

October 18, 2022
City Council Work Session

Affordable Housing Update





Agenda

- I. FY 21-22 Affordable Housing Annual Report
- II. Affordable Housing Projects Advocacy Team
- III. Institutional Ownership of Single-Family Rental Homes
- IV. NOAH Loss/Gain Update
- V. Income Targeting Report
- VI. Questions/Discussion

Affordable Housing Annual Report





FY 21-22 Affordable Housing Annual Report

FY 21-22 Accomplishments

	FY15-16 - FY20-21	FY21-22	TOTAL
Rental units created/preserved	2,144	116	844
First-time homebuyers assisted	318	16	334
Homes constructed & sold to low-income buyers	221	8	229
Homes repaired/rehabilitated	189	16	205
TOTAL	2,872	156	3,028



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FY 21-22 Affordable Housing Annual Report

Rental Highlights

- Studios at 2800
- Gap financing for two tax credit projects (288 units)
- 2,102 additional units currently in the pipeline





FY 21-22 Affordable Housing Annual Report

Pre-Construction	
PROJECT NAME	UNITS
Millner Commons	156
New Bern Crossings	192
King's Ridge	100
Sumner Pointe I & II	192
The Pointe at Town Center I & II	264
Hampton Spring	56
Thrive at South End	90
The Summit at Sawyer	154
Toulon Place	200
Aspen Spring	84
Lake Haven*	56
The Preserve at Gresham Lake*	156
The Terrace at Rock Quarry*	132
TOTAL	1,832

Under Construction	
PROJECT NAME	UNITS
Abbingdon Square	82
Walnut Trace	180
Booker Park South	68
Oak Forest Pointe	120
Primavera	164
TOTAL	614

2,446
**TOTAL RENTAL
 UNITS IN PIPELINE**

*Projects funded in FY21-22

FY 22-23 Priorities

- Rental Development
- Homelessness System
- Neighborhood Stabilization
- Public-Private Partnerships

Affordable Housing Projects Advocacy Team





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Affordable Housing Projects Advocacy Team

New Affordable Housing Pilot Review Type

- Sub-goal of Safe Vibrant Healthy City 2.6: streamline development review processes to reduce barriers and promote housing production for all
- Implemented Affordable Housing pilot review type in Dec 2021



Affordable Housing Projects Advocacy Team

Green = current place in review

Since implementing pilot review type:

- **King's Ridge**: 4.25-acre site, one building, 100 units
 - Review process: Administrative Site Review, **Site Permit Review**, Recorded Map, building permits
 - Project currently re-evaluating scope to stay in budget
- **Cottages of Idlewood**: 1.17-acre site, 17 cottage-style units
 - Review process: **Administrative Site Review**, Site Permit Review, Recorded Map, building permits
- Anticipated in next 3-6 months: Southeast Raleigh Promise (mix of single family, ADU and multifamily) and Terrace at Rock Quarry (senior affordable multifamily)



Affordable Housing Projects Advocacy Team

- Planning staff meet bi-weekly with developers, architects, engineers and H&N
- Help expedite any RFIs, process questions, and re-route plans
- Also help other affordable housing projects in review or under construction such as Thrive at South End, Sumner Pointe and Habitat for Humanity
- Next steps: Gather lessons learned, tweak what we can, and develop an Affordable Housing work type in Energov



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Affordable Housing Projects Advocacy Team

New Affordable Housing Review Type – Private Development*

**Privately-owned land OR City-owned land leased to developer*

- Developer handles all submittals
- Project Advocacy manages intake and schedules pilots with developer and design team
- Process shortens standard review and developer can pay express premium service fees
- **Overall, process can save 50-60 days from a typical project with comparable review requirements**

	BENEFIT
Paid Sketch Plan Session available	Get review staff feedback in advance
Input same/next day in Energov, flagged with Affordable Housing type	Saves 3-4 days from typical
<i>No change in first review for ASR, SPR, and BLDNR timelines</i>	
Free, mandatory 30-minute staff and applicant meeting after first review	Saves 5-10+ days of coordination
Subsequent reviews for ASR, SPR, and BLDNR reduced by 5 business days	Saves 30+ days in total
For building permits with one or two trades remaining, can route directly with 5-day turnaround	Saves 10+ days
<i>No change to recorded map (RCMP) review timelines</i>	



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Affordable Housing Projects Advocacy Team

