

AFFORDABLE HOUSING STRATEGY REPORT TOWN OF DAVIDSON AUGUST 2017



What is our directive?

“The town should continue requiring affordable housing in all new residential developments and research ways to maintain affordability of older homes near the downtown. Town staff and advocates should also continue to promote the benefits of socioeconomic diversity”

-2010 Comprehensive Plan

Background to Report

UNCC Housing Needs Assessment

- 15 years after administering program, BOC and staff decided to formally review the program within the context of current population and employment trends
- Hired UNCC Urban Institute to conduct the assessment
- Review based on quantitative data and key stakeholder feedback
- Public Forum hosted by UNCC in May
- 62 page report available on the town's website (or by contacting creid@townofdavidson.org)

Key data points from Needs Assessment

- Predominately single-family homes, very few apartments
- 2016 tax parcels 64% SF detached, 27% townhomes, duplex, triplex, 6% apartments
- Mostly owner-occupied, but rental has risen slightly
- Population is growing- tripled in size since 1990
- Population is growing, aging, highly educated, and affluent
- In 2015, more than half of Davidson households earned over \$100,000
- Workforce is growing. As of 2014, 5,500 people worked in Davidson
- Few Davidson workers live in Davidson (8%)
- Homes values are high, much higher than surrounding communities
- 2015/2016 sales- only two homes for under \$100K, nearly 1/3 for \$500,000 or more, median sales price \$385,500

Key Informant Perspectives

Administration of Program

- Use of Payment in Lieu (PIL) funds
- Town's financial support of affordable housing
- Dual role of administrator

Eight apartments at
Davidson Bay
50%-80% AMI



Key Informant Perspectives

- Barrier to affordable housing is the cost of land
- Affordable housing is still a core value (also voiced in public forum)
- Westside Gentrification
- Development of community land trust
- More options for older adult population other than The Pines and Williams Place
- Design of existing affordable units is good
- Need for education about program



Strategy Report

Purpose is take the information provided in the needs assessment and community forum and provide future goals and strategies for the Affordable Housing Program

Central considerations:

1. The AFH Ordinance has changed. A PIL is allowed for all units.
2. Land is much more expensive than it was in 2001, making it more likely that a developer will make a PIL rather than build, especially single family homes.
3. The PIL fund provides opportunity for the Town to partner with developers and non-profits to increase housing opportunities for lower income families.
4. More affordable rental is needed, particularly for very low income households.
5. The lack of affordable housing is a regional problem.
6. Education about the program is essential.
7. The town must have some “skin in the game”.



