



Heath Ridge Village



Downtown Wake Forest



Townes at Gateway Commons

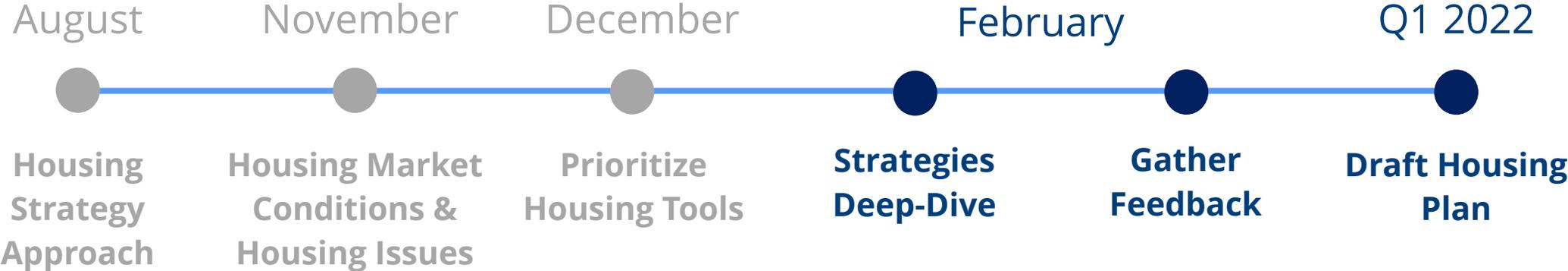
TOWN OF WAKE FOREST AFFORDABLE HOUSING PLAN

BOARD OF COMMISSIONERS MEETING 2

FEBRUARY 1, 2022



Affordable Housing Plan Progress



1-to-1 stakeholder outreach to "ground truth" data and refine housing tool recommendations

Today's Objectives

Today we will:

- ✓ Share draft strategies that the Town of Wake Forest can further evaluate to address its housing needs
- ✓ Gather feedback from Commissioners on the prioritization of strategies, specific tools and goals to include in the draft Affordable Housing Plan

Recap: Housing Need in Wake Forest

Housing Market Conditions Recap

Wake Forest has seen **rapid growth** in the last decade outpacing countywide growth—especially at higher incomes.

This growth has led to **rapid increases in housing costs** for both rental and for-sale homes.

Rapid population growth and housing pressures has risked exacerbating existing **racial inequities**.

+55%

Increase in population (2010-2020)

+61%

Increase in home prices since 2015

-14 pts

Change in Black homeownership since 2015

Housing Needs Recap

Wake Forest's housing needs can be understood in three major categories.



Rental affordability. Low and very low-income renters in Wake Forest are particularly impacted. Almost all renter households making less than \$20,000 per year pay more than 50% of their income in rent. Single-parent households and senior renters both face disproportionate rental cost burden.



Access to homeownership. Across almost all incomes, homeownership rates are decreasing, but this particularly impacts younger, first-time homebuyers and older homeowners on fixed incomes who want to age in place.



Displacement pressure. Housing cost burdens for almost every category of resident increased in the past 5 years, with cost burdens for Black homeowners increasing 24%. Senior homeowners are also particularly cost burdened, making it difficult for them to age in place in Wake Forest.

Housing Strategies

Key Housing Goals

The following housing goals have emerged based on the findings of the housing needs assessment, discussions with the Advisory Committee and feedback from stakeholders.



Preserve and expand access to homeownership



Create high quality affordable rental housing



Incentivize the diversification of housing options



Retain existing residents who want to stay in Wake Forest and prevent displacement

Strategies Overview

There are three primary strategies that the Town of Wake Forest can pursue to meet the needs of Wake Forest residents most impacted by housing issues.

Housing Strategies

Expand and Preserve Homeownership: The Town can help existing homeowners stay in their homes and provide entry points for moderate income buyers by using public funding and land use programs to create and preserve homeownership opportunities.

Create New Affordable Rental Housing: The Town can pursue targeted opportunities to create affordable housing for low and very low-income renters through special projects.

Build Capacity and Partnerships: The Town can build internal scope to monitor and report on housing progress, make strategic decisions about the use of Town funds, and partner with the County to coordinate on housing programs and investments.

Populations Served

- ➔ Existing older homeowners on a fixed income, particularly non-white older homeowners
- Young, moderate-income families making 60-100% AMI
- ➔ Low- and very low-income renter households (>60% AMI)
- Older, long-term residents hoping to downsize and age in place on a fixed income
- ➔ All Wake Forest residents will benefit from increased housing capacity and partnerships

Strategies Overview

Each of these strategies will require the Town to deploy specific tools and take advantage of local and regional partnerships.

Tools to Expand and Preserve Homeownership

1. Down Payment Assistance
2. Owner Occupied Rehab
3. Voluntary Inclusionary Zoning
4. Community Land Trust
5. Accessory Dwelling Units



Tools to Create New Affordable Rental Housing

1. Public Land Disposition
2. Public Housing Redevelopment
3. Low Income Housing Tax Credit Gap Funding



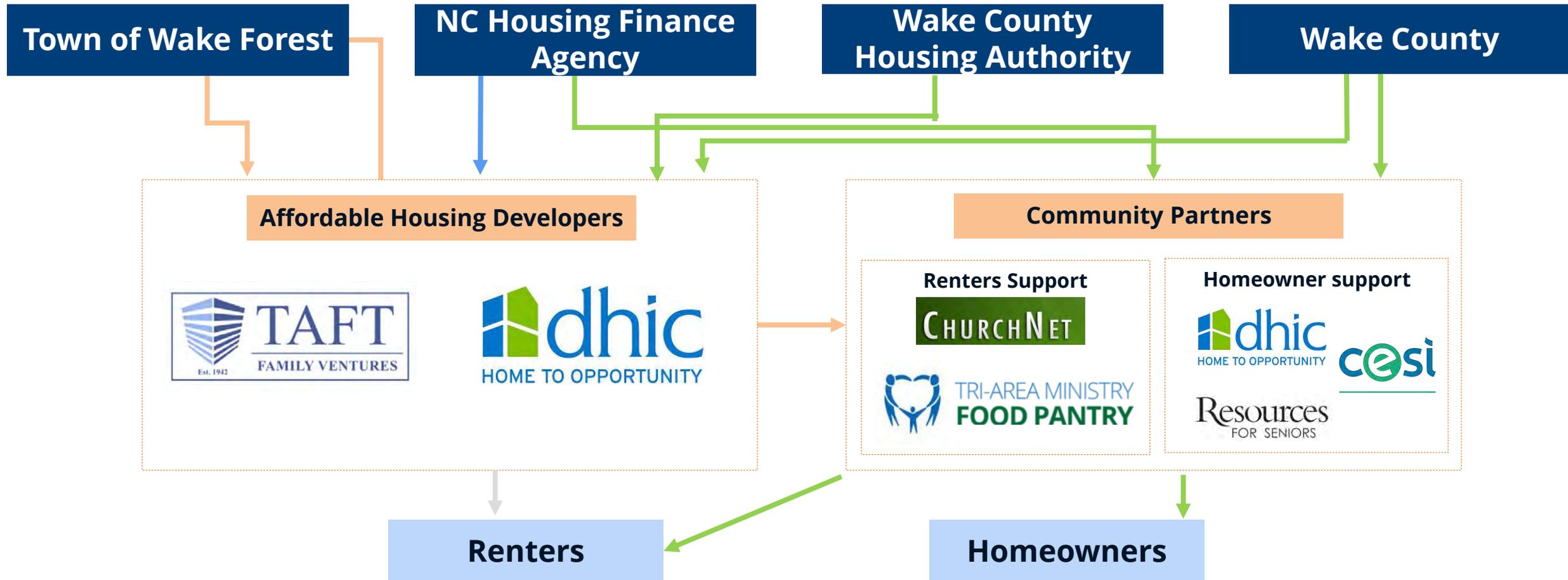
Tools to Build Capacity and Partnerships

1. Coordinate with the County
2. Build Real Estate Expertise
3. Monitor Progress
4. Engage the Community



Housing Ecosystem

The housing ecosystem has many players and relationships. Wake Forest should leverage existing and new partnerships while focusing on local strategies that will have the highest impact.



Strategy 1: Expand Access to Homeownership

The Town can help existing homeowners stay in their homes and provide entry points for moderate income buyers by using public funding and land use programs to create and preserve homeownership opportunities.

Expanding access to homeownership requires that the Town deploy a set of tools:

Down-Payment Assistance

The Town can allocate funding for a supplemental Down-Payment Assistance program that can be layered with the County's DPA program, increasing access to homeownership for moderate-income buyers.

Owner-Occupied Rehab

The Town can use a non-profit partner to coordinate closely with the County to ensure that residents are connected to the right programs and that the Town's program is additive to and not duplicative of the County's.

Voluntary Inclusionary Zoning

The Town can create a voluntary inclusionary zoning policy to increase the production of affordable homeownership units as part of new market rate development.

Community Land Trust

The Town can give land or subsidize the purchase of land by a Community Land Trust to preserve long-term affordability of homes and provide access to wealth creation to low and moderate-income residents.

Accessory Dwelling Unit Demonstration Program

The Town can fund and/or facilitate a demonstration program for the construction of secondary units on single-family lots. ADU demonstration programs are designed to increase the feasibility and likelihood of homeowners creating secondary units.

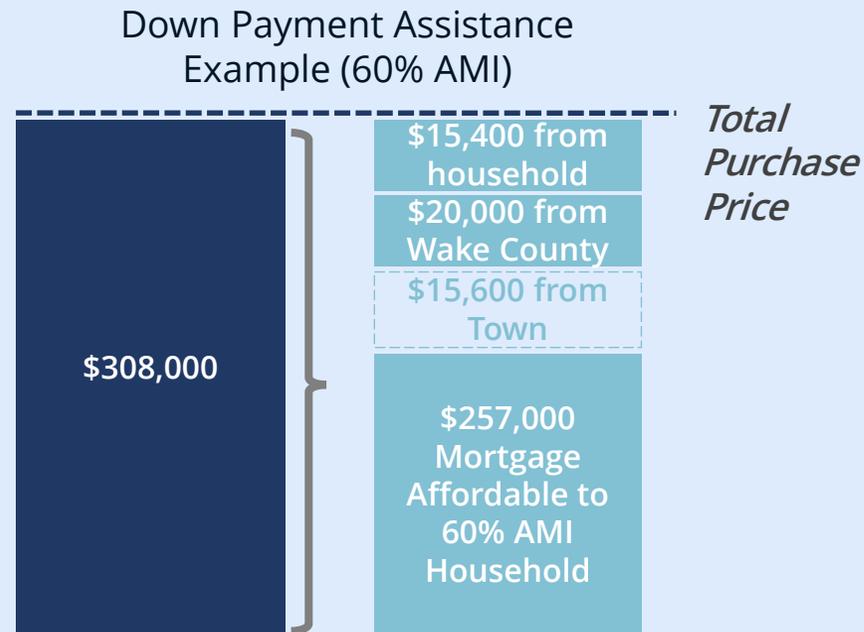
Expand Access to Homeownership

Down-Payment Assistance (DPA)

The Town can allocate funding for a supplemental Down-Payment Assistance program that can be layered with the County's DPA program, increasing access to homeownership for moderate-income buyers. Wake County has a strong DPA program but does not offer enough subsidy to close the gap for many households. To support 60% AMI households, the Town can allocate \$7,000-\$15,000 per household.

