of the community. Model what demographic, economic or social trends could occur if the issue is not properly addressed. Give examples from other parts of the country.
4. Designate messengers: As affordable housing impacts all segments of society, messengers must come from all segments of society and include employers, elected officials, teachers, nurses, firefighters, clergy, etc.
5. Utilize a variety of mediums: One large kick-off event, billboards, news media, print media, websites, community meetings, places of worship, etc.

6. Give people a place to go: website with links to housing resources, providers and information.

### **Audience**

- General public, including Spanish speakers, non-web users and individuals with low reading levels.
- Media
- Decision makers and elected officials at all levels, not just the local level but also the state and federal levels.
- Faith based groups and places of worship.
- Employers

### **Campaign Objectives:**

1. Support individuals in Congress, the General Assembly, City Council and County Commissions as they promote necessary changes to address affordable housing. Some of these changes may be difficult as they will include such things as changes to zoning ordinances that increase density in neighborhoods, potential changes in tax rates, changes in the way that proposed developments are considered and reviewed by staff and council, and potential bond referendums.

2. Identify and support affordable housing funding sources, including local, state and national trust funds, earned income tax credits, low income housing tax credits, Section 8 housing vouchers and other potential legislation.

3. Work with local officials to promote fair and balanced zoning ordinances and remove review processes that cause unnecessary or unwarranted delays as these delays increase the cost of affordable housing.

4. Increase the supply of both affordable rental housing and homes for home ownership by supporting and incentivising local developers.

5. Increase and support the expansion of rental and home ownership counseling, education and financial literacy, especially in the workplace environment.

6. Increase the number and diversity of community members who feel engaged in the promotion of affordable housing in the community.

7. Help the entire community in every neighborhood to understand that affordable housing is a need by each person and that affordable and workforce housing are not dirty words.

**Measuring Success:** There should be measurements to evaluate the campaign's performance, including:

1. Pre- and post testing or surveys to measure attitude changes,
2. The number of new affordable housing units produced or amount of increased amount of funding available for affordable housing,
3. Number of new applicants enrolled in homeownership, rental counseling classes, or financial literacy courses,
4. Tracking of media coverage, conversations with elected officials, audience response and community meetings,
5. Enactment or defeat of specific laws or ordinances.

**Budgeting:** The budget for this endeavor should be considered. While the actual campaign could take many forms, cost must be considered for the cost of broadcast media and related materials. Efforts should be made to have many of these costs donated but some funding will probably be necessary. Partners and collaborators can provide some funding, in kind goods and services and volunteers to further campaign objectives. It will be necessary to designate staffing to insure proper monitoring, upkeep and coordination of the various activities of a successful campaign.

## APPENDIX D

### EARNED INCOME TAX CREDIT COLLABORATIVE

**RECOMMENDATION:** Enhance the current tax preparation programs to increase the access of Earned Income Tax Credits (EITC) and decreases use of Refund Anticipation Loans (RALs).

The Earned Income Tax Credit (EITC) is considered to be the United States' largest and most successful anti-poverty program.<sup>1</sup> In 2004 (the most recent data available), EITC brought \$13.5 million dollars to taxpayers residing in the City of Asheville.<sup>2</sup> Although the IRS will not release definitive data on how many taxpayers eligible for EITC do not file for it, a conservative but reasonable estimate is 15%, meaning approximately \$3 million dollars were not accessed by City of Asheville taxpayers. Widespread education is needed to ensure that all taxpayers eligible for this credit receive it and to ensure they do not pay unnecessary tax preparation fees or utilize refund anticipation loans (RAL). In 2004, according to the Community Reinvestment Association of North Carolina (CRA-NC), in the City of Asheville, 31.4% of EITC recipients used a RAL, costing a total of \$1.067 million. These same taxpayers could have utilized a free tax preparation site if their income was less than \$40,000. It is worth noting that North Carolina will be implementing a state EITC for 2008 income taxes.

Through the Affordable Housing Task Force, the Housing Stability sub-committee examined the Boston EITC program, recognized for its accomplishments. The Boston EITC program saved taxpayers \$1.3 million in 2007 by using free sites. Efforts have been made locally by OnTrack, A-B Tech, and AARP that have produced good results, but could be expanded greatly to make a larger impact.

Components necessary for a successful program:

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<sup>1</sup> EITC Boosts Local Economies, Partners in Community and Economic Development, Vol. 16, No. 3 2006 Federal Home Loan Banks of Atlanta ([www.frbatlanta.org](http://www.frbatlanta.org))

<sup>2</sup> Community Reinvestment Association of North Carolina

1. Broad base of Coalition Partners: Banks, Chamber of Commerce, Community Action agency, Neighborhood organizations, Vocational Services, Local Universities, Ministerial Alliance, Unions, Public Library, YMCA, Credit Counseling Agency, Goodwill Industries, Housing Authority, DSS, Asheville-Buncombe Community Relations Council, Latino Steering Committee, WRES, NAACP Empowerment Resource Center, International Link, YWCA, Joblink, Land of Sky Regional Council, Council on Aging, Homeless Coalition, United Way (2-1-1 website can be the mechanism or conduit for on-line access to information in #2), Pisgah Legal Services, Weed and Seed, CPA Society, Churches, Schools.
  
2. Development and utilization of website with all information available to partners, volunteers and taxpayers:
  - Sign up and FAQ for volunteers
  - Locations of tax-prep sites
  - Checklist of what to bring
  - Printable brochures “Are you eligible?”
  - General information on credit repair, consumer issues, food stamps and health care
  - Results page – quantifies results each year
  
3. Tax filing sites include informational booths and applications for other mainstream benefits, such as Food Stamps, Work First, Public Housing/Section 8, and Medicaid/Health Choice. Also on site are partner banks who offer no-cost or low-cost savings accounts and utilize direct deposit refund delivery.

