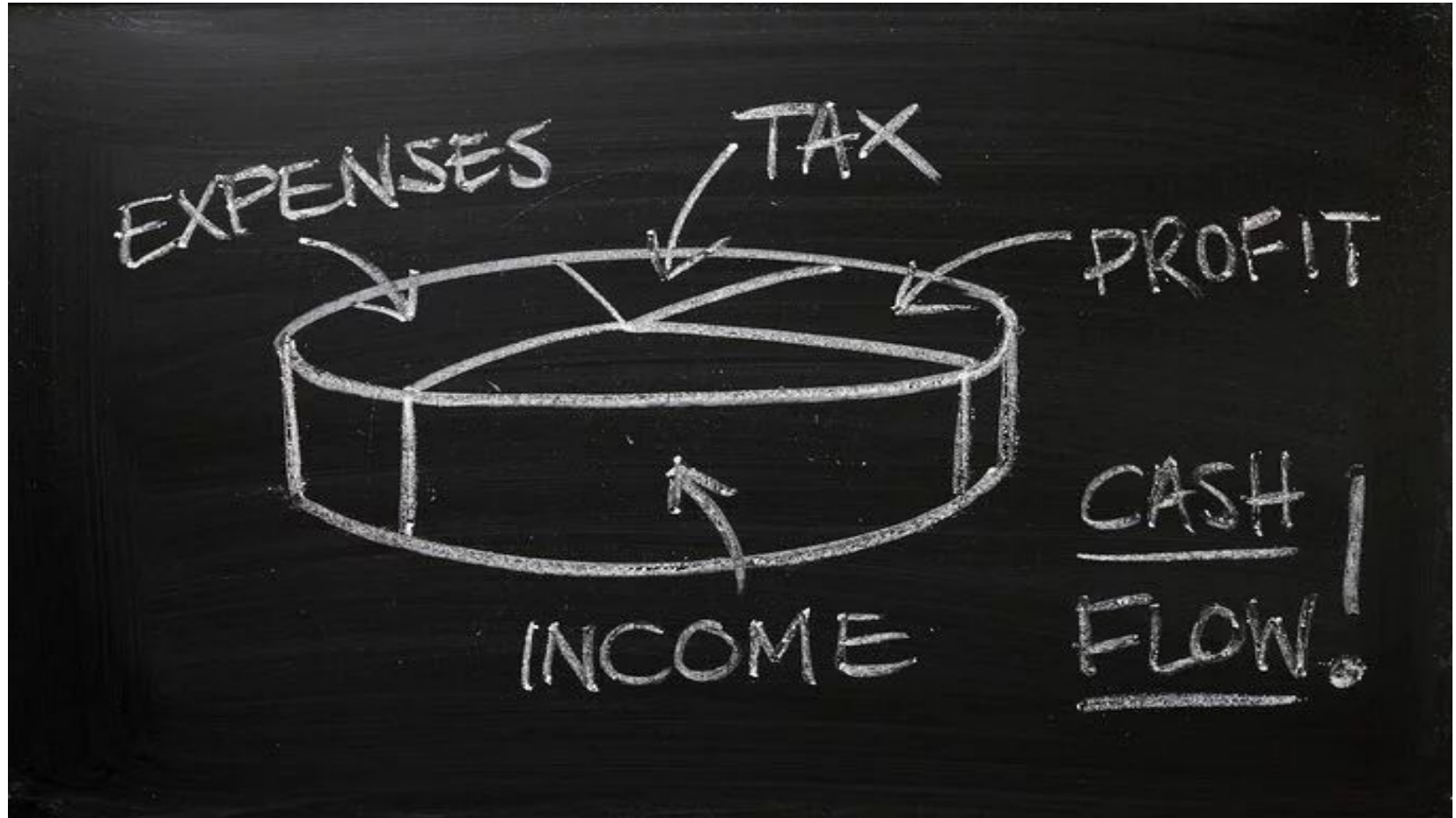


Affordable Housing - Hard & Complicated



Affordable Housing - Numbers Game



Lower Wages / Higher Housing Costs

Supply / Demand



What is Affordable Housing?

Households, both rental & homeownership, should spend no more than **30% of their gross income** on housing costs.

