



To: Davidson Board of Commissioners
From: Cindy Reid, Affordable Housing Manager/Town Attorney
Date: June 11, 2019
Re: Affordable Housing Recommendation for Summers Walk

1. OVERVIEW

The Board of Commissioners, Planning Board, Affordable Housing Steering Committee, and numerous citizens have indicated a strong preference for homes being built rather than a payment in lieu. Attempts to get developers to build homes have been unsuccessful because building “affordable” homes is not what market rate builders do, and the numbers did not work. However, the Blue Heel development team, in partnership with the Davidson Housing Coalition, have proposed a model for Summers Walk that we believe works to get houses on the ground.

Blue Heel Development inherited an obligation of 8 affordable units from Mountain Real Estate for Phase 6. An additional 5 units are required to finish out Phase 6. Blue Heel’s proposal is to build 3 homes, exactly like the market rate version, to sell at a discounted rate to income qualified households. The payment in lieu (\$344,500) is credited to the developer to offset the difference between the price of the affordable home and the market rate price. If accepted, this proposal will not cost the Town money. The homes will be added to DHC’s land trust and subject to restrictions which include terms such as owner occupancy, no rental, and a methodology to share proceeds when sold. Also, homes in the land trust can only be sold in the first and subsequent sales to households earning less than 80% of the area median income. A copy of Blue Heel’s summary is attached to this staff analysis.

2. RELATED TOWN GOALS

Strategic Plan: The Town of Davidson will preserve existing affordable housing,* and other indicia of inclusion, and work with a variety of partners to create new available, affordable workforce and elderly housing.

*Affordable housing for the Town of Davidson is defined as incomes between 50% and 120% AMI

Core Value: Davidson’s historic mix of people in all income levels and ages is fundamental to our community, so town government will encourage opportunities, services, and infrastructure that allow people of all means to live and work here.

Serve: Households that earn less than 60% and up to 120% AMI.

3. OPTIONS/PROS & CONS

Pro- houses, not a PIL. We do not have any homes for sale in our inventory, and, as property values continue to rapidly increase, the wait list grows. This could become a model for other developers.

Cons- the Town does not receive a PIL.

4. FYI or RECOMMENDED ACTION

Recommended action: approve Blue Heel's affordable housing proposal for Summers Walk.

5. NEXT STEPS