Additionally, the City of Asheville could donate a website and webmaster time for the creation and maintenance of a comprehensive website and the coordination of web resources with 2-1-1. Marketing to potential taxfilers could be assisted through use of other city resources, such as water bills, the Asheville Channel and the City’s own website.

## **APPENDIX E**

### **EMPLOYER ASSISTED HOUSING**

The Affordable Housing Task Force has examined Employer-Assisted Housing (EAH) programs from various locations in the United States and proposes that the City of Asheville and local business, non-profits and organizations implement an Employer-Assisted Housing Collaborative program that gives employers flexibility in choosing the menu of benefits available to their employees and is affordable to all employers, including those of small businesses.

**RECOMMENDATION:** A local Employer Assisted Housing Collaborative should be implemented with the following components which have been taken from model programs in other communities in the United States.

1. Partnership with a lead bank that offers its loan products at discounted rates in exchange for exclusivity.
2. Network of third-party appraisers, inspectors, realtors, and developers who discount their services to program participants.
3. Partnership with non-profit agency for pre and post purchase counseling for homebuyers and housing counseling for renters.
4. Specialized program for renters that includes security deposit, utility deposit and first month's rent assistance. If renter continues employment over a specified period of time, can access down-payment/closing cost assistance for purchase of first home.
5. Website linking bank, counseling programs, and third-party partners.
6. Employer flexibility: employers can design their own program components with lead entity, such as how much employer contributes as matching funds (if any), how long employee must continue employment, maximum income level, permissible geography.

#### **1. Home Ownership**

Following are some ways that employers can help their workforce buy homes.

A. Forgivable Down Payment Loans

An employer advances funds for a down payment to an employee. The employer forgives the loan on a pro rata basis annually in return for the employee's completion of an identified length of service at the company. The loan may or may not have an interest component.

B. Mortgage Loan Guarantees

The employer promises to pay the lender all or part of a loan amount still owed if the employee defaults on the loan. Because this guarantee reduces a lender's risk, down payment requirements can be reduced or waived. A mortgage Loan Guarantee program can be structured in a variety of ways in order to retain the employee, i.e., if the employee does not stay with the company for a specified number of years, s/he must pay back the loan within a certain amount of time. The employer's secured interest in the property should cover any default. Also, the employer can establish a loan loss reserve fund as an investment – all principal and interest not used to pay the mortgage can be returned to the employer.

C. "Soft" Second Down Payment Mortgages

Employers arrange for below-market rate second mortgages that may be used for down payments in exchange for employer-administered payroll deductions and/or loan guarantees.

D. Transaction Cost Assistance

Employers help employees with expenses related to closing costs. This can be accomplished through volume discount programs in which a lender or broker reduces fees or points in exchange for a certain level of business.

E. Custom Banking/Savings Plans

Employers provide employees help in buying a home through automatic withdrawals for mortgage payments or attractive loan features in a company's savings plan.

## **2. Rental Assistance**

For a variety of reasons, home ownership is not a good choice for many families. For this reason, employers assist their staff in finding safe, affordable, and comfortable places to rent. According to the Housing Collaborative consultants, who survey employers around the country, rental housing assistance is used more frequently than other employee assisted housing benefit. These consultants also find that rental assistance increases the number of job applicants.

Following are some ways that employers can help with the costs of apartments.

### A. Initial rental costs

Employers provide employees with rental assistance for the initial deposits required by landlords.

**Employee's tax considerations.** Amounts paid to an employee directly or to a third party for the benefit of an employee must be included in the employee's taxable income, which includes rental subsidies. In this case, IBM provides federal, state and local tax assistance to its employees.

### B. Relocation Assistance

Employers provide a variety of services to offset relocation costs such as temporary housing, placement services, moving costs and/or car rental.

**Employee's tax considerations.** Employer should consult with human resources or legal staff for specifics regarding the tax consequences of relocation assistance.

C. Master Leases

An employer provides an apartment building owner a guarantee that a certain percentage or number of rental units will be leased to its company employees. Because the building owner can plan for a lower vacancy rate and guaranteed income on a portion of the units, he or she can reduce the monthly rental charged for each unit.

**Employers' Considerations:**

**1. Employer's tax considerations for all housing assistance programs:**

There are no rules that specifically refer to the income tax treatment of employers who provide mortgage assistance to employees. As a general rule, employers are allowed to deduct amounts paid to employees as compensation. If the employee must include the amount in his or her income, then the employer is allowed the tax deduction.

Amounts paid to an employee directly or to a third party for the benefit of an employee just be included in the employee's taxable income. This includes down payment assistance, amounts received as mortgage interest subsidies and payment used to "buy down" a loan interest rate.

**2. Program Administration**

The lead entity of the collaborative should either provide program administration or contract with a non-profit or bank to administer the program.

**Homebuyer Education** - Most home ownership counseling is conducted by nonprofits. The curriculum covers a wide range of topics, including walking the prospective homebuyer through the entire home buying and lending process.

**Down payment assistance, loan servicing** – Similar to homebuyer education services, nonprofits are capable of assisting employers in pre-qualifying employees for loans as well as originating and servicing second loans for down payment assistance.

**Other housing assistance services** – Some non profits work with individual employers to tailor housing services to meet a company’s unique needs. Other nonprofits—similar to an employee assistance program—can provide employees with individual counseling unique to their needs and link them to a variety of housing programs.