Renter - this includes rent & utilities

Homeowner - this includes mortgage, insurance & taxes.



.....The more \$\$ we spend on housing, the less we have to spend on life's other necessities and to support the local economy.

Who is Cost Burdened?

- > 30% on housing - Cost Burdened
- > 50% on housing - Severely Cost Burdened

Bowen Report 2019* / Buncombe County

46.1% of Renters are Cost Burdened

21.3% of Owners are Cost Burdened

19.4% of Renters are Severely Burdened

7.9% of Owners are Severely Burdened



*2019 Housing Needs Update, Buncombe County, North Carolina

Housing Affordability - Not just in Asheville

- Nowhere in the U.S. can a worker earning minimum wage, full-time, afford a two-bedroom home at fair market rent.
- In only 28 counties nationwide can a full-time minimum-wage worker afford a one-bedroom rental home at fair market rent.
- US Housing Construction Not Keeping Pace with Demand
- Middle Incomes Now Impacted by Housing Cost Burdens

In Buncombe County, a minimum wage worker would need to work 85 hours per week to afford a modest one-bedroom apartment.

FY 2019 Area Median Incomes

Household Size	Extremely Low Income (30% AMI)	Very Low Income (50% AMI)	Low Income (60% AMI)	Low Moderate Income (80% AMI)	Moderate Income (100% AMI)
One-person	\$13,950	\$23,250	\$27,900	\$37,200	\$46,500
Two-person	\$16,910	\$26,600	\$31,870	\$42,500	\$53,120
Three-person	\$21,330	\$29,900	\$35,850	\$47,800	\$59,750
Four-person	\$25,750	\$33,200	\$39,840	\$53,100	\$66,400
Five-person	\$30,170	\$35,900	\$43,000	\$57,350	\$71,680
Six-person	\$34,590	\$38,550	\$46,200	\$61,600	\$77,000

Affordable Housing & Asheville



\$39,818 Average Annual Salary *
(think Heating & Air Technician)
(\$19.14 an hour)

On that salary, a person or household would have **\$995** to spend per month on housing. This salary could be supporting a family of 1, 2, 3, 4 +.

- Renter - rent & utilities
- Homeowner - mortgage, insurance & taxes

Housing Wage	Housing Costs	Gap
<p>\$995/month on housing (including utilities)</p> <p>\$831/month on rent (not including utilities)</p>	<p>Average rent in Asheville - \$1148</p>	<p>That's <u>\$317</u> more than the average household can afford per month</p>
<p>\$995 to spend per month on housing (includes insurance & taxes)</p>	<p>Median House cost \$310,000</p> <p>Your mortgage payment would be \$1653 /month</p> <p>(w/20% down)</p>	<p>That's <u>\$658</u> (minimum) more than the average household can afford per month</p>