How does it work?

- Down Payment Assistance reduces the upfront costs of homeownership through grants or forgivable loans.
- These grants or loans go to income-qualified households to cover a portion of the down payment and closing costs for a home.
- DPA is typically paired with homeownership counseling to prepare first-time buyers for the full costs of housing, including utilities, insurance, and maintenance.



Implementation

1. Set budget for annual program allocation.
2. Work with the County to align the rules and regulations of the program.
3. Identify a community partner to conduct outreach to potential homebuyers to create a pipeline of residents who can participate in the program.
4. Connect those residents to homebuyer counseling, through the County program or other non-profit partners.

Expand Access to Homeownership

Owner-Occupied Rehab (OOR)

The Town currently has an OOR program designed to target the Northeast Community, up to \$15,000 per household. The Town can use a non-profit partner to coordinate closely with the County to ensure that residents are connected to the right programs and that the Town's program is additive to and not duplicative of the County's.

OOR Programs Available to Wake Forest Residents

Program Name	Description	Populations Served
Wake County Elderly and Disabled Homeowner Grants	<ul style="list-style-type: none">Modest home repairs to assist with mobility or retrofits	<ul style="list-style-type: none">Elderly and disabled homeowners making up to 50% of AMI
Wake County Emergency Grant Program	<ul style="list-style-type: none">Home repairs including heating, well/septic roof and electrical hazards.	<ul style="list-style-type: none">Homeowners earning up to 40% of AMI
Wake Forest Housing Rehabilitation Program	<ul style="list-style-type: none">\$50,000 dedicated for an initial one-year term, up to \$15,000 per householdRebuilding Together of the Triangle has been selected to run the program	<ul style="list-style-type: none">The Northeast NeighborhoodHouseholds making up to 80% of AMI

Implementation

1. Establish budget for annual allocation of program funds.
2. Reevaluate the program on an ongoing basis to set terms that are complementary to the County's program.
3. Engage Rebuilding of the Triangle Together to coordinate with the County's program managers.
4. Coordinate with partner organization to ensure that Wake Forest residents can apply for County funding.

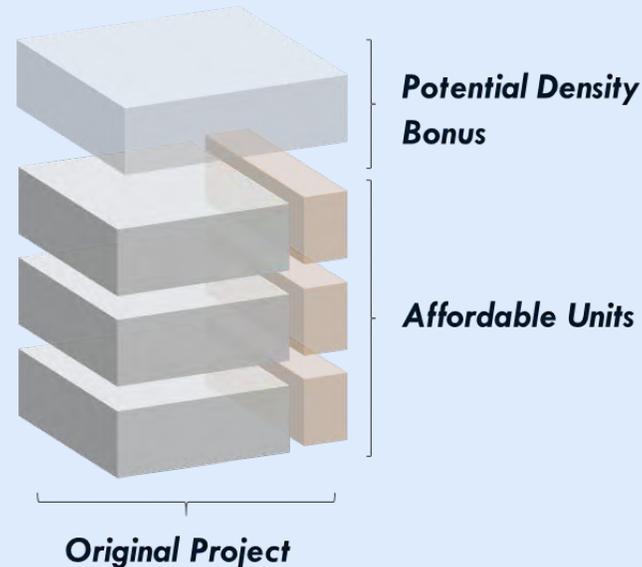
Expand Access to Homeownership

Voluntary Inclusionary Zoning

The Town can create a voluntary inclusionary zoning policy to increase the production of affordable homeownership units as part of new market rate development. In a strong market, inclusionary zoning will both increase the number of affordable units and support the development of mixed-income neighborhoods, which can advance access to opportunity.

How does it work?

- The Town would incentivize developers to include affordable homes in market-rate developments by offering **density bonuses**, **reduced zoning regulations** (setbacks, alley requirement), or **reduced fees**
- This would formalize a policy that has been used informally through the conditional zoning process, in which the Town has asked for affordability in exchange for incentives



Implementation

1. Set development and affordability targets for the voluntary incentives.
2. Analyze the feasibility and effectiveness of different incentive structures, including the potential for a fee-in-lieu option.
3. Calibrate the incentive structures to the Town's market conditions.
4. Monitor and adjust requirements over time to reflect changing market conditions.

Expand Access to Homeownership

Community Land Trust (CLT)

The Town can give land or subsidize the purchase of land by a Community Land Trust. The Raleigh Area Land Trust (RALT) is a new land trust that creates opportunities for perpetual, affordable homeownership for low-income households by selling homes at a lower cost to income-qualified buyers.

How does it work?

- Community partners like RALT purchase and rehabilitate homes and resell the deed to the house while maintaining ownership of the land
- Restrictions are placed on the resale price of homes to preserve affordability
- RALT currently targets families earning 80% AMI or less and properties with a max price of 250K

COMMUNITY LAND TRUST



The CLT separates ownership of the land from the buildings that sit upon it. The CLT retains ownership of the land and leases it to the homeowner, reducing the purchase price.

Implementation

1. Set criteria for public land to be donated or sold for a reduced cost to the RALT or other Trusts.
2. Provide Town land or subsidize the purchase of properties.
3. Ensure that purchase and resale regulations of any partner Trust align with the Town's homeownership goals.
4. Work with the Trust and the County to layer in down payment assistance.

Image: SLC Community Land Trust

Expand Access to Homeownership

Accessory Dwelling Unit (ADU) Demonstration Program

The Town can fund and/or facilitate a demonstration program for the construction of secondary units on single-family lots. ADU demonstration programs are designed to increase the feasibility and likelihood of homeowners creating secondary units.

How does it work?

- **Soft Cost Reduction:** Towns can help reduce the barrier to entry for homeowners by publishing a menu of design concepts compatible with the housing stock
- **Funding:** Targeted financing programs can help reduce development costs for low-income households and households with seniors
- **Permitting Process:** Financial assistance is typically coupled with measures to simplify the accessory apartment permitting process, thus reducing the “barrier to entry.”

ADU Typologies

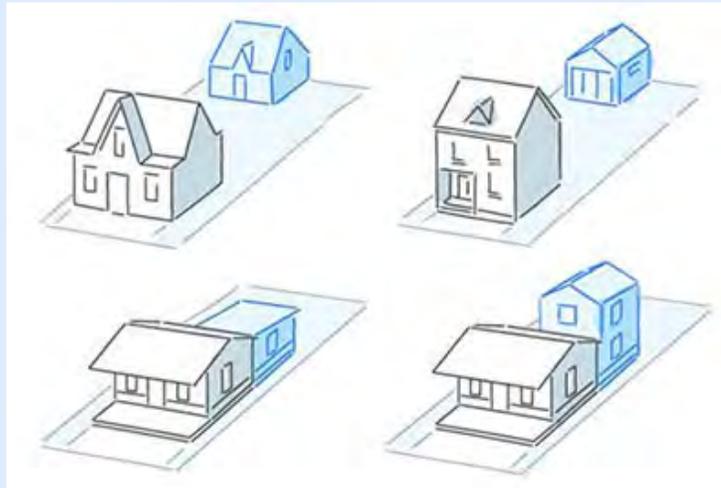


Image: A+ Construction & Remodeling

Implementation

1. Develop a guide for homeowners or a menu of potential building designs to reduce costs to residents.
2. Simplify the permitting process for accessory units to make it easier and more intuitive to get permits.
3. Pilot a program to demonstrate the feasibility of ADUs.
4. Analyze the feasibility of creating a low-cost funding program.

Expand Access to Homeownership

The Town will need to decide how to allocate limited local annual funding (approx. \$345,935*) across the following programs that require funding commitments.

Program	Required Annual Budget Estimate
Down-Payment Assistance	~ \$7,000-\$15,000 per household
Owner-Occupied Rehab	~ \$15,000 per household
Accessory Dwelling Unit Demonstration Program	~ \$20,000-\$50,000 upfront to establish demonstration program

*Estimated 2022 budget.

Strategy 2: Create New Affordable Rental Housing

The Town should pursue targeted opportunities to create affordable housing for low and very low-income renters through special projects.

Creating new affordable rental housing requires that the Town deploy a set of tools as opportunities arise:

Target Population

Public Land Disposition Policy

The Town can sell publicly-owned land to developers at a reduced price in exchange for developing affordable units.

60% - 80% AMI

Public Housing Redevelopment

The Town can commit to working with the Wake County Housing Authority on its long-term plan to redevelop or rehabilitate three public housing sites in Wake Forest, while preserving affordability.

< 50% AMI

Low Income Housing Tax Credit (LIHTC) Gap Funding

The Town can review LIHTC deals on a case-by-case basis and, when opportunities arise, offer gap financing to support the development of new low-income rental housing.

< 60% AMI

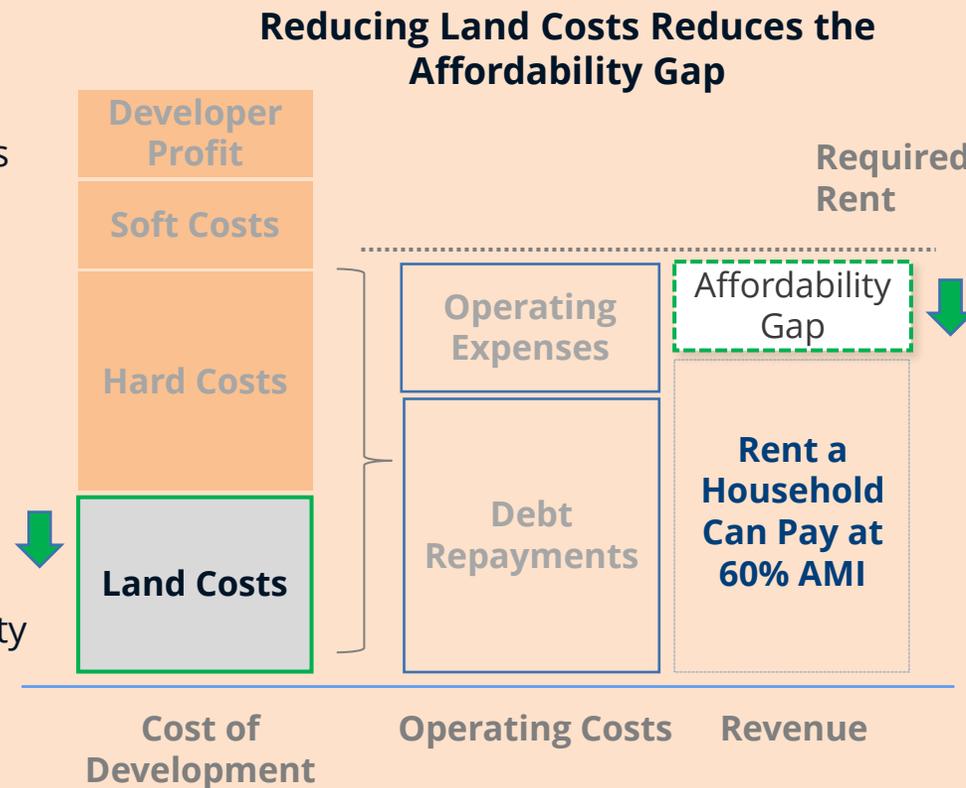
Create New Affordable Rental Housing

Public Land Disposition Policy

The Town can sell publicly-owned land to developers at a reduced price in exchange for developing affordable units. The Town should determine the sales price based on the share and level of affordability that the developer will build.