Another advantage of outsourcing housing assistance programs to a nonprofit, is that the employer contribution for the housing services desired can be designed as a tax-deductible donation.

**Attractive lending terms** – Some lenders are also willing to provide services and attractive loans depending on the volume of business they receive from an employer. Examples include discounted closing costs, interest deductions and attractive banking services.

### **3. Risk Management**

To protect each party’s interests, all forms of housing assistance should include documentation ranging from a legally prepared promissory note to a human resources customized loan request form. This documentation outlines the terms of the assistance, covering such things as the case of termination before a prescribed time. It could outline that an employee receiving housing

assistance is required to reimburse the employer on termination, that a payment plan can be set up, or that the company will write off the debt.

To minimize the risk of foreclosure by employees, employers may:

- Establish employee eligibility requirements
- Require home ownership counseling
- Define pre-qualifying and underwriting criteria
- Execute promissory notes and other legal documents
- Define size and term of the housing assistance
- Utilize an intermediary such as nonprofit who is familiar with NC real estate and lending practices
- Utilize a legal and tax expert

### **SPECIAL NOTE: Pending Legislation before the United States Congress**

The Housing Americas Workforce Act (HAWA), H.R. 1850 and S. 1078, was re-introduced in the House of Representatives and in the Senate in 2007 with bipartisan sponsorship. No formal action was taken on either the House or the Senate bill but is expected to be pushed forward during the second session of the 110<sup>th</sup> Congress in 2008. The HAWA will provide a tax credit to employers who provide housing assistance benefits to certain employees. Currently federal tax laws and corporate accounting rules do not provide incentives for employers to offer housing assistance to their employees. The HAWA tax credit would be available to any for-profit or nonprofit employer. Employers would receive a 50-cent tax credit for every eligible dollar of housing benefit made available to their employees. Employers would receive this tax credit on housing contributions up to \$10,000 or 6% of the purchase price of the home (whichever is less) or up to \$2,000 for rental assistance. Employers would receive the tax credit only for housing contributions made to employees with a household income that does not exceed 120% of the area median income (insert number for Asheville here). The housing benefit received by the eligible employees would be excluded from their income and therefore not subject to income tax. Demonstration grant funds would be available to nonprofit housing organizations that have a proven track record in the field of housing and community development.

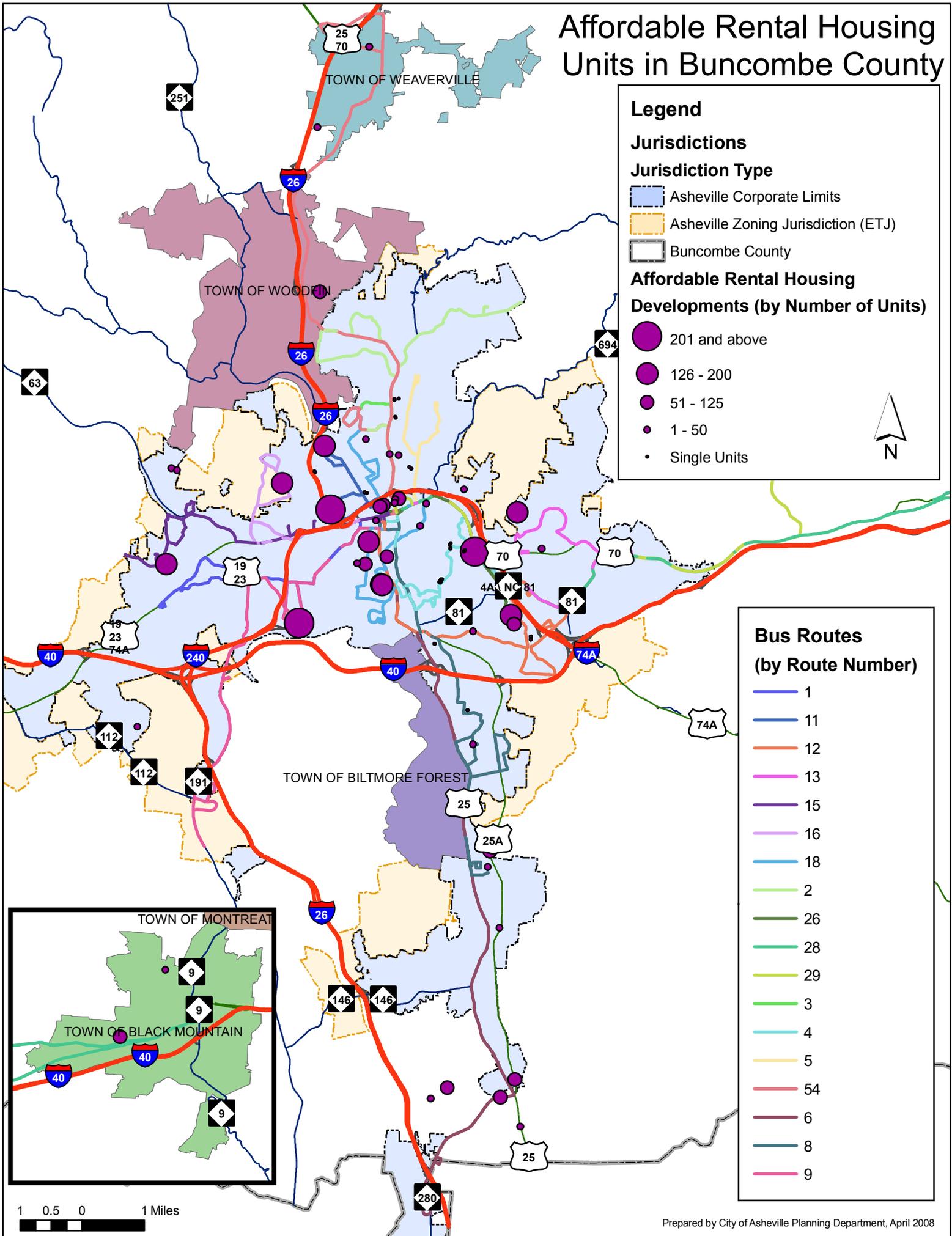
Asheville City Council should advocate with Congressman Heath Schuler, Senator Elizabeth Dole and Senator Richard Burr and encourage each of them to vote in favor of HAWA. Locally the positive experience of the Mission Home Help Program can be used to demonstrate to them how employer assisted housing programs are beneficial to the community and how providing incentives such as HAWA will allow smaller employers and nonprofit employers to offer this valuable benefit to their employees.