STATE OF THE PROGRAM 2017

2001- 2017

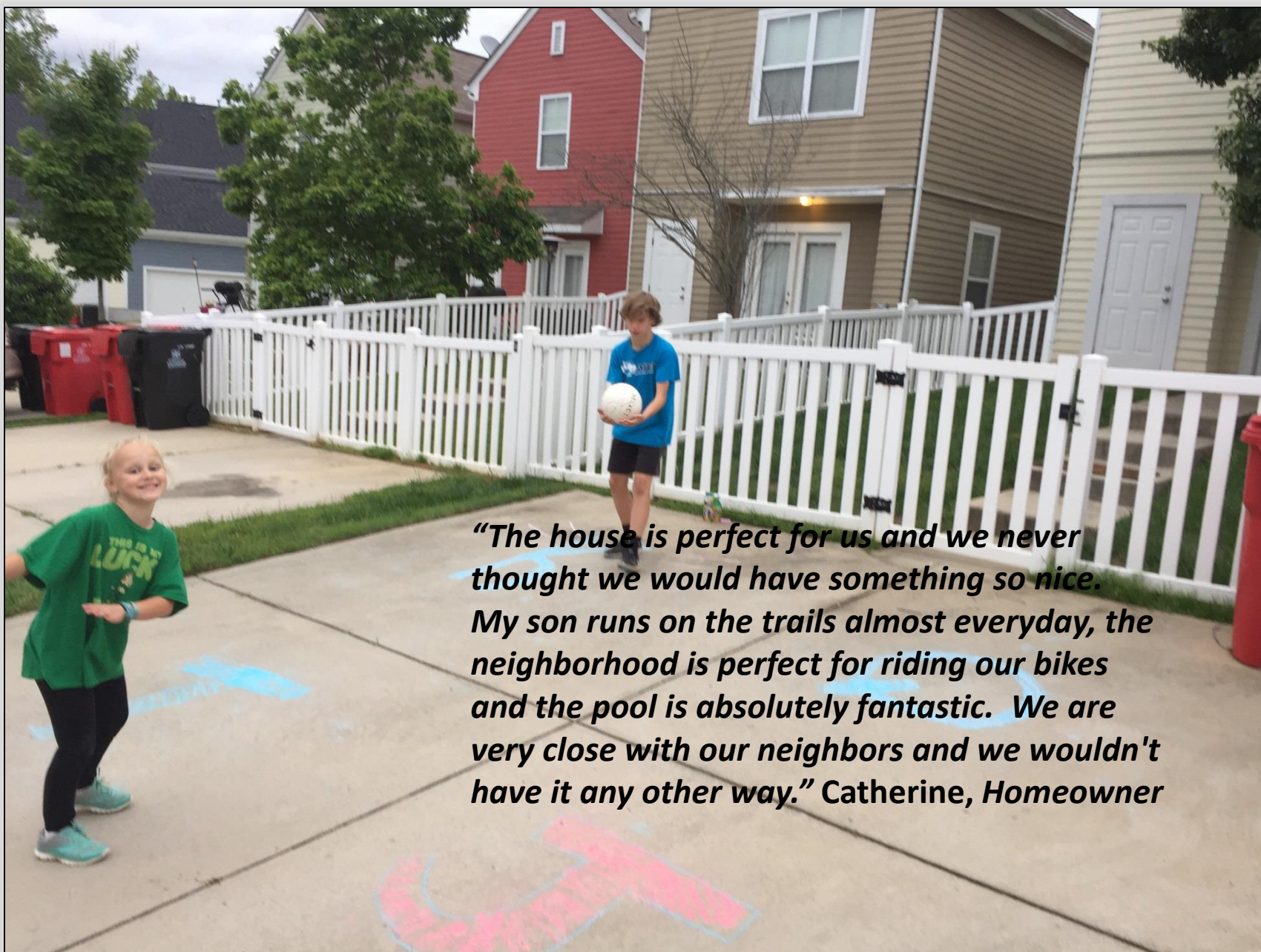
- 73 homes in eight developments
- 15 additional slated for Bailey Springs in 2017-18
- 3 in Villages at South Main
- 100+ families
- 10 sold within last two years at Bradford (14 total)



2001-2017

“I would never have been able to purchase a home if not for the AH program in Davidson. Having an affordable mortgage and stability allowed me to go to school and obtain both my undergraduate and master's degrees and to get back on my feet financially after a difficult divorce. I am currently Vice President for an ERP software consulting firm.” Amy, Homeowner

“I am a 5th grade teacher at United Community School. I could not afford to pay rent, however, that is what I had to do for a few years. Affordable housing has allowed me to become a homeowner! I have dreamed of living in Davidson, but thought I could never afford to live here. I am ‘Home Sweet Home.’” Kathy, Homeowner



“The house is perfect for us and we never thought we would have something so nice. My son runs on the trails almost everyday, the neighborhood is perfect for riding our bikes and the pool is absolutely fantastic. We are very close with our neighbors and we wouldn't have it any other way.” Catherine, Homeowner

Vision

- Be an inclusive community for all income levels
- Provide more housing choice for all residents to cover a diverse mix of family and household sizes, races, ethnicities, incomes, needs and abilities
- Encourage and support the provision of affordable units to provide affordable housing options in order to keep pace with changing needs of our population.