How does it work?

- The Town identifies land from its inventory that is well-suited for residential development.
- The Town sells or gives the land to a partner developer or community land trust as public subsidy to reduce the cost of development, in exchange for affordability on-site.
- The Town can decide on a priority program for the site, including populations served and affordability levels.



Implementation

1. Set criteria for publicly-owned sites to be considered for disposition
2. Conduct a feasibility analysis for each site to determine supportable program
3. Create a standardized Request For Proposals (RFP)
4. Issue an RFP for developer partners and score their proposals based on standardized criteria
5. Dispose of land and monitor to ensure that the development meets agreed-upon terms

Create New Affordable Rental Housing

Public Land Disposition Policy | Wake Forest Sites

Site #1: 317 Brooks Street, Mixed Income Rental

- This small downtown site, near town hall, is publicly-owned. The site can support about 36 rental apartments, 57 parking stalls, and 6,300 square feet of ground-floor retail.
- Based on early analysis, about 18 affordable apartments could be built for households earning 60% AMI (\$57,420). Alternatively, 36 affordable apartments could be built for households earning 80% AMI (\$76,560).

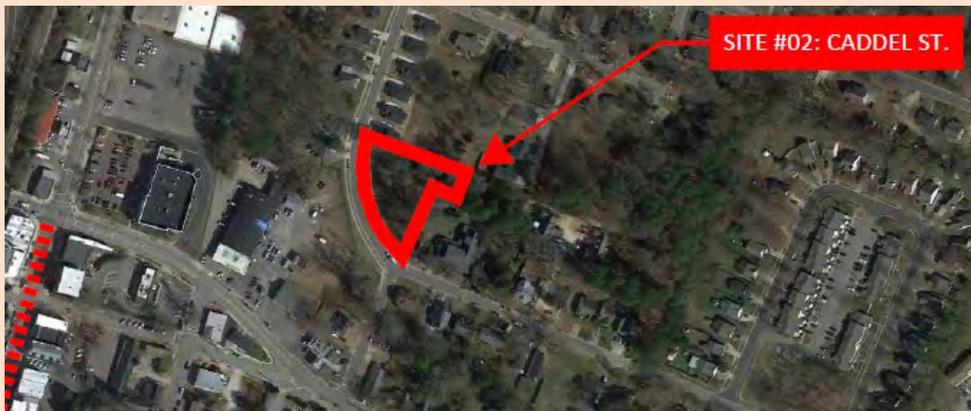


Create New Affordable Rental Housing

Public Land Disposition Policy | Wake Forest Sites

Site #2: Cadell Street, Affordable Homeownership

- This site, near the north end of N Taylor St, is also publicly-owned. The site can support 6-7 townhomes and 1:1 equivalent parking stalls.
- Based on early analysis, 1,600 sf townhomes (2- or 3-bedrooms) could be built for ~\$260,000-\$290,000 each, which are affordable to households earning 60% AMI. A duplex program could include smaller 1- or 2-bedroom units affordable to 50% AMI households, if there is demand for this product.



Through both the Affordable Housing Plan and Northeast Community Plan engagement, residents have expressed interest in high quality, affordable homeownership and rental opportunities in the Northeast Community.

Create New Affordable Rental Housing

Public Housing Redevelopment

The Town can commit to working with the Wake County Housing Authority on its long-term plan to redevelop or rehabilitate three public housing sites in Wake Forest, while preserving affordability.

How does it work?

- Public housing is one of the primary ways to provide rental homes affordable to households making 30% AMI or lower
- Reinvestment in public housing is a complex process that requires many years to plan and execute
- The Housing Authority will ultimately decide on a program for redevelopment or rehabilitation, and the Town can help facilitate the process with resident priorities in mind

Public Housing Sites in Wake Forest



Implementation

1. The Housing Authority will undergo its strategic planning process
2. The Town and Housing Authority can establish a memorandum of understanding, or similar agreement, that establishes how they will work together toward reinvestment in all public housing in Wake Forest
3. Provide support in the form of public funding, expedited review or zoning flexibility, etc.

Create New Affordable Rental Housing

Public Housing Redevelopment

N White Street Sample Massing

- This hypothetical massing for the N White Street Housing Authority site would offer high-quality affordable rental housing in single family and townhouse typologies.

The redevelopment of this site and income levels served will be contingent on the Housing Authority's strategic plan, which is currently in progress, and engagement with the existing residents.



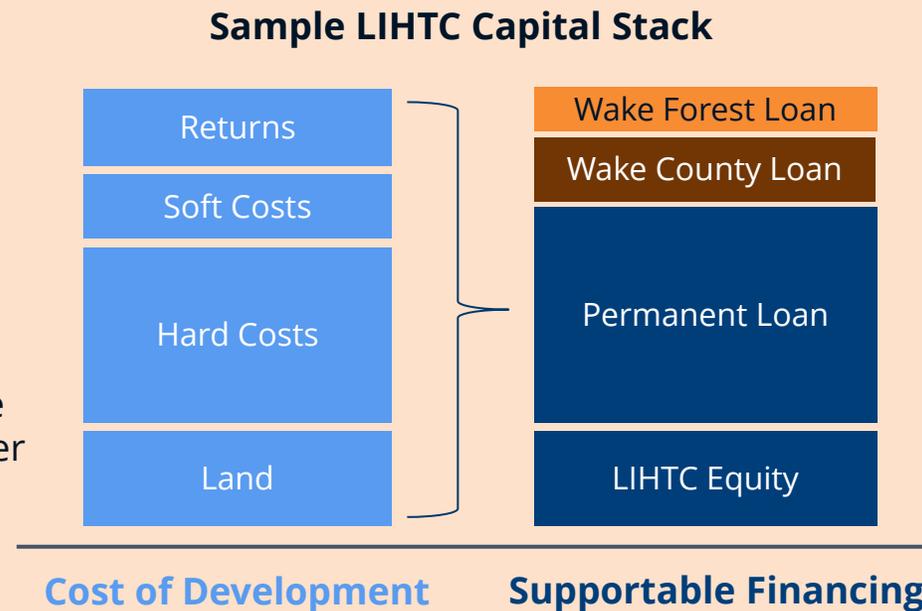
Create New Affordable Rental Housing

Low-Income Housing Tax Credit (LIHTC) Gap Funding

The Town can review LIHTC deals on a case-by-case basis and, when opportunities arise, offer gap financing to support the development of new low-income rental housing. Due to State scoring criteria and competition for LIHTC across the County, there are limited opportunities for LIHTC deals in Wake Forest. When they do arise however, local funding is often the key to making these projects financially feasible.

How does it work?

- The State allocates LIHTC on a competitive basis based on standardized scoring criteria
- Housing developers apply for LIHTC to help fund 100% affordable housing
- The Town would both approve the project and potentially offer gap funding, in addition to County funds



Implementation

1. Stay in communication with affordable housing developers about potential LIHTC applications in the pipeline
2. Work with the developer to reduce administrative and regulatory hurdles for any proposed LIHTC projects
3. Evaluate each deal to determine if the Town can contribute gap funding

Strategy 3: Build Capacity and Partnerships

The Town should build up internal capacity to manage public land sales, make strategic decisions about the use of Town funds, and partner with the County to coordinate on housing programs and investments.

Increased housing capacity will involve:

Coordination with the County

The Town can leverage a larger pool of resources to create and support affordable housing efforts by increasing coordination with County-level authorities.

Capacity and Real Estate Expertise

The Town can hire or contract staff with housing transaction expertise to manage public land transactions.

Monitoring

The Town can produce an annual housing report to track spending on housing programs and the number of households served and monitor progress.

Community Engagement

The Town should maintain ongoing community engagement to keep the public informed on housing programs and changing market conditions and solicit feedback on policy priorities.

Build Capacity and Partnerships

Coordination with the County

The Town should coordinate with the County to better connect Wake Forest to existing County programs, build upon existing housing programs to prevent redundancies and inefficiencies and leverage a larger pool of resources and expertise.

Collaboration opportunities:

- Pooling LIHTC gap funding
- Expanding owner-occupied rehab program
- Promoting housing programs to the community

Collaboration channels:

- Annual goal-setting workshops
- Bi-weekly check-ins between County and Town
- Semiannual joint town hall meetings with the community

Implementation

1. Formalize recurring channels of communication between Town and County staff
2. Understand the roster of housing and finance programs and resources that the County has already created and made available to residents of Wake Forest.
3. Identify County programs that could be bolstered with the support of the Town
4. Outline a collaboration agenda between the Town and County Authorities to identify areas of potential synergy

Build Capacity and Partnerships

Capacity and Real Estate Expertise

The Town should increase capacity and training for both City staff and other key decision-makers for Wake Forest's housing programs.

Key Considerations

- There are several training programs available to housing and community development professionals, such as the program offered by the National Development Council. This program builds housing finance capacity primarily for government and non-profit professionals.
- Investing in a training program for existing or new City staff will enable them to increase the efficiency of existing programs and evaluate land sales to align with City priorities.

Implementation

1. Create communication channels between the Town and community partners and leaders
2. Invest in training and real estate expertise development for Town staff
3. Hire or contract staff with housing transaction expertise to evaluate land transactions
4. Provide clear communication about staff roles and Town processes and priorities to external partners, and clear paths for feedback to the City

Build Capacity and Partnerships

Monitoring

Town staff should monitor and report on spending and key housing metrics to track the efficacy of programs over time. The Town can publish an annual report or maintain a website that tracks key metrics for residents to access.