## **APPENDIX F**

### **AFFORDABLE RENTAL HOUSING MAPS**

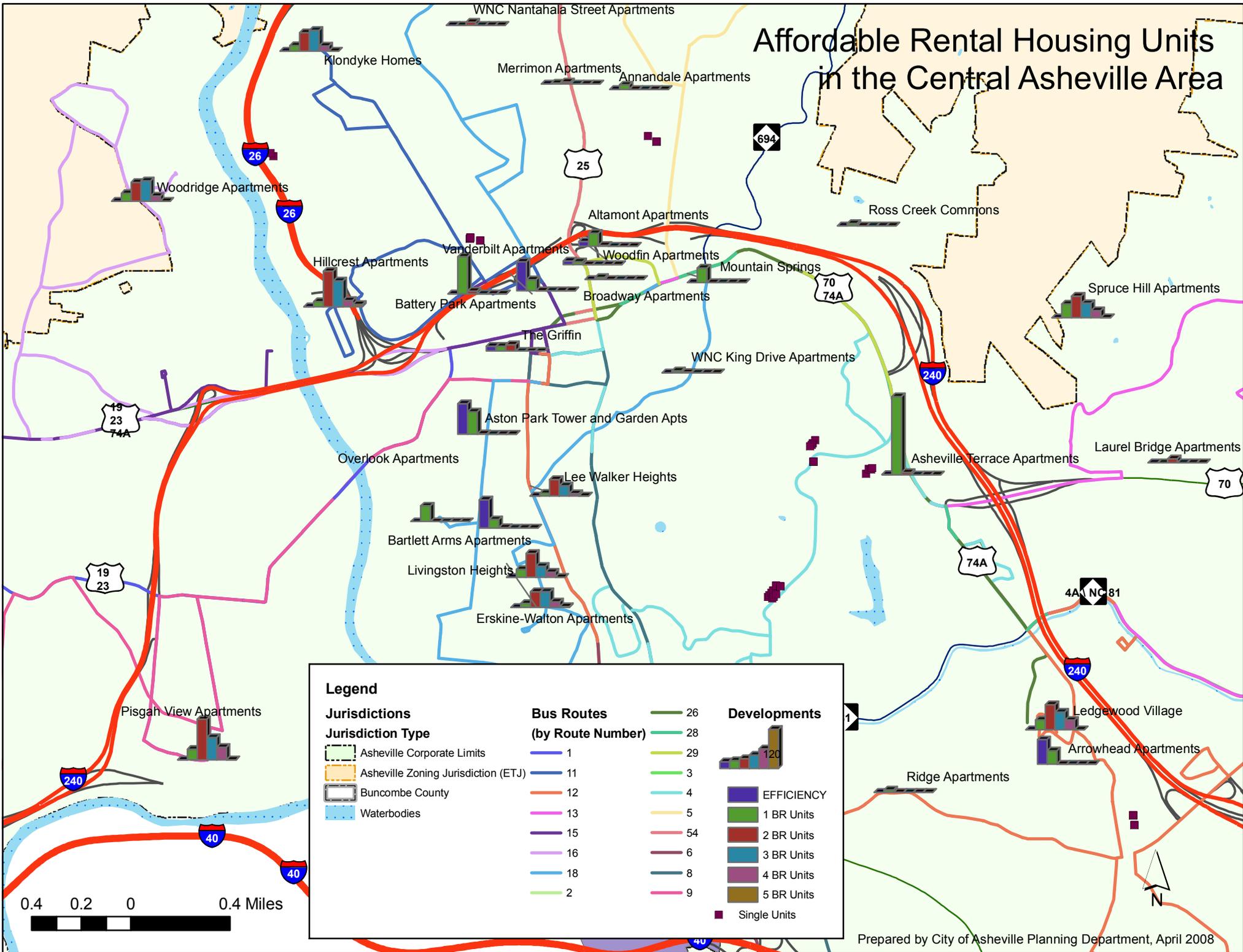
The following maps show the locations of affordable rental units in the City of Asheville and Buncombe County. These maps do not include many privately-owned affordable rental units, but instead focus on rental units that have been constructed and/or are operated with some type of state or federal assistance.