New Affordable Housing Review Type – Public Projects*

**City-owned land or other City-sponsored project*

- Project Advocacy manages intake and schedules pilots with City project manager and design team
- Process shortens standard review and developer can pay express premium service fees
- **Overall, process can save 50-60 days from a typical project with comparable review requirements**

	BENEFIT
Free Sketch Plan Session available	Get review staff feedback in advance
Input same/next day in Energov, flagged with Affordable Housing type	Saves 3-4 days from typical
Review fees waived if submitted by City project manager	Cost savings
<i>No change in first review for ASR, SPR, and BLDNR timelines</i>	
Free, mandatory 30-minute staff and applicant meeting after first review	Saves 5-10+ days of coordination
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Institutional Ownership of Single-Family Rental Homes





Institutional Ownership of SF Rentals

News & Observer Findings – Origins of the Phenomenon

- Large-scale corporate purchases of single-family homes were a result of the Great Recession
- Rental income used to create a new type of “asset-backed security”
- Securities were packaged into bonds, which were sold to investors and provided capital for a growing rental portfolio



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Institutional Ownership of SF Rentals

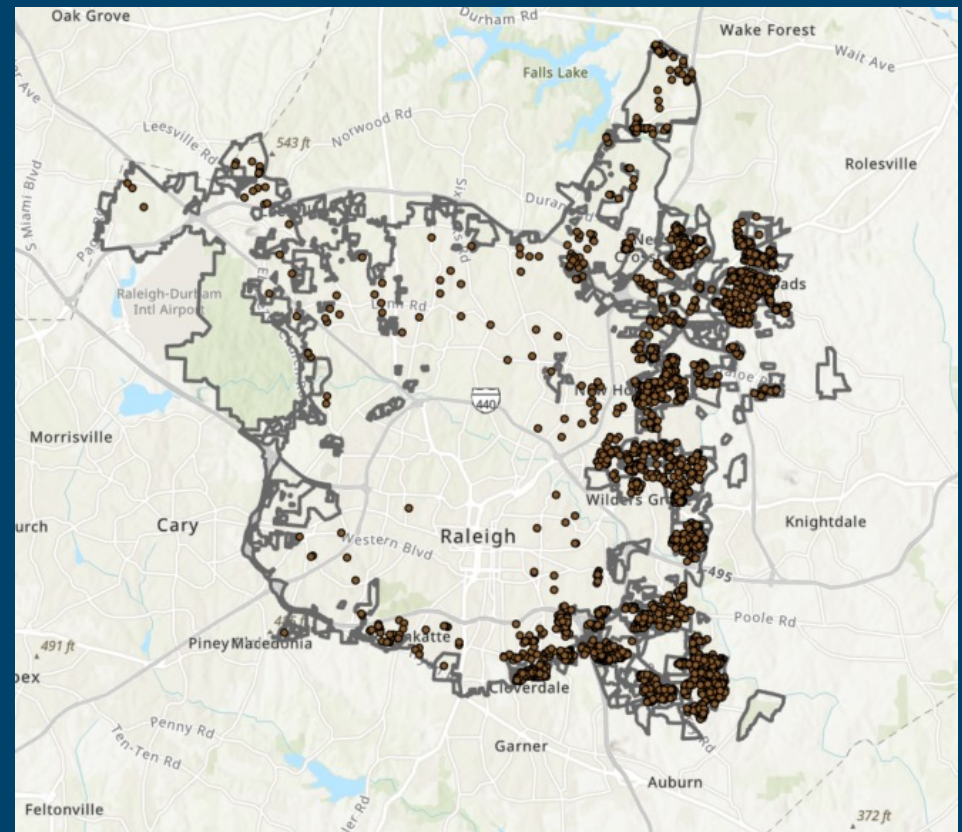
- Individual homebuyers struggle to compete with corporate owners for entry-level homes
 - Corporate landlords have the capital to outcompete typical homebuyers
- N&O series details instances of untimely maintenance and extra fees
- Local governments have not found ways to directly address the issue



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Institutional Ownership of SF Rentals

- 2,572 Corporate-owned single-family homes within City limits (as of Feb 2022)
- Majority in southeast and northeast Raleigh