Annual goals can include:

- Units produced
- Units preserved
- Target affordability levels
- Households served
- Dollar spent per household

Data can be disaggregated and tracked by:

- Race/ethnicity
- Income level
- Household size
- Housing tenure (renter, homeowner)

Implementation

1. Set annual housing goals along with detailed performance metrics
2. Prepare an annual housing report to track the Town's spending on housing programs and the number of households served
3. The report should be made public and available on the City's website and can include a live dashboard or tracker

Build Capacity and Partnerships

Community Engagement

Ongoing community engagement is crucial for keeping the public informed on housing programs and changing market conditions and soliciting feedback on policy priorities. Engagement should regularly include a diverse set of stakeholders, including those most impacted by housing issues.

Key Considerations

- Stakeholders interviewed have mentioned that there is not enough awareness about housing programs among the residents most in need of support. Prioritizing outreach and education can allow residents to take full advantage of the Town and County's efforts to promote housing affordability.
- Religious groups, non-profits, and government actors can use their platforms to reach the greatest number of people in need.
- Besides informing the public, continuous engagement can provide the Town with important feedback about the performance of its housing programs.

Implementation

1. Set an annual engagement goal and spending plan to promote housing programs
2. Engage community, religious, and elected leaders in the promotion of housing programs and resources to reach those most in need of support
3. Create and distribute program information in strategic community centers
4. Publish and promote an annual housing report that provides transparency into the Town's priorities and decisions

Feedback

1. Is the Board comfortable with the proposed housing strategies being included in the Affordable Housing Plan for further analysis? (Understanding this does not obligate the Town to carry them out.)

2. Is there a particular income level the Town should focus its limited resources on?

- Households earning 60-100% of the area median income (often referred to as workforce housing)
- Households earning below 60% of the area median income (area of greatest need and Wake County's current focus)
- Broad approach towards both income groups (this would spread resources across different programs)

Appendix

Expand Access to Homeownership

Inclusionary Zoning | North Carolina Precedents

Chapel Hill Inclusionary Housing Program:

- Mandates developers to set-aside a percentage of new for-sale residential developments for affordable housing
- Projects proposing five or more units must provide 15% (10% in the Town Center) of the units at prices that are affordable to low and moderate-income households
- At least 50 percent of the affordable housing units are reserved for households making less than 65% of AMI



Raleigh Transit Overlay District:

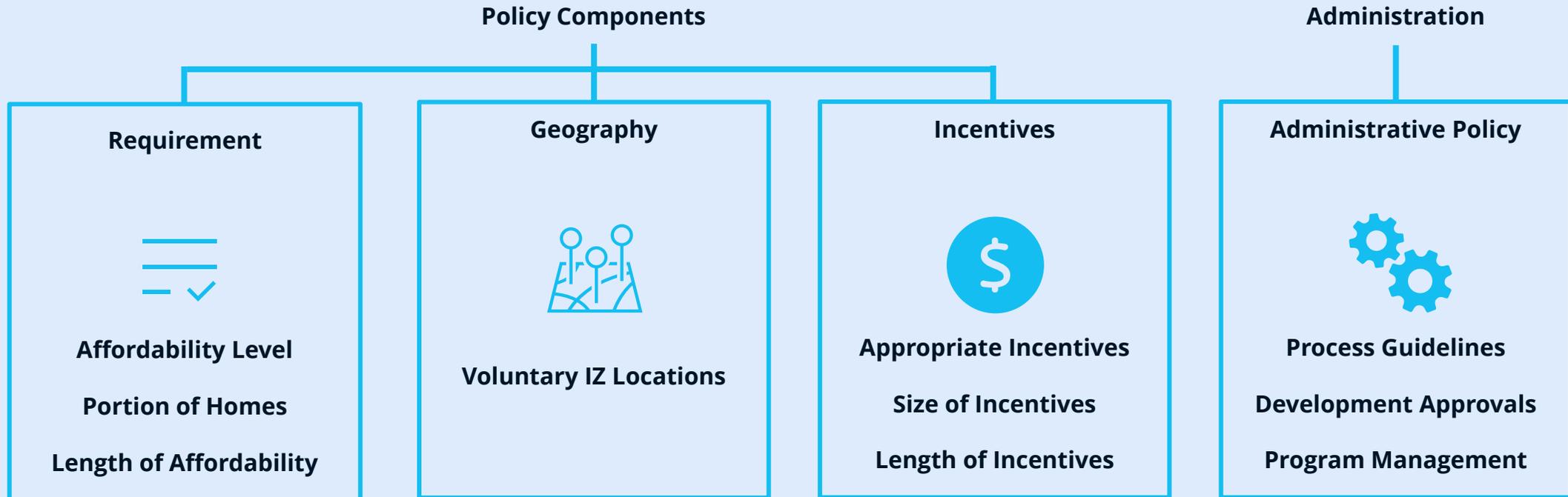
- Aims to incentivize affordable housing around the planned Bus Rapid Transit expansion
- In the Transit Overlay District, a building can be 50% taller than the maximum height if it includes affordable housing units. The number of affordable units would have to be at least 20% of the bonus units in the building
- The units must be affordable for a family making 60% of AMI or less and stay affordable for at least 30 years



Expand Access to Homeownership

Voluntary Inclusionary Zoning

The design of an inclusionary zoning policy must consider the **affordability of homes** required, geography of inclusionary zones, appropriate **incentives** to offset developer costs, and **administrative needs** and processes.



Expand Access to Homeownership

Accessory Dwelling Unit Demonstration Program | Precedents

Los Angeles ADU Pilot Project

- Created in 2018, LA's Backyard Homes Project, provides a one-stop-shop for ADU development. This incentive program offers homeowners optional financing, design, permitting, construction, and leasing support to build and rent a new ADU. The project is led by non-profit partner *LA Más*, with assistance and financing from local banks, government agencies, and additional non-profit partners.



Boston ADU Loan Program

- Launched in 2017, Boston's Home Center ADU loan is a zero-interest deferred payment loan of up to \$30k for home renovations. These loans have no monthly payments and do not require repayment until the owner sells the home.
- To reduce the costs of ADUs, the city provided design clarifications, streamlined their permitting process and made an online Toolkit.



Housing Tools Overview

Housing Tools Overview

Wake Forest already sets local regulations and deploys funds in a limited capacity to meet affordable housing needs not met by existing federal and state programs or the private market.



The Town influences the **regulatory environment** in which developers make decisions and **disseminates information** to developers, key service provider partners, and residents.

Examples include the land use code, the building code, the development review process, design guidelines, and the building permit process.



The Town deploys **public funds** for infrastructure, amenities, and affordable housing.

Examples include parks, transit, and grants for home repairs.

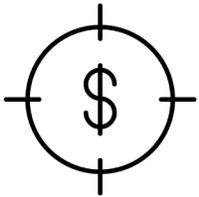
Housing Tools Overview

HR&A has analyzed a broad range of potential housing tools:



Land Use Tools

Use **municipal regulations and zoning authority** to **indirectly** improve affordability by increasing the supply of housing, and to **directly** require the production of affordable units.
e.g., by-right development, density bonuses, inclusionary zoning



Subsidy Tools

Provide **below-market rate loans, grants, or other public resources** to close the gap between what a household can afford to pay and the costs to develop and operate housing.
e.g., rental assistance, gap financing, down payment assistance, public land disposition



Tenants' Rights Tools

Preserve existing affordable housing and housing stability by using **laws and regulations** that protect current occupants.
e.g., right to counsel, rent control, just cause eviction

Evaluation of Housing Tools

Each potential land use, subsidy, and tenants' rights tool should be evaluated using the following criteria and guiding questions.

Alignment	Can the tool be designed to directly and meaningfully serve the Town's affordable housing goals and needs?	
Feasibility	Market Feasibility	Is the tool appropriate for the Wake Forest market context?
	Legal Feasibility	Can the tool be legally implemented, per local, state, and federal regulations?
	Political Feasibility	Is the tool likely to muster support from community leaders and Town leadership, where necessary?
	Funding Capacity	Is there adequate funding to implement the tool at a meaningful scale?
	Organizational Capacity	Do Town staff and nonprofit partners have the operational capacity to implement and sustain the tool at a meaningful scale?
Potential Impacts	Is the tool likely to make progress towards the Town's affordable housing goals?	

Land Use Tools

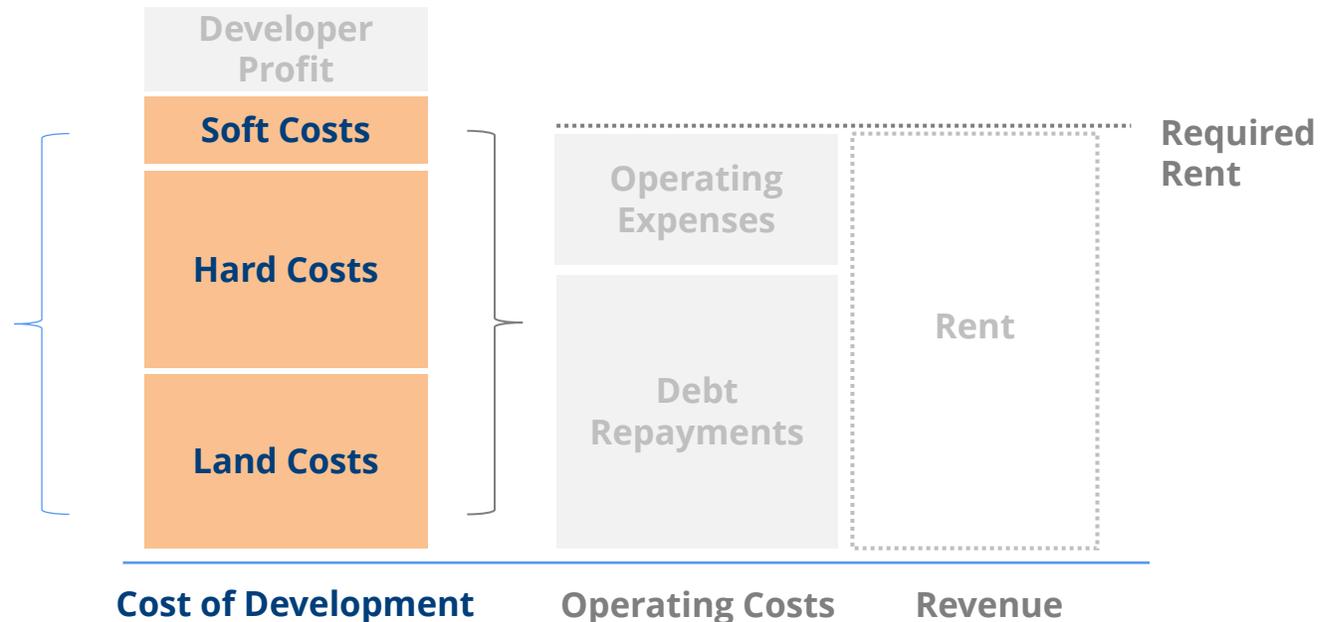


Land use tools **set the regulatory environment** in which developers and property owners make investment decisions and influence housing affordability by impacting the amount, type, location, and cost of new development.