# Affordable Rental Housing Units in Buncombe County



1 0.5 0 1 Miles

# Affordable Rental Housing Units in the Central Asheville Area

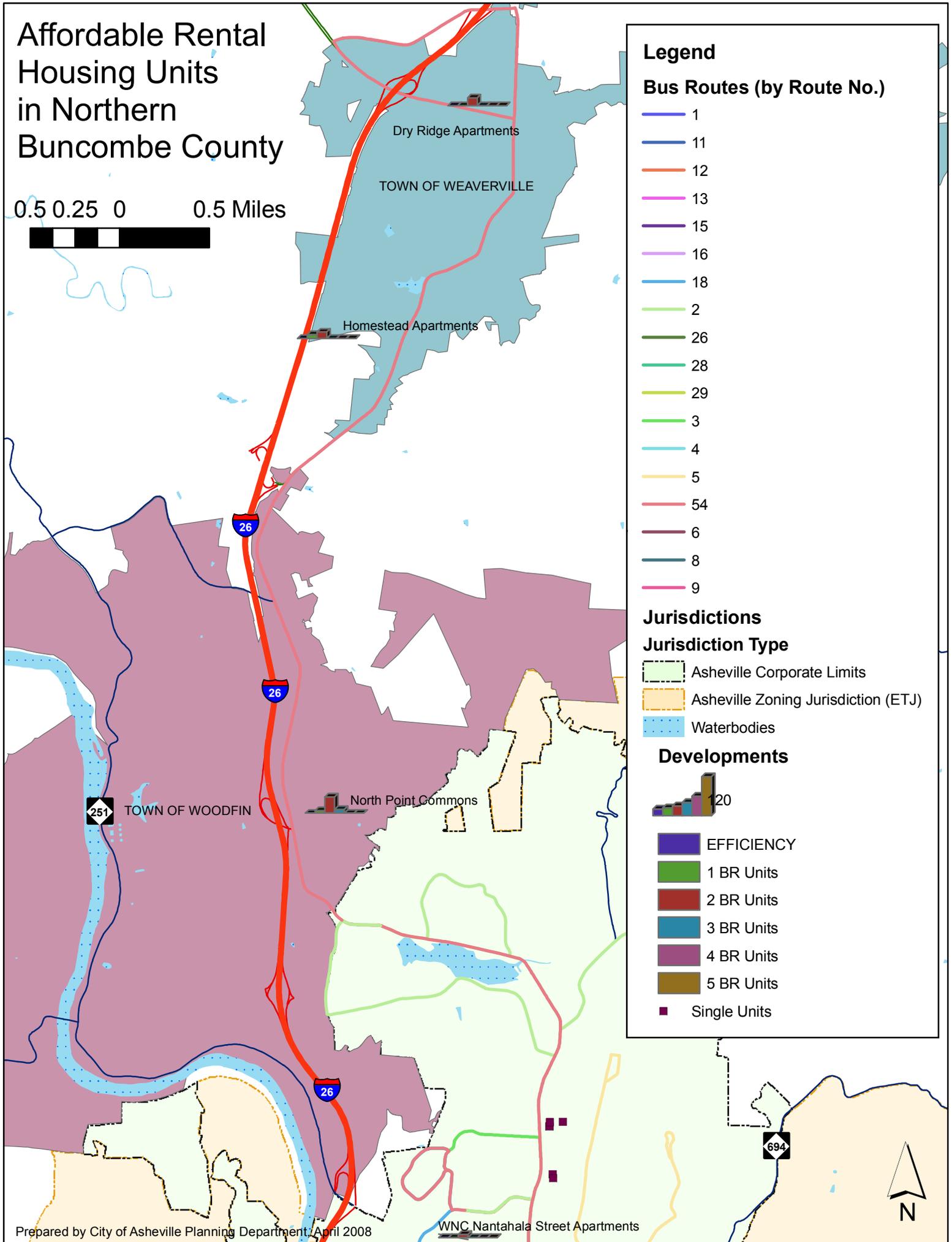


**Legend**

<b>Jurisdictions</b>	<b>Bus Routes (by Route Number)</b>	<b>Developments</b>
<ul style="list-style-type: none"> <li> Asheville Corporate Limits</li> <li> Asheville Zoning Jurisdiction (ETJ)</li> <li> Buncombe County</li> <li> Waterbodies</li> </ul>	<ul style="list-style-type: none"> <li> 1</li> <li> 11</li> <li> 12</li> <li> 13</li> <li> 15</li> <li> 16</li> <li> 18</li> <li> 2</li> <li> 26</li> <li> 28</li> <li> 29</li> <li> 3</li> <li> 4</li> <li> 5</li> <li> 54</li> <li> 6</li> <li> 8</li> <li> 9</li> </ul>	<ul style="list-style-type: none"> <li> 120</li> <li> EFFICIENCY</li> <li> 1 BR Units</li> <li> 2 BR Units</li> <li> 3 BR Units</li> <li> 4 BR Units</li> <li> 5 BR Units</li> <li> Single Units</li> </ul>

0.4 0.2 0 0.4 Miles

# Affordable Rental Housing Units in Northern Buncombe County



# Affordable Rental Housing Units in Southern Buncombe County

## Legend

### Bus Routes (by Route No.)

- 1
- 11
- 12
- 13
- 15
- 16
- 18
- 2
- 26
- 28
- 29
- 3
- 4
- 5
- 54
- 6
- 8
- 9