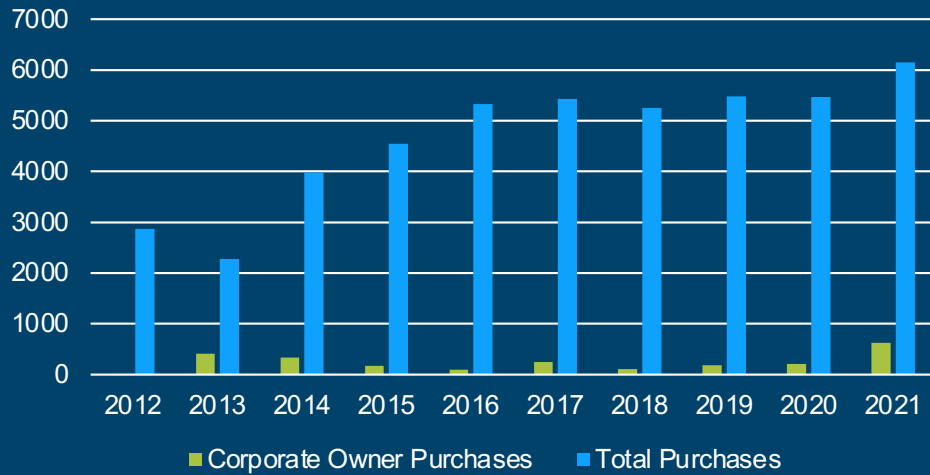




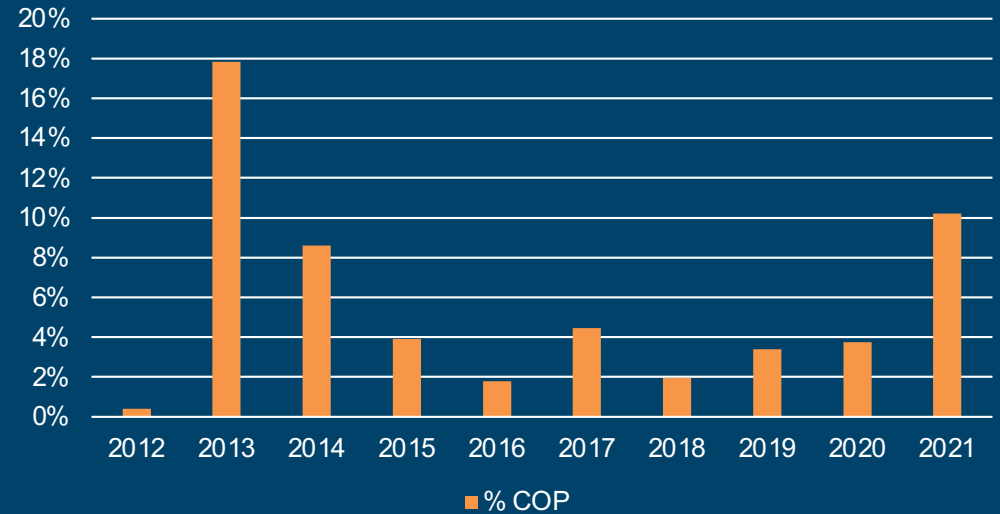
Institutional Ownership of SF Rentals

Corporate Owner Purchases by year

Single-Family Purchases



% Corporate Owner Purchases





Institutional Ownership of SF Rentals

Vacancy

- Census Tracts with most corporate-owned SF homes do not have higher vacancy rates than City overall

Area	Vacancy Rate
Tracts with 100+ Corporate-Owned SF Properties	3.34%
Tracts with 50-100 Corporate-Owned SF Properties	4.43%
Citywide	6.30%



Institutional Ownership of SF Rentals

Existing Tenant Resources

- Tenants' Rights Handbook
- Residential Code Enforcement program
- Housing Justice Project with Campbell Law School
- Other consumer protection/fair housing organizations:
 - Fair Housing Project
 - NC Human Relations Commission
 - NC Attorney General's Office – Consumer Protection

NOAH Gain/Loss Update





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NOAH Gain/Loss Update

- Hard to track gain/loss of naturally occurring affordable housing (NOAH)
- Staff used Census American Community Survey (ACS) data and HUD's Annual HOME Rent/Income Limits
- ACS provides:
 - Number of occupied housing units
 - Number of occupied units with rent payments
 - Number of people paying under \$999/month for rent