There are 2 ways that land use and regulatory tools can support affordability:

- **Indirect Tools** increase the overall supply of housing and lower the cost of new housing
e.g., soft density, by-right development, Accessory Dwelling Units (ADUs)
- **Direct Tools** support the creation of housing through incentives or requirements to produce affordable homes
e.g., expedited review for affordable housing projects, inclusionary zoning

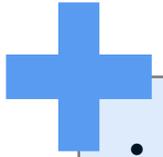
Both direct and indirect land use tools impact the cost of development.



Land Use Tools



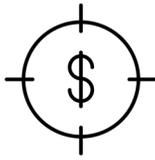
Allowing **housing supply** to grow to **match demand** is the foundation of creating affordability in a housing market. Without sufficient supply, all other housing tools are less effective and more costly.



- No public funding required to induce private development
- Increases the overall supply of housing
- Encourages, or requires, private developers to create mixed-income housing
- Reduces the ability of a limited constituency to prevent the creation of housing
- Can address legacies of racial segregation by driving new housing supply more evenly across the town
- Supports economic growth and expands tax base

- Typically, does not create *very* low-income housing
- Existing naturally occurring affordable housing (NOAH) can be lost to redevelopment
- Decreased neighborhood controls over density and form of new development
- Community opposition to land use changes limits the ability to enact meaningful change
- As only part of the region's housing market, Wake Forest's impact is limited

Subsidy Tools



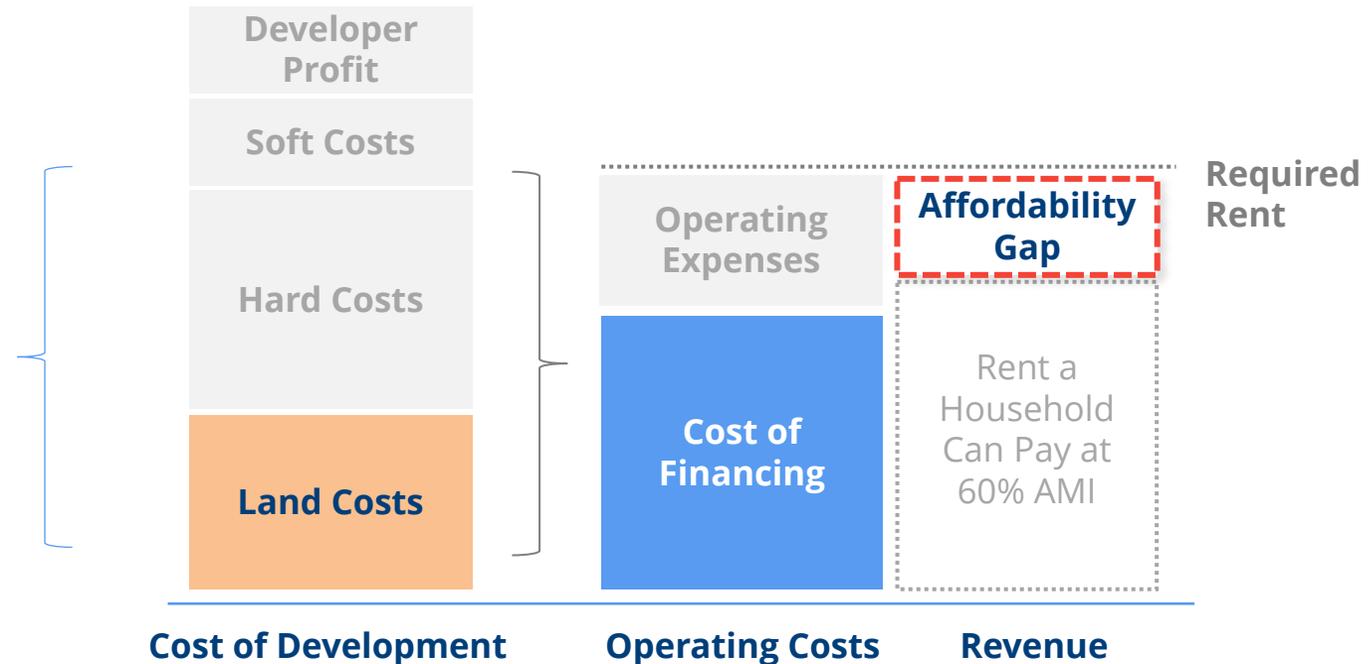
Subsidy tools close the gap between the cost to develop and operate housing and what a household can afford to pay. Subsidy tools are the most effective way to support housing for low- and very low-income households.

There are 2 primary forms of subsidy:

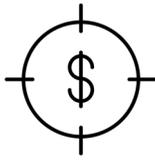
Capital Subsidies are low- or no-interest debt and grants to reduce the cost to develop or acquire housing.
e.g., gap financing, down-payment assistance, public land disposition, down payment assistance

Operating Subsidies and Income Assistance are ongoing payments to the property owner or tenant to supplement lower, affordable rent.
e.g., housing vouchers

Capital and operating subsidies can change development economics by reducing land costs, the cost of financing, and the affordability gap.



Subsidy Tools



Absent broader macroeconomic changes, there is no way to meet the housing needs of **lower income households** in strong housing markets without subsidy.



- Subsidy programs **directly create housing with affordability restrictions**
- Wake Forest can **leverage existing County programs** and resources without duplicating efforts
- The Town can **set policy priorities to concentrate funding** where it will have the most impact toward meeting its goals
- Determining a process to **set priorities and award funds** will help the Town increase funding impacts
- The Town has already made a **commitment to local funding**

- Subsidy tools **require large amounts of capital** from governments or philanthropies
- The **rising costs of homeownership** in Wake Forest have already resulted in **displacement pressures**
- The **high costs of land** and limited supply of older housing in Wake Forest create a barrier to developing a supply of affordable housing

Subsidy Tools



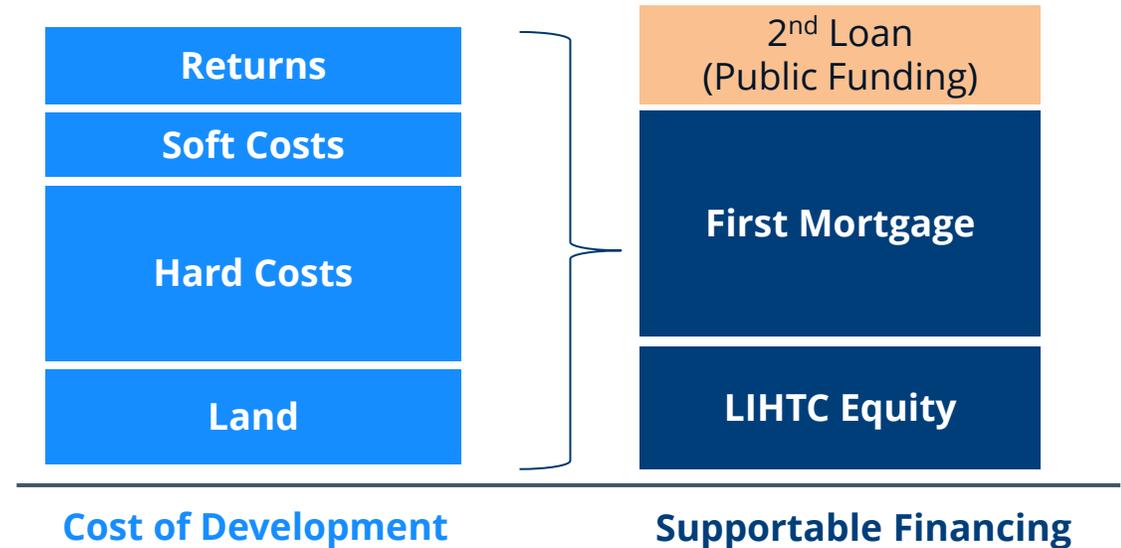
Local funding is the linchpin for many new construction or rehabilitation affordable housing deals. It is one of the few areas that is under Wake Forest's control.

Local funding is key to **leveraging** state and federal funding. \$1 of local Town money can leverage an exponential amount of additional funding.

State funding for affordable housing is significant and allocated at the project level. **Leveraging state funding should be a high priority for the Town.**

Subsidy tools require **dedicated funding**. The Town of Wake Forest passed a half-penny tax to generate about \$322,000 in capital subsidy for affordable housing annually. Wake forest will administer a \$50k fund dedicated to owner-occupied rehabilitation. In the future, the Town's funding could go to a variety of programs if more funding is secured.

Sample Affordable Rental Housing



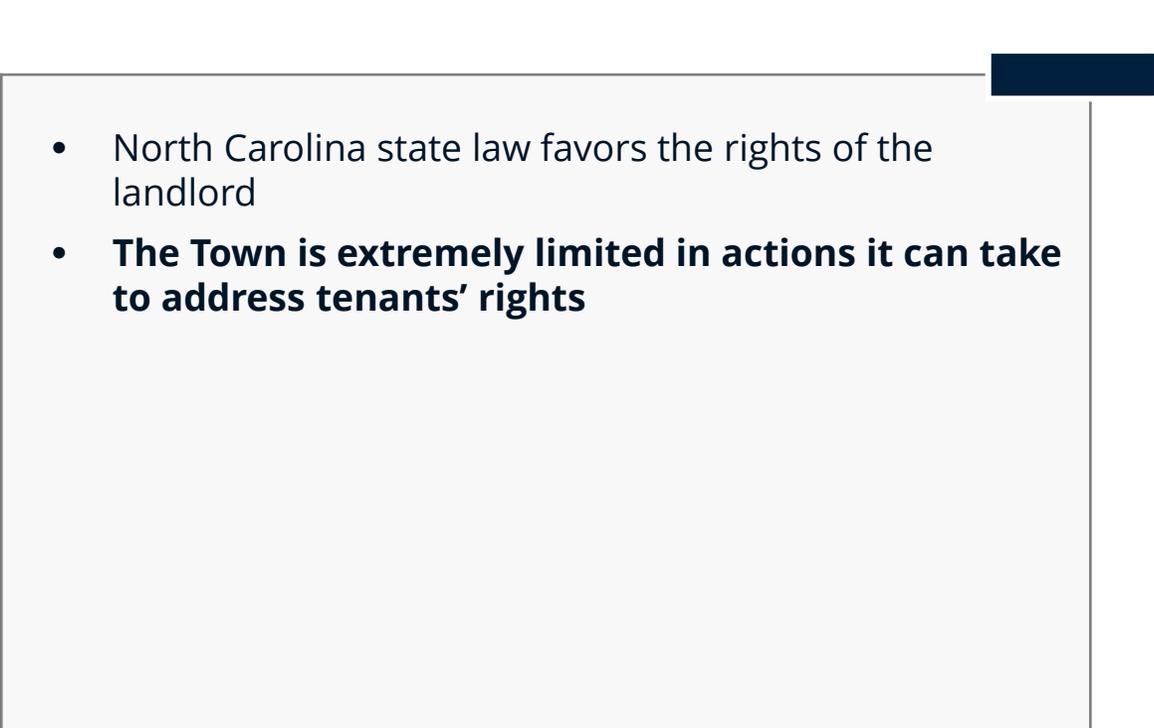
Tenants' Rights Tools



Tenants' Rights tools seek to preserve existing affordable housing by protecting the occupants of affordable housing. There are 2 primary ways to extend rights to tenants:

Enforcement of Existing Rights typically relates to the availability and affordability of legal services. *e.g., right to counsel, mandatory mediation*

Expansion of Rights help tenants stay in their homes by limiting the actions that landlords can take. *e.g., foreclosure intervention, just cause eviction*

 <ul style="list-style-type: none">• Particularly important for housing stability and preventing displacement• May increase affordability for current tenants• Pressures exploitative landlords to act in current and future tenants' interests• Regional collaboration and advocacy may help expand tenants' rights	 <ul style="list-style-type: none">• North Carolina state law favors the rights of the landlord• The Town is extremely limited in actions it can take to address tenants' rights
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Existing Housing Programs in Wake County

The Town also relies on programs offered by the County and local partners.