### Jurisdictions

#### Jurisdiction Type

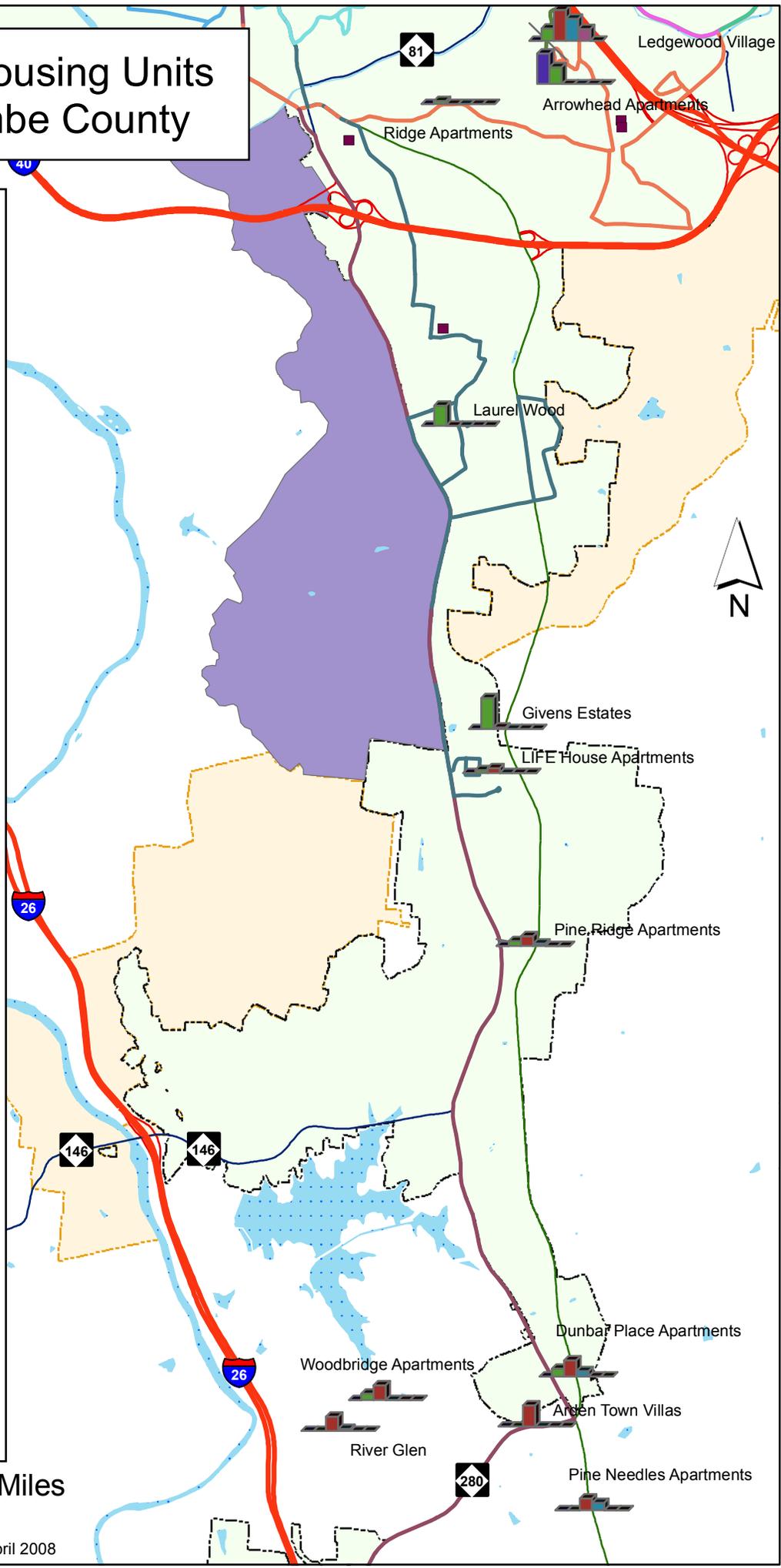
- Asheville Corporate Limits
- Asheville Zoning Jurisdiction (ETJ)
- Waterbodies