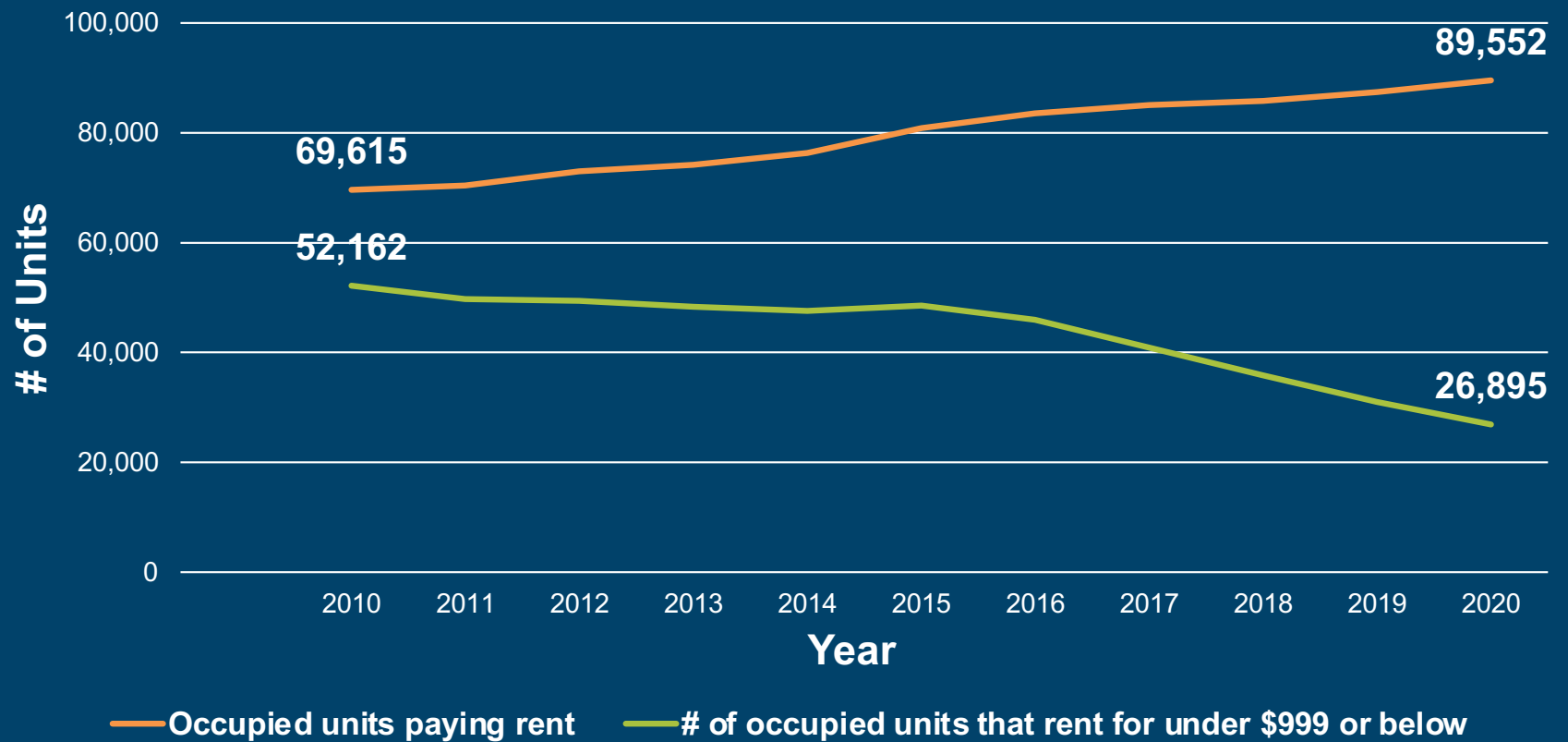
NOAH Gain/Loss Update

Occupancy	Year				
	2016	2017	2018	2019	2020
Occupied Units	174,014	176,870	180,046	183,335	206,328
Occupied Units Paying Rent	83,518	85,003	85,762	87,373	89,552
# of occupied units that rent for \leq \$999	45,931	40,901	35,822	31,029	26,895
% occupied units that rent for \leq \$999	55%	48%	42%	36%	30%
High HOME Rent Limit for 2-Bedroom	\$947	\$993	\$1,026	\$1,086	\$1,163