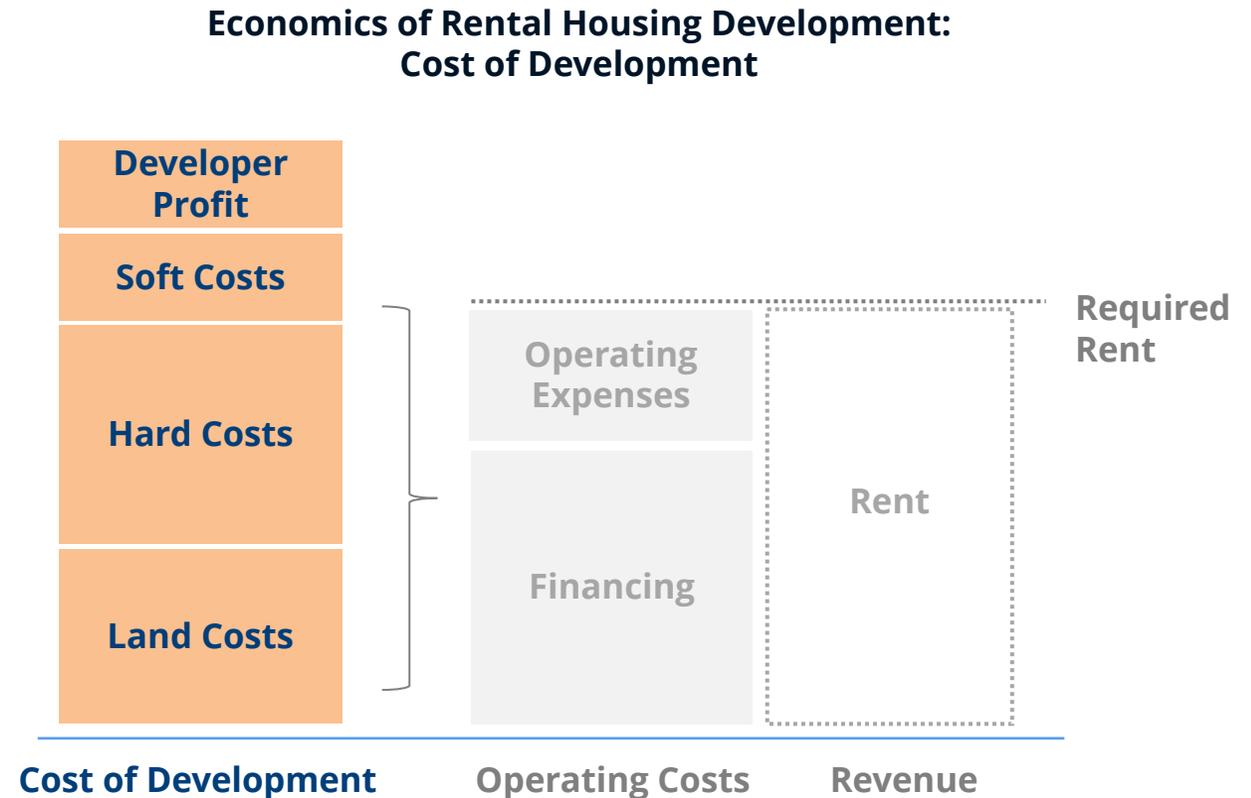


How does the Town impact affordability?

Cost and Affordability

The rent required to support the creation of new apartments is determined by the cost to develop and operate that housing.

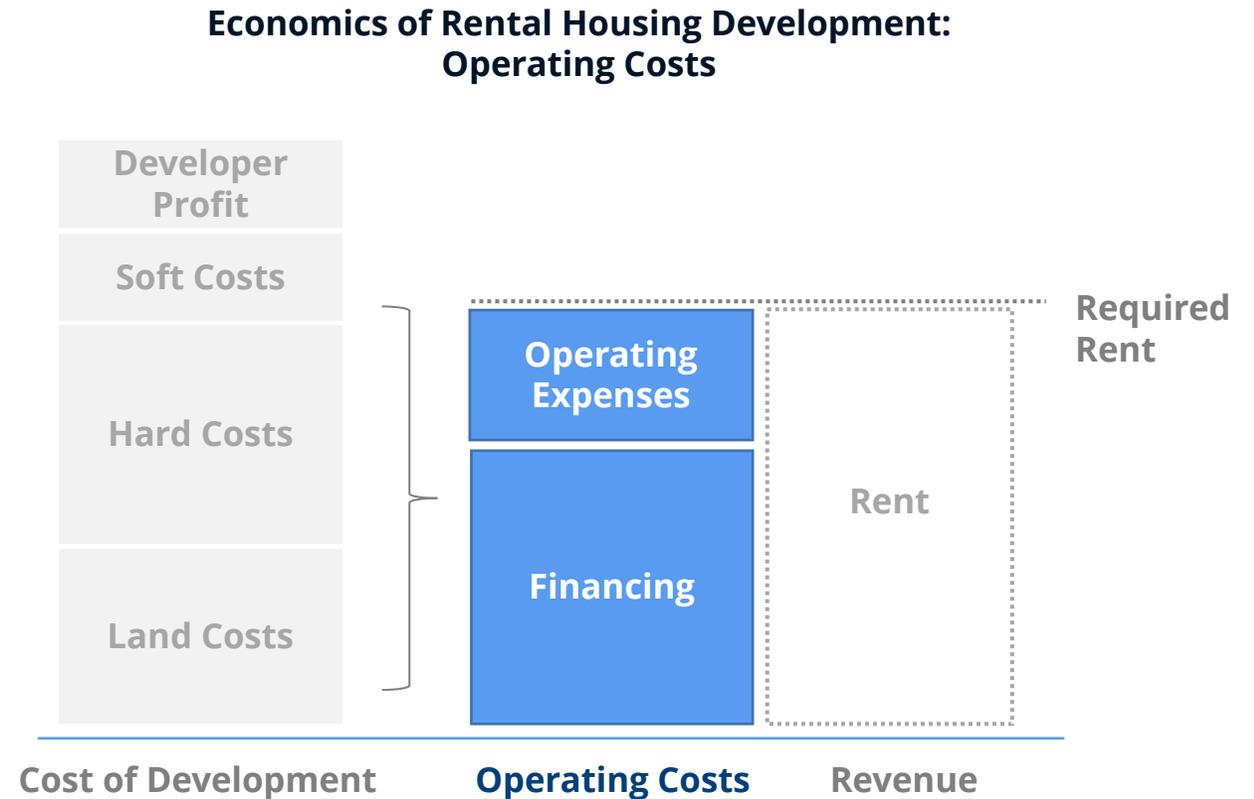
- **Cost of development** is determined by the following factors:
 - Developer Profit
 - Soft Costs (permitting fees, architects, engineers, legal)
 - Hard Costs (materials and construction)
 - Land Costs



Cost and Affordability

The rent required to support the creation of new apartments is determined by the cost to develop and operate that housing.

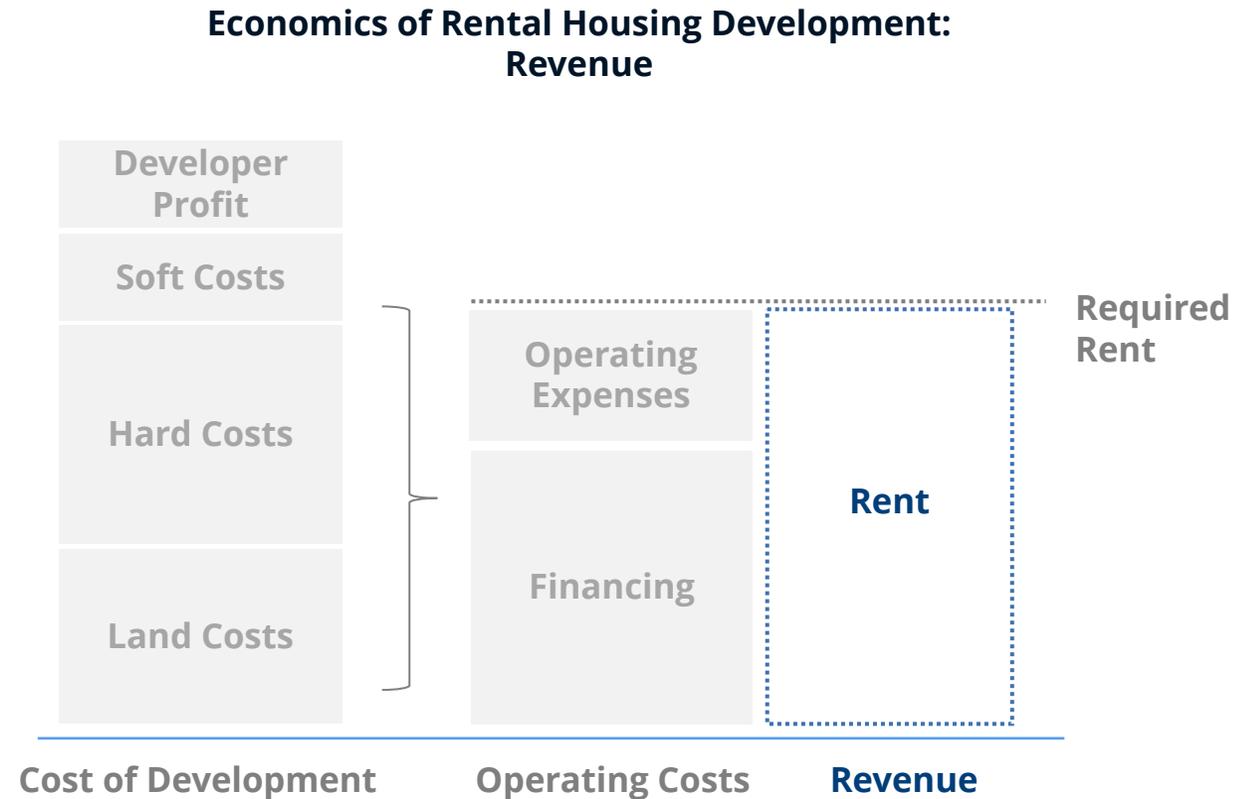
- Costs of development are paid for with financing. Repayment of that financing and operating expenses make up the ongoing **operating costs** of the property.



