A Home for Every Neighbor

Raleigh's Strategic Vision for Improving Housing Affordability and Ending Homelessness

2026-2030

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Executive Summary

Raleigh is facing an urgent housing affordability and homelessness crisis, compounded by a national trend of rising housing costs and inadequate housing supply. As Raleigh's population growth outpaces housing development and development costs increase, rents and home prices are escalating. This puts pressure on households, particularly those with lower incomes. The affordability of housing in Raleigh is shaped by four key factors: housing demand, housing supply, development costs, and household income. As these factors evolve, Raleigh has experienced significant affordability challenges and a growing homelessness crisis.

To address these issues, the City of Raleigh is taking a proactive, multi-pronged approach focused on three strategic areas:

❶ **Increasing the Supply of Affordable Housing**: Aimed at expanding the stock of subsidized housing that is legally restricted to affordable rents for lower-income households, this will help meet the demand for affordable units and ease market pressures.

❷ **Improving Housing Affordability Across the Entire Housing Supply**: This will include strategies aimed at increasing housing supply across the city, to allow for balancing of housing costs relative to household incomes, ensuring that housing remains within reach for more residents.

❸ **Addressing Homelessness**: Targeted interventions will focus on preventing and ending homelessness through evidence-based, data-driven best practices. These initiatives will be vital in tackling the rising homelessness in Raleigh, driven by the widening gap between wage growth and housing costs.

The City's approach recognizes that housing affordability and homelessness are interconnected challenges that require coordinated actions across multiple sectors and stakeholders. By focusing on both immediate solutions and long-term strategies, Raleigh aims to create a more resilient housing market that is available to and serves the needs of all residents, ensuring that affordability is within reach and homelessness is reduced.

This plan is a key step in tackling the housing crisis and ensuring that all residents have access to safe, affordable housing.

Raleigh's Housing Vision and Mission

Vision: A Raleigh where all residents have access to safe, affordable housing and homelessness is functionally ended.

Mission: To improve housing affordability and quality, end and prevent homelessness, and support Raleigh communities and neighbors.

Definitions

Affordable Housing: In this plan, "affordable housing" refers to specific housing units whose rents are legally restricted to be affordable to low-income households and in which occupancy is restricted to those households.

Area Median Income (AMI): The median income, by household size, for a particular community, defined at the Metropolitan Statistical Area (MSA) level. If you lined up every household in an area in order from least to most income, AMI is the amount in the middle. AMI is calculated and published annually by the U.S. Department of Housing and Urban Development (HUD). Eligibility for most affordable housing is determined by a household's AMI. HUD's definition of a "low-income" household is one that earns below 80% AMI. Many affordable housing programs are targeted to 80% AMI households. Some programs are intended for households at lower AMI levels (e.g., 60% AMI, 30% AMI).

Continuum of Care (CoC): A coalition of stakeholders (service providers, local business and philanthropic entities, local governments, etc.) and a community plan to organize and deliver housing and services to meet the needs of people experiencing homelessness that includes action steps to end homelessness and prevent returns to homelessness. [1]

Fair Market Rent (FMR): A rent level defined by HUD, which represents a slightly cheaper than average rental unit (i.e., the 40th percentile rents for the region). [2]

Housing Affordability: Generally housing is considered "affordable" for a particular household if housing costs (i.e., rent/mortgage and utility payments) account for no more than 30% of the household's monthly income.

Low-Income: The HUD definition of a "low-income" household is one that earns below 80% of the area median income (AMI). "Very low-income" households are those earning below 50% of AMI and "extremely low-income" households are those earning below 30% of AMI.

Low-Income Housing Tax Credit (LIHTC): A federal program that provides tax credits to investors to encourage the development of affordable rental housing for low-income households. The LIHTC program is administered by the U.S. Internal Revenue Service (IRS).

Metropolitan Statistical Area (MSA): A metropolitan statistical area is that of a core area containing a substantial population nucleus, together with adjacent communities having a high degree of economic and social integration with that core. Each metropolitan statistical area must have at least one urban area of 50,000 or more inhabitants. [3] The MSA for Raleigh is the Raleigh-Cary MSA and consists of Wake, Johnston, and Franklin Counties.

Naturally Occurring Affordable Housing (NOAH): Rental housing that is not subsidized by public or private programs but is "naturally" lower cost due to lower market value. These properties generally have lower rents because they are older, lower quality, and/or located in lower cost markets.

U.S. Department of Housing and Urban Development (HUD): A federal government department that administers programs that provide housing and community development assistance and works to ensure fair and equal housing opportunity for all. [4]

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[1] North Carolina Coalition to End Homelessness. Continuums of Care. Available at https://www.ncceh.org/coc/.
[2] U.S. Department of Housing and Urban Development (HUD). Fair Market Rents. Available at https://www.huduser.gov/portal/datasets/fmr.html.
[3] U.S. Census Bureau. Metropolitan and Micropolitan. Available at https://www.census.gov/programssurveys/metro-micro/about.html.
[4] USA.gov. U.S. Department of Housing and Urban Development (HUD). Available at https://www.usa.gov/agencies/u-s-department-of-housing-and-urban-development.