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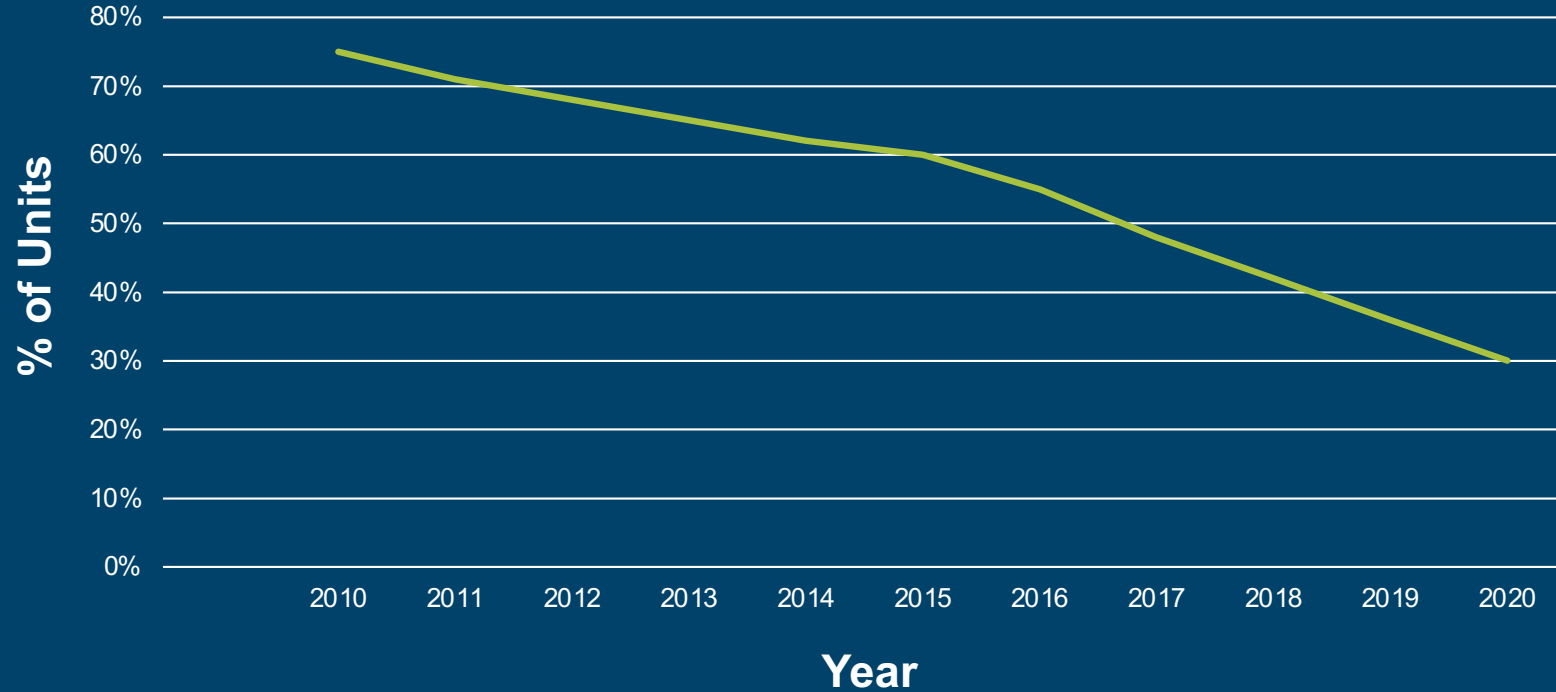
NOAH Gain/Loss Update





NOAH Gain/Loss Update

% of Occupied Units that Rent for \$999 or Below



Income Targeting Report



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Income Targeting Report

- Policy established in Sept 2020: City-funded developments must set aside units at 30% AMI
 - 4% LIHTC – 10% of units
 - 9% LIHTC – 25% of units
- Since policy was established:
 - 5 projects | 726 units total | 75 units at 30% AMI



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Income Targeting Report

- City awarded \$2 million in 2020 Affordable Housing Bond funds to Southeast Raleigh Promise to build 27 affordable units on 10 City-owned parcels



1102 S. PERSON STREET

Whitney Plan



111 & 116 E. LEE STREET

Duplex Plan



911 EDENTON STREET

Fisher Plan



902 EDENTON STREET

Foxgate Plan



Income Targeting Report

Southeast Raleigh Promise Small-Scale Rental Project

Unit Size	30% AMI	60% AMI	80% AMI	Total	% of Total
1BR	7	0	0	7	26%
2BR	3	4	7	14	52%
3BR	0	0	6	6	22%
Total Units	10	4	13	27	
	37%	15%	48%		

Discussion & Questions