Cost and Affordability

The rent required to support the creation of new apartments is determined by the cost to develop and operate that housing.

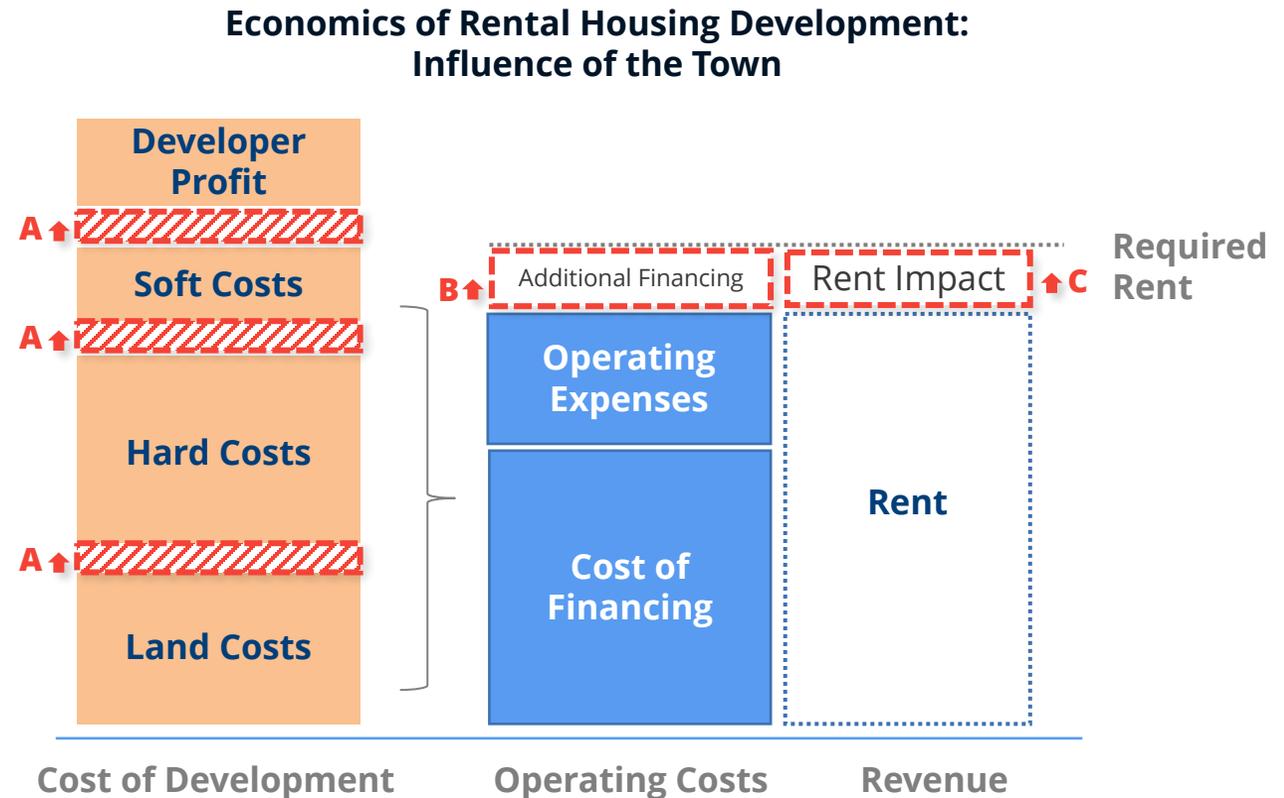
- These operating costs in turn determine the **revenue**, or rent, required to make the project viable.



Cost and Affordability

Any policy or regulation that increases development costs creates additional need for financing, which in turn raises the revenue required to support operating costs.

- State and local governments often establish policies and regulations that increase the costs of new housing without considering the impact those policies have on rents. *(e.g. impact fees, polices that limit the number of units that can be built)*
- Any policy or regulation that **increases the cost of development (A)** creates higher operating costs through **additional financing (B)** and, in turn, **higher revenue (C)** to support debt repayment.

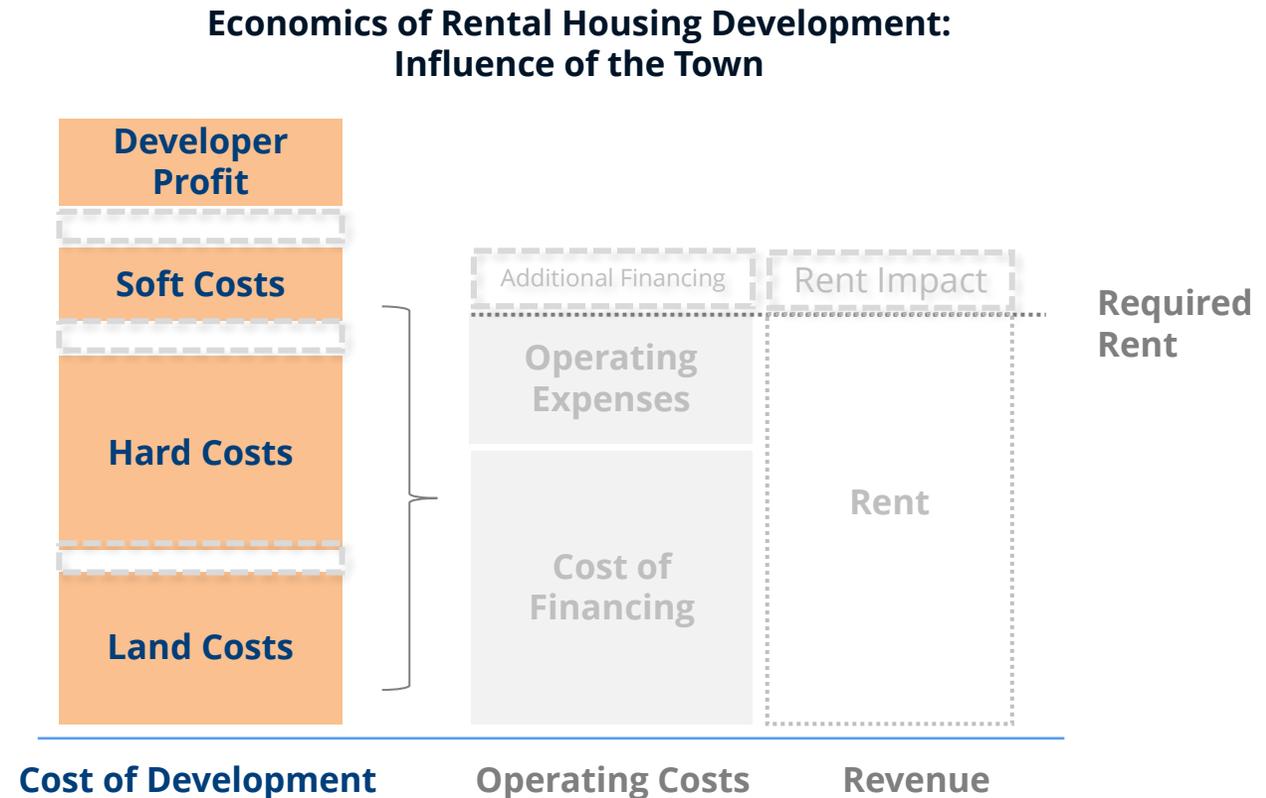


Cost and Affordability

State and local governments can also create policies and regulations that reduce development costs and increase the affordability of new rental apartments.

How can the Town influence Development Costs?

- **Land:** The uses and density allowed by zoning influence the revenue a property can generate and, in turn, the land's cost.
- **Soft Costs:** The cost of required reviews, studies, and other approvals directly impact costs.
- **Hard Costs:** Beyond the market cost of materials, building codes can dramatically increase development costs.

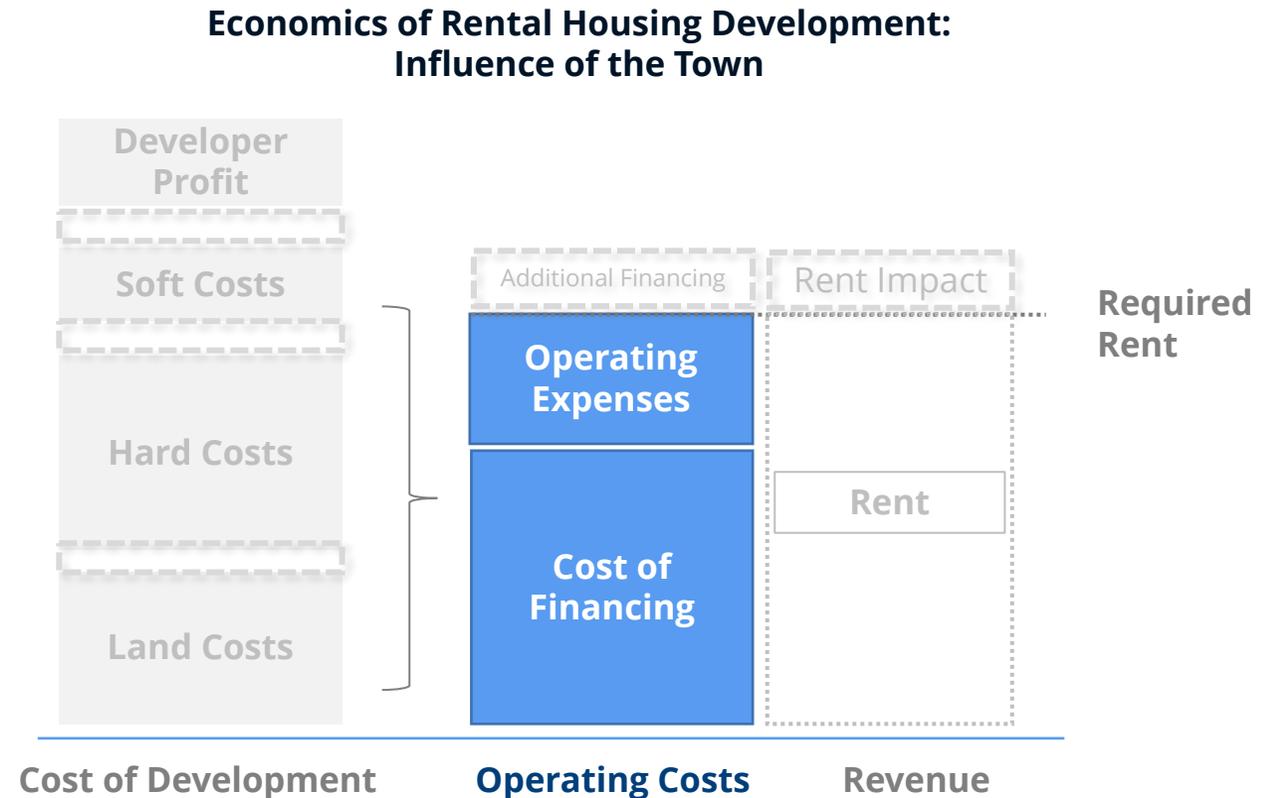


Cost and Affordability

State and local governments can also create policies and regulations that reduce operating costs and increase the affordability of new rental apartments.