Our Heating & Air Technician

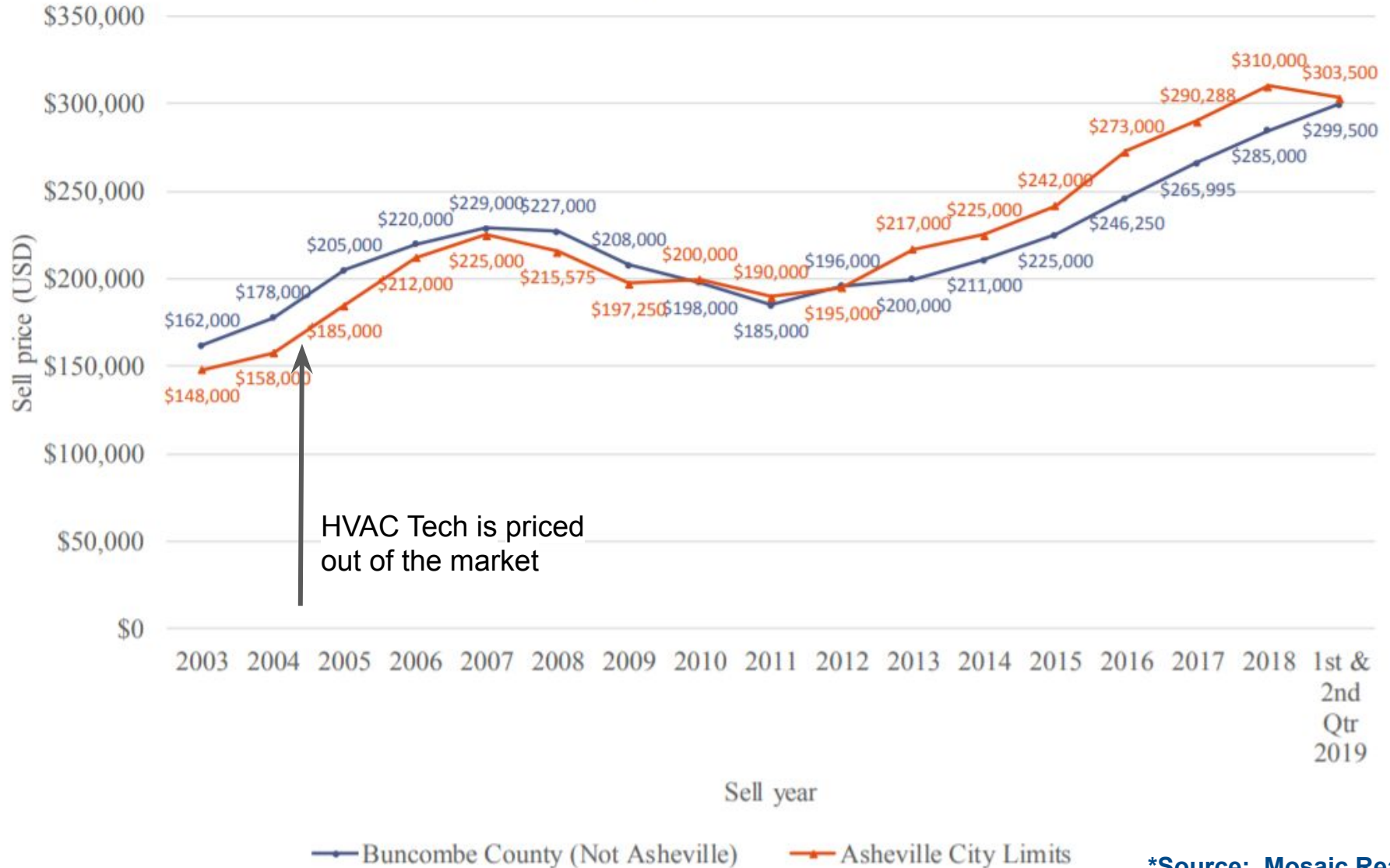
At a salary of approximately
\$40,000 per year, supporting an
individual or family,
this community member
could afford a home priced @
\$135,000 (0% down)
or
\$170,000 (20% down)

Median Home Sale Price in City of Asheville and Buncombe County*



*Source: Mosaic Realty

Median Home Sale Price in City of Asheville and Buncombe County*



*Source: Mosaic Realty

Buncombe Housing Market - as of July 2019*

<u>Home Price</u>	<u># of Homes For Sale</u>
Less than \$199,999	66
\$200k - \$299,999	214
\$300k - \$399k	286
\$400k - \$499,999	206
Price at \$500k+,	531