### Developments

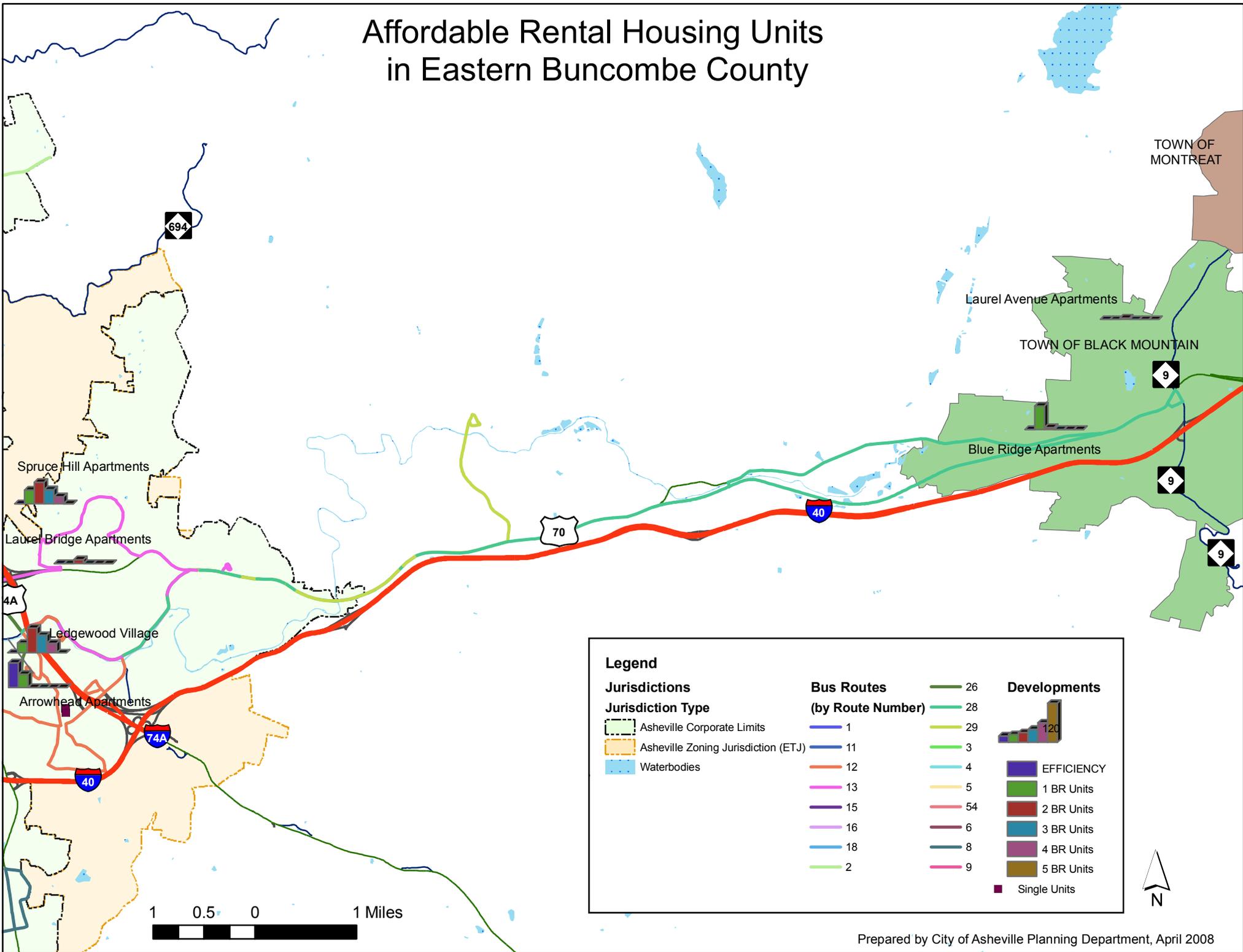


- EFFICIENCY
- 1 BR Units
- 2 BR Units
- 3 BR Units
- 4 BR Units
- 5 BR Units
- Single Units

1 0.5 0 1 Miles



# Affordable Rental Housing Units in Eastern Buncombe County



**Legend**

<b>Jurisdictions</b>	<b>Bus Routes (by Route Number)</b>	26	<b>Developments</b>
<b>Jurisdiction Type</b>	1	28	120
Asheville Corporate Limits	11	29	EFFICIENCY
Asheville Zoning Jurisdiction (ETJ)	12	3	1 BR Units
Waterbodies	13	4	2 BR Units
	15	5	3 BR Units
	16	54	4 BR Units
	18	6	5 BR Units
	2	8	Single Units
		9	



# Affordable Rental Housing Units in Western Buncombe County



## Legend

### Bus Routes (by Route No.)

- 1
- 11
- 12
- 13
- 15
- 16
- 18
- 2
- 26
- 28
- 29
- 3
- 4
- 5
- 54
- 6
- 8
- 9