How can the Town influence Operating Costs?

- **Financing:** To encourage development of additional apartments at affordable prices, local government can fund a portion of project costs and reduce the financing needed.
- **Operating Expenses:** State and local government directly control property taxes and often utilities, which are a significant portion of operating expenses.

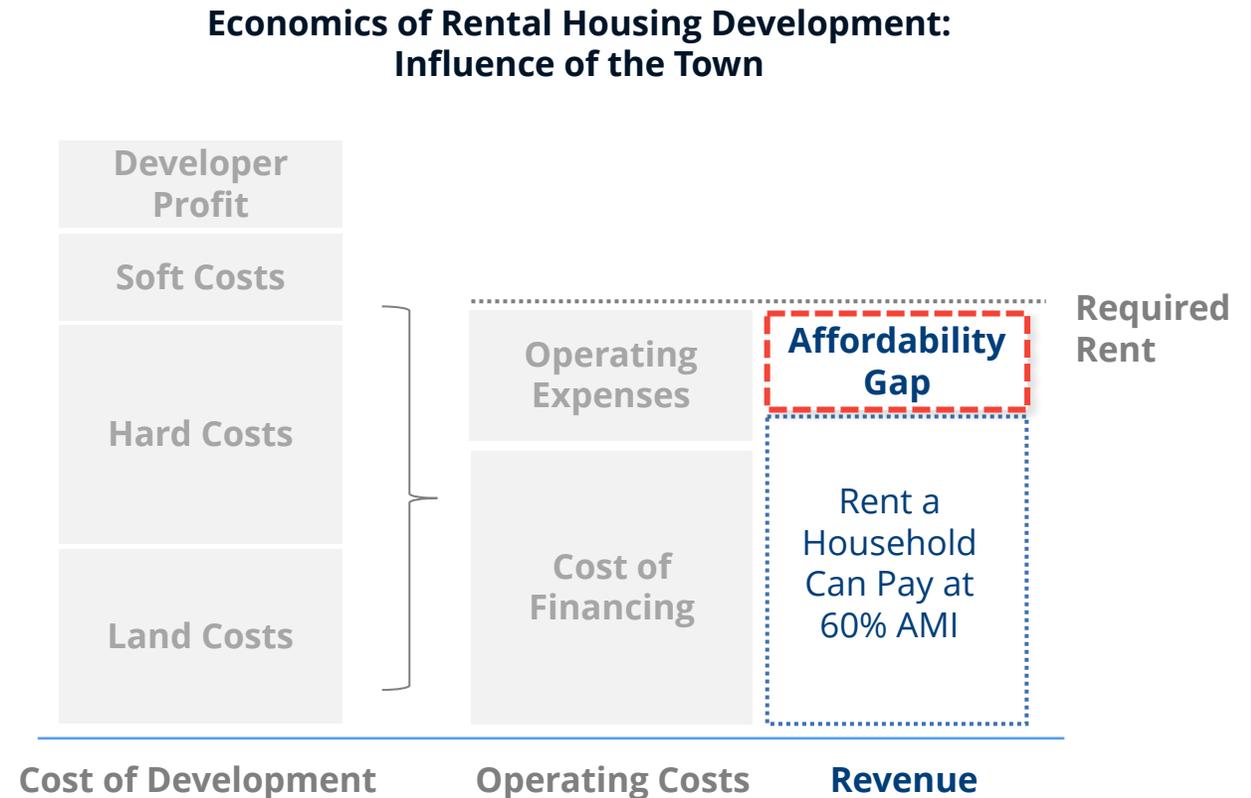


Cost and Affordability

State and local governments can also help directly offset costs to increase affordability for households.

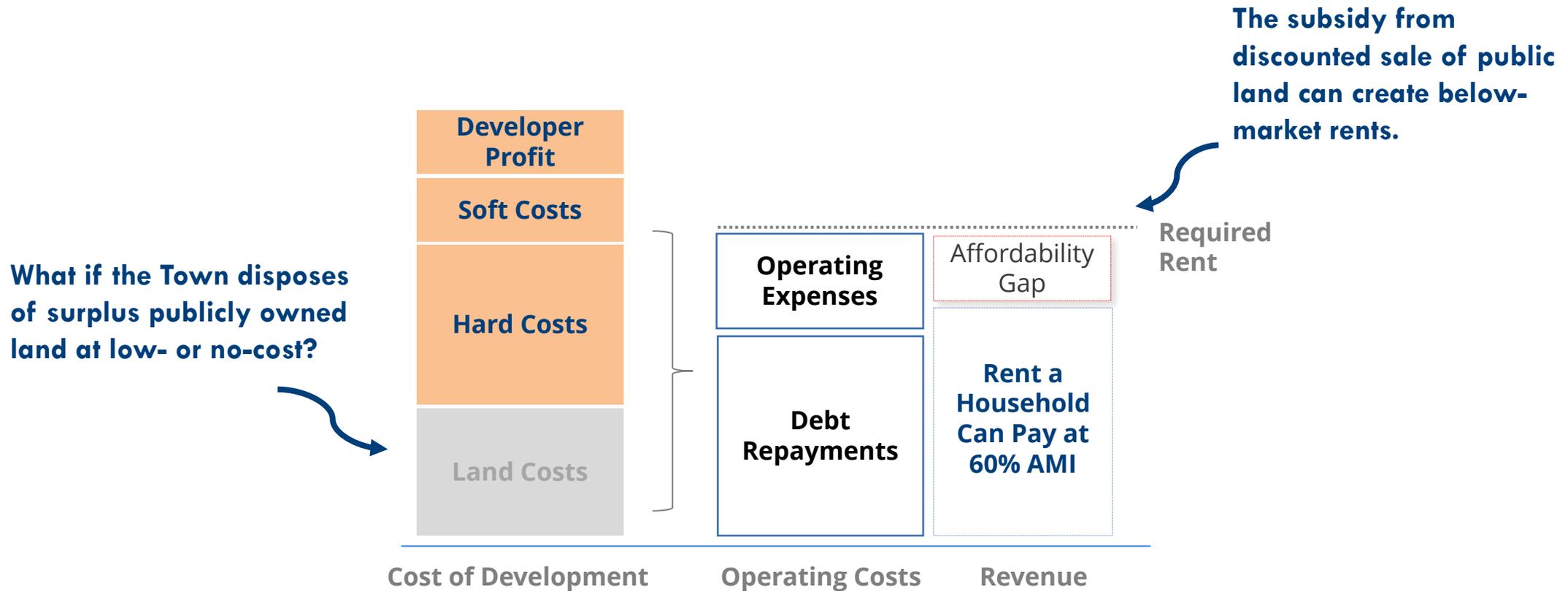
How can the Town directly offset costs?

- In high-growth markets with high land values, rents will always be more than what most low-income households can pay because wages have not kept up with rising costs.
- State and local government can intervene to support households directly by covering the **affordability gap**.



Subsidy | Capital Subsidy

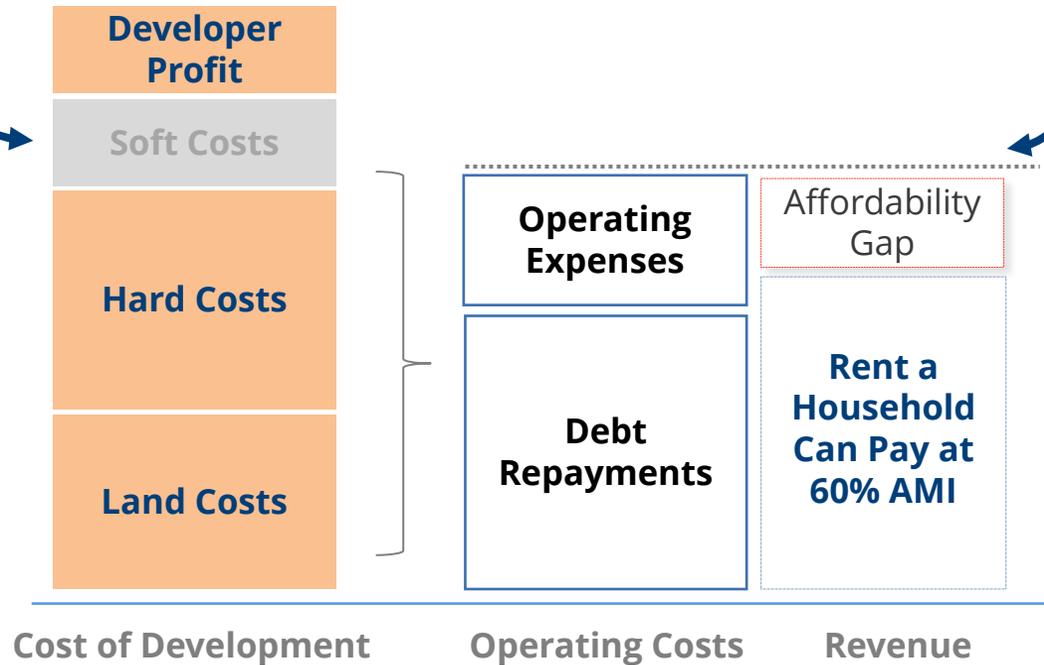
Local municipalities can deploy a variety of Housing Tools to strategically reduce the costs of developing housing. For example, the Town may dispose of surplus publicly owned land at discounted rates to reduce the cost of new housing.



Subsidy | Capital Subsidy

The Town can reduce or waive fees for new affordable housing to reduce costs.

What if the Town eliminated fees associated with building new affordable housing?



The subsidy from discounted impact fees can create below-market rents, thus reducing affordability gaps for low-income households.

Required Rent