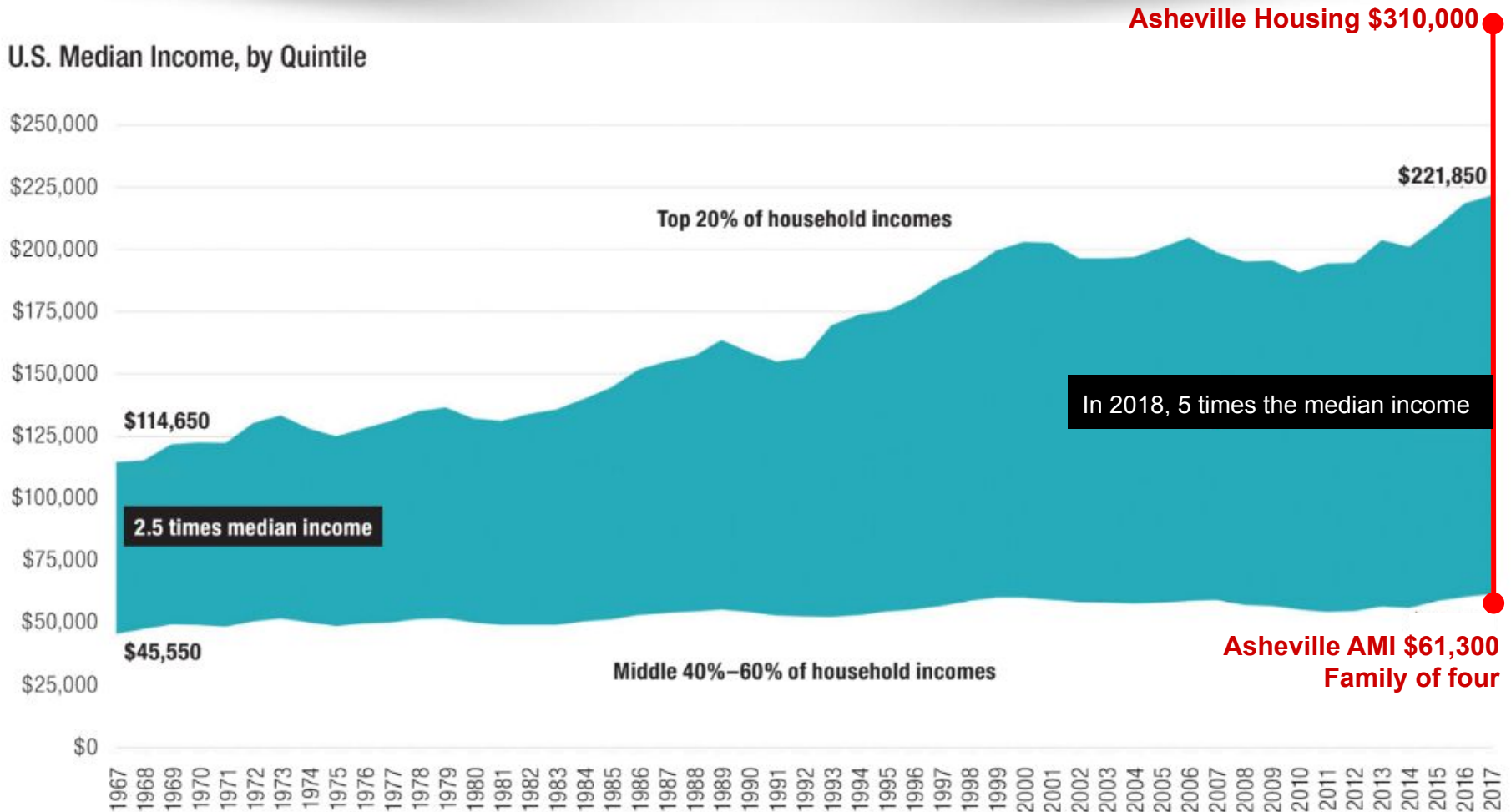
*In 2014, there were 863 homes available under \$300k vs 280 today

Asheville City Limits - Only 48 homes listed under \$275,000

*Source: Mosaic Realty

Price of Housing

U.S. Median Income, by Quintile



Sources: U.S. Census Bureau; RCLCO.