Types of programs most needed

- More rental options for households earning less than 80% of the AMI
- More homeownership options for households earning 80- 120% of the AMI
- Assistance to homebuyers earning less than 120% of the AMI (50%-120% AMI)
- To keep households in their homes (e.g., rehab and repair) program

Goals

- Maintain the current affordable housing program- build 15 owner occupied homes in FY 2017-2018. Set a goal annually.
- Develop affordable rental.
- Continue down payment assistance through HOME funds and PIL funds.
- Support rehab and repair programs through the DHC HAMMERS program and Our Towns Habitat for Humanity repair program.
- Fund purchase of individual parcels of land through a land trust.
- Create a structured education program

Strategies

Multi-family rental- Set aside \$500,000 of PIL funds for financing a rental project

9% Tax Credit Development Scenario

- \$1 million subordinate loan from Town of Davidson (\$500K grant*, \$500K loan)
 - 80 rental units
 - o 60 units affordable at 60% AMI
 - o 20 units affordable at 30% AMI
 - Land price assumed to be \$10,000/unit
 - Density can vary depending on design but financial projections assume wood-frame construction with surface parking
 - Project can only be started once per year and must compete against City of Charlotte developments for 9% tax-credits
- Grant could possibly come from LUIG funds *

Strategies

- Alternatively, or along with a grant, **consider use of town-owned land**. Increases the possibility of being awarded LIHTC.
- **Acquire land or existing homes**. Set aside \$400,000 as either a revolving loan fund or a grant to assist a land trust such as DHC with land purchases

Strategies

- Increase homeownership opportunities by reserving \$42,000 annually for **down payment assistance**.
- Support **rehab and renovation of existing homes** by reserving \$15,000 to assist HAMMERS or Our Towns Habitat.
- **Budget \$50,000 from the General Fund for administrative costs.** Appoint a subcommittee from the AFH steering committee to explore administrative options.



Ready to get started? What can we do now?

- Set aside \$200,000 to purchase property in a partnership with DHC. Identify contiguous properties with lower tax values that can be assembled for future development. DHC has several sites on its radar.
- Create a task force to explore use of publically owned land for affordable housing development.
- Create a task force to collaborate with employers such as Davidson College on development of work force housing.
- Set aside \$42,000 of PIL for down payment assistance. This program has a very successful track record.
- Work with Mecklenburg County to establish a Land Use Incentive Grant (LUIG) program. Report back the BOC every 3 months on progress.

Continued

- Within 6-12 months, identify partners (DHC, Mosaic, Laurel Hill, Flat Iron, or others) to work on a 50-80 unit mixed income rental development contingent upon availability of PIL funds.
- Ask the AFH Steering Committee to make a recommendation to the BOC regarding administration.

Conclusion

The recommendations and strategies address the more immediate needs of rental for lower income families and preservation of land for affordable housing.

The report contains other strategies such as a establishing a Housing Trust Fund or Pre-Development Financing that should also be considered over the next five years. These are longer term strategies.

The report is available on the town's website.



“I have been with the Charlotte Mecklenburg School district since December of 1998, first as a teacher and now as a high school counselor. I have an advanced masters as well as my national boards. Even with all of the credentials, it has been hard for me as a single mother to own a home. If it were not for the Davidson Housing Coalition, I still might not be able to live in a neighborhood in a great community like Davidson. I am very grateful for this organization, and am fortunate to now be a home owner.”



“My name is Alexandra, and I'm a NC certified teacher until the year 2020. I first started with the Davidson Housing Coalition in December, 2014. I worked with Gail to get my finances in order, so I can qualify for my first home. I took a homeownership course, where I learned about the responsibilities of being a homeowner, and how important budgeting is, and to live within ones means. I worked hard on my assignments, and as of December 2016, I closed on my first home! I could not have done it without the assistance of the Davidson Housing Coalition. It is a dream come true! And I love living in the Bradford neighborhood. It's convenient to everything, and my new home is beautiful! “