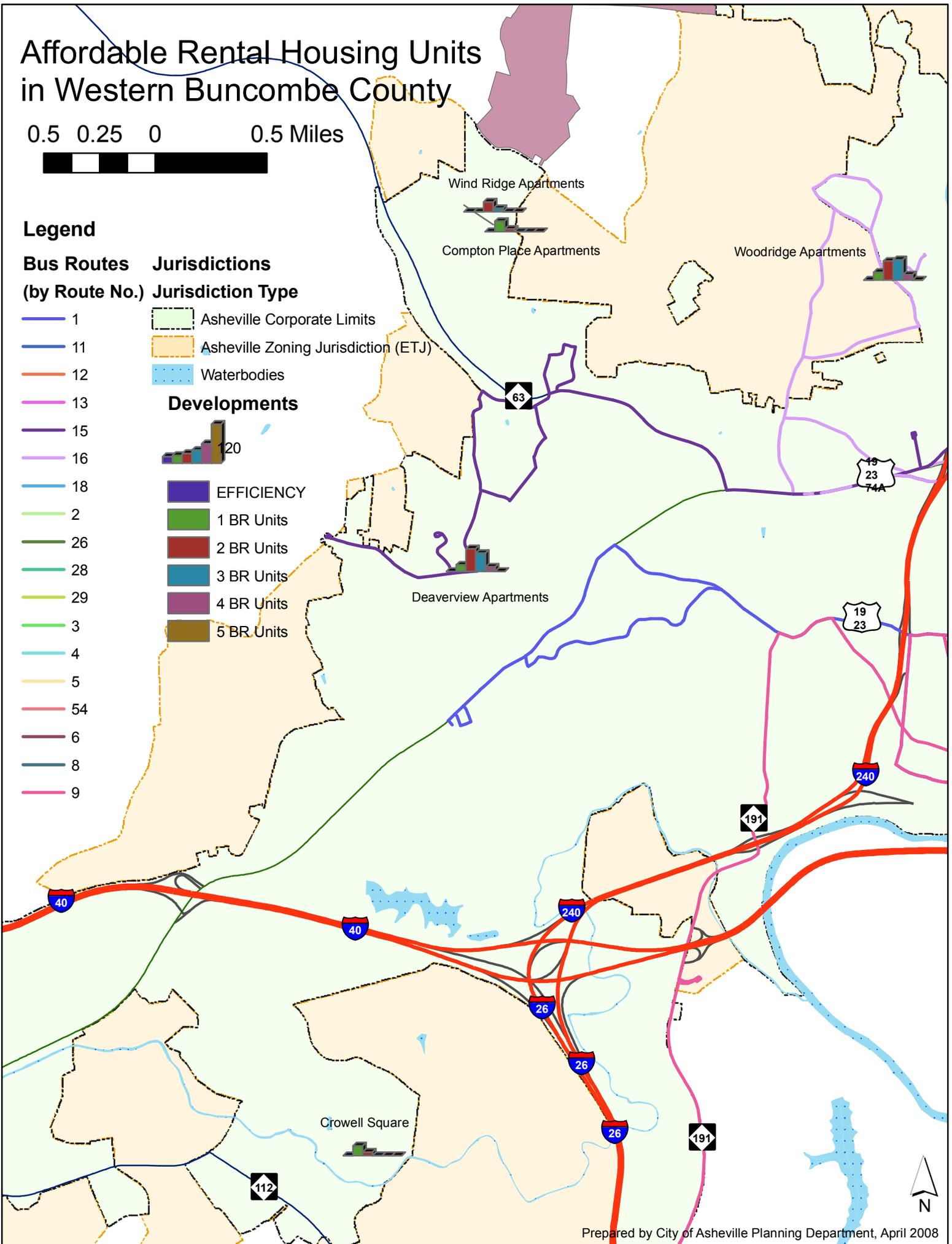
### Jurisdictions

#### Jurisdiction Type

- Asheville Corporate Limits
- Asheville Zoning Jurisdiction (ETJ)
- Waterbodies

#### Developments

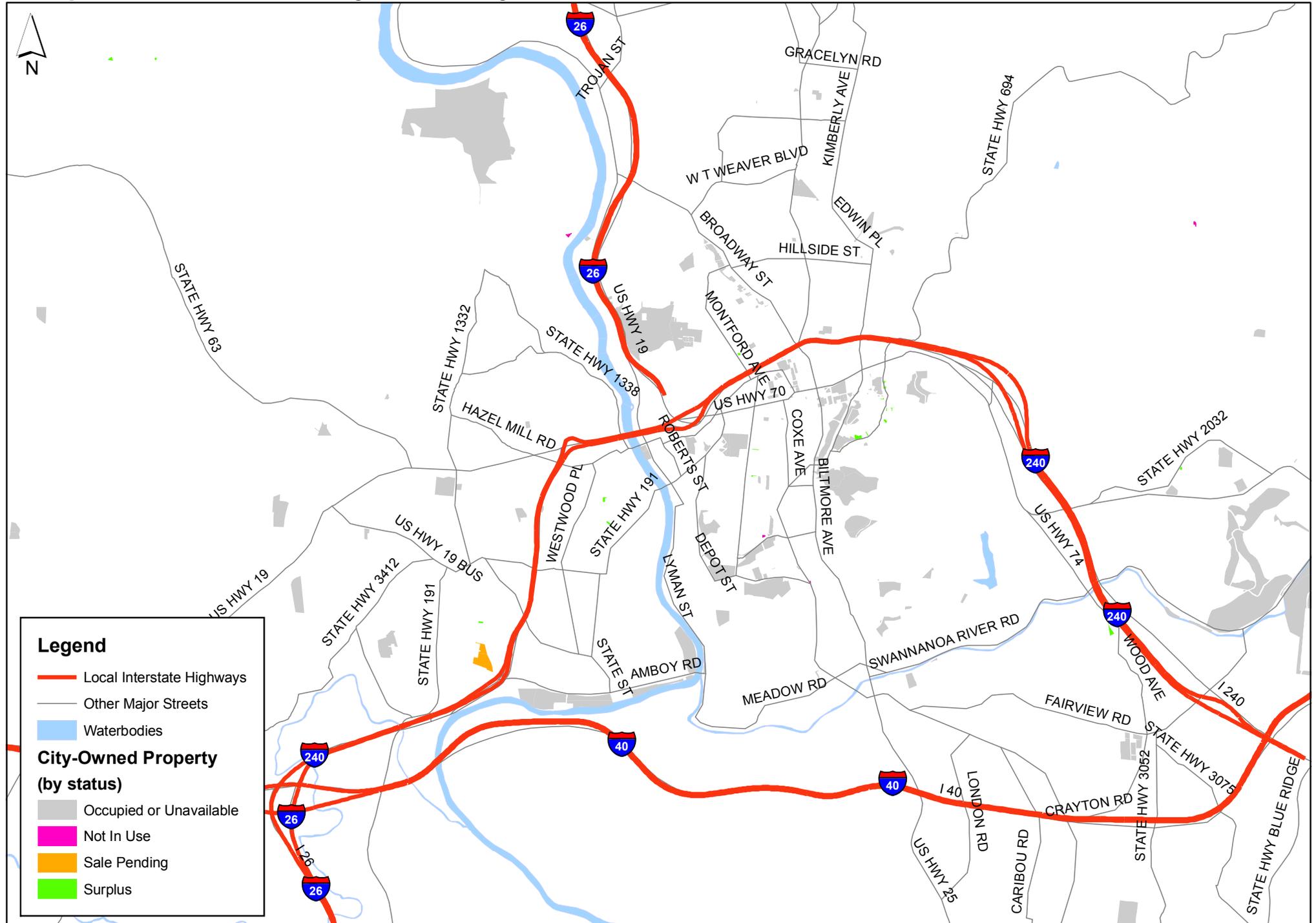
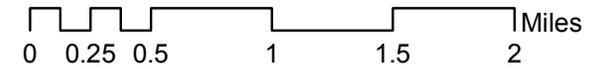
- EFFICIENCY
- 1 BR Units
- 2 BR Units
- 3 BR Units
- 4 BR Units
- 5 BR Units



## **APPENDIX G CITY-OWNED LAND MAPS**

The following map shows parcels of land owned by the City of Asheville. The properties are classified as: occupied or unavailable, not in use, sale pending, or surplus. For information on a specific site, please contact the City of Asheville Community Development Division at 828-259-5721.

# Properties Owned by the City of Asheville



**Legend**

- Local Interstate Highways
- Other Major Streets
- Waterbodies

**City-Owned Property (by status)**

- Occupied or Unavailable
- Not In Use
- Sale Pending
- Surplus

This map is not for site study. For more information, please contact the City of Asheville - Community Development Office.

May 2008