Summary

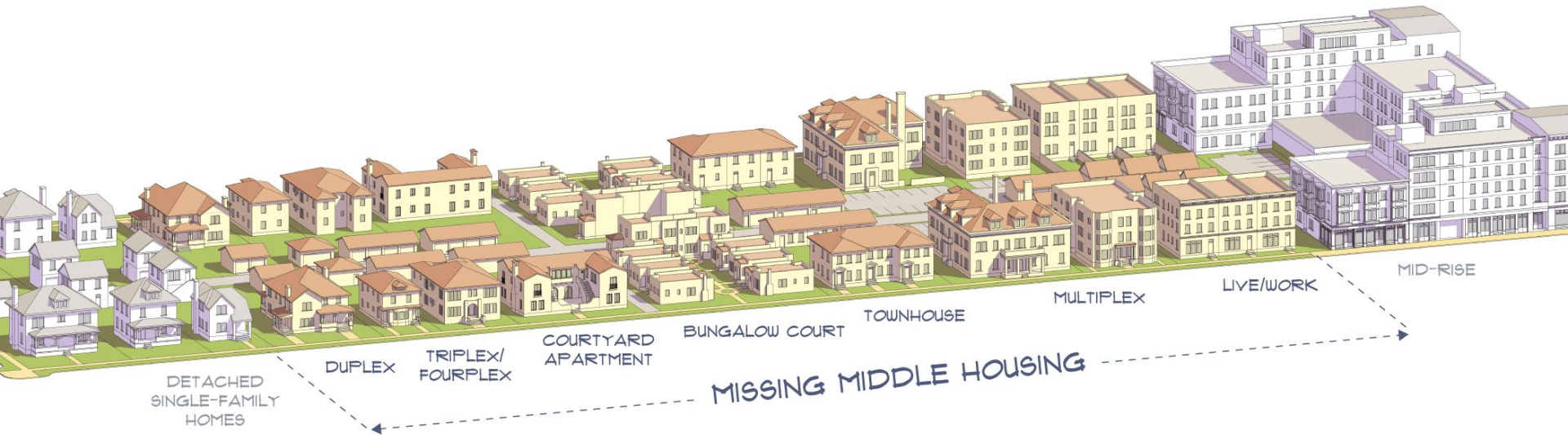
- Gap in wages vs. housing costs
 - City has limited influence on the income side
- Supply vs. Demand
 - Not enough units are being added to the market
 - Strong demand puts pressure on pricing
- Lowest income earners are the most cost burdened
 - Needs cut across all income levels below 80% AMI
 - The lower the AMI level, the higher the subsidy
 - Our moderate and low income households are being priced out of home ownership in Asheville

The Problem ... The Gap

Most wages, salaries & incomes we produce
in our area don't support the average
housing costs in Asheville,
both rental & homeownership.

Market Problem in search of a Community Solution.

Vision for Housing



An equitable inclusive mixed-income community with a variety of housing types at a variety of price points, both homeownership and rental, for the variety of incomes & wages we produce in Asheville.

Challenges for Delivering Affordable Housing

- <30% Area Median Income
Gap of up to \$120,000 per unit
- 30-60% of Area Median Income
Gap of up to \$100,000 per unit
- 80% of Area Median Income
Gap of up to \$80,000 per unit

Gap depends on % of AMI, length of affordability, # of units, location of build, style of build

Challenges of delivering affordable housing

2019 Urban Land Institute (ULI) report

- Cost of Capital - Financing costs
- Lack of Building Efficiencies
- Availability of Buyer Financing
- Cost of Materials
- Lack of industry leadership
- Lack of density
- NIMBYism
- Local government regulation & fees
- Land prices / availability

Challenges of delivering affordable housing

2019 Urban Land Institute (ULI) report

Asheville's Development Community =

- ★⁴ Cost of Capital - Financing costs
 - Lack of Building Efficiencies
 - Availability of Buyer Financing
- ★² Cost of Materials
 - Lack of industry leadership
 - Lack of density
 - NIMBYism
- ★³ Local government regulation & fees
- ★¹ Land prices / availability

The City's role in affordable housing

Funding

City-owned Land

Regulatory

Summary

- Development constraints are known
 - Land / Availability
 - Cost of Capital
 - Government regulations
- The lower the AMI level, the higher the subsidy
- Once we fully understand how affordable housing is developed, we can design policies to make an impact and build community.

Dionne Nelson, Laurel Street



President & CEO of Laurel Street, a mixed-income development company located in Charlotte, NC.

Dionne has over 25 years of experience in real estate development, finance and operations.

Previously, Dionne was the Sr VP at Crosland Development, responsible for affordable housing developments and operations.

Dionne works extensively with the Urban Land Institute. She is a Trustee and serves on ULI's Affordable and Workforce Housing Council, the National Advisory Board for the ULI Terwilliger Center for Housing.

Dionne is a board member of the YMCA of Greater Charlotte and has previously served as a member of the Charlotte-Mecklenburg Planning Commission.

Dionne holds a master's of business administration from Harvard University and graduated magna cum laude with a bachelor's in economics from Spelman College.