Introduction

Amid a national housing affordability and homelessness crisis, Raleigh is taking action to provide affordable housing and end homelessness.

Housing affordability is a top national issue and a cornerstone of any community's wellbeing and economic stability. Access to safe, affordable housing is not only a fundamental human need but also a driver of positive outcomes in health, education, and employment. Research shows that stable housing reduces healthcare costs, improves school performance for children, and fosters economic mobility for families.[5] Moreover, affordable housing development stimulates local economies by creating jobs and increasing tax revenue, making it a sound investment for cities and counties.[6]

Affordable housing is also a key component of effectively addressing homelessness. Housing-focused approaches, which prioritize providing permanent, affordable housing along with case management and connections to supportive services, have been proven to significantly reduce homelessness and improve long-term stability for individuals and families.[7] By investing in affordable housing, communities can address root causes of homelessness, mitigate the strain on emergency services, and create a city where all residents can thrive.

The City of Raleigh is taking action to address housing affordability and homelessness. Building on our track record of prioritizing affordable housing investments, Raleigh is allocating substantial funding to expand affordable housing options, prevent homelessness, and support innovative homelessness response programs. These efforts are guided by a commitment to housing choice, guaranteeing that all residents have access to safe, stable, and affordable homes, and working to create a city where each of our neighbors can thrive.

Market and economic factors drive affordability, and Raleigh is in a period of rapidly escalating housing costs.

In Raleigh and other cities across the country, population growth is outpacing housing development while increased development costs has led to rising rents and home prices.

A region's affordability is influenced by four factors:

➔ **Housing Demand:** The level of interest and need for housing within the city influences its affordability. As demand increases, pressure on the housing market intensifies, leading to higher prices.

➔ **Housing Supply:** The availability of housing units is critical in shaping affordability. Limited supply can exacerbate the cost of living, while an increase in housing stock can help alleviate some of the pressure.

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[5] National Low Income Housing Coalition (2025). Why do affordable homes matter? Available at https://nlihc.org/explore-issues/why-we-care.
[6] North Carolina Housing Finance Agency (2023). Affordable housing benefits the economy. Available at https://www.nchfa.com/sites/default/files/page_attachments/2023BOHAffordableHousingBenefitstheEcono my.pdf .
[7] National Low Income Housing Coalition (2025). Housing First. Available at https://nlihc.org/exploreissues/housing-programs/housing-first.

➔ **Development Costs:** The expenses associated with constructing and maintaining housing, such as materials and labor, impact the final cost of residential properties. Higher development costs lead to higher housing prices.

➔ **Household Income:** The income levels of residents play a crucial role in determining affordability. Variations in household income affect the capacity of individuals to purchase or rent housing, which influences overall market affordability.

These factors interrelate to influence the economic landscape of housing within the city. Raleigh has seen significant shifts in these factors that have made our city less affordable and contributed to a growing homelessness crisis. There is no single solution to this complex issue—rather, many actions and participants will be required.

Addressing housing affordability and homelessness requires action on three fronts.

These strategic focus areas are: 1) increasing the supply of affordable housing, 2) improving housing affordability across Raleigh's entire housing supply, and 3) addressing homelessness.

Housing affordability measures housing costs relative to household incomes across a city's entire housing supply. Increasing the supply of affordable housing, on the other hand, refers to the creation and preservation of subsidized housing units whose rents are legally restricted to be affordable to lower-income households. Both strategies are essential to addressing homelessness, along with targeted interventions that aim to prevent and end homelessness with evidence-based, data-driven best practices.

In the last ten years, incomes and housing costs have grown unevenly. Some households are able to keep up, while those at the lower end of the income spectrum cannot. In cities where incomes are rapidly increasing, homelessness is also increasing. It is the gap between income growth at the lower end compared to housing cost inflation that spurs this rise in homelessness.

At its root, homelessness is a housing affordability problem.

At the extreme, lack of housing affordability and lack of affordable housing leads to homelessness. This may sound obvious, but in practice, many of the strategies to address homelessness are overly focused on social services rather than the thing that ends homelessness—housing.[8]

Rates of homelessness are driven by market conditions, not individual behaviors. A national report found that every $100 increase in a community's average monthly rent is associated with a 9% increase in homelessness.[9] Research shows that coastal cities like Seattle and Portland do not have higher rates of homelessness because they have higher rates of substance use or mental illness than the rest of the country, but because those cities have lower housing supply and higher housing costs. Conversely, some places with higher rates of substance use have some of the lowest rates of homelessness in the country.[10]

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[8] Meaning housing plus voluntary services for those who need and desire additional supports to remain stable in their housing.
[9] U.S. Government Accountability Office (2020). Homelessness: Better HUD Oversight of Data Collection Could Improve Estimates of Homeless Population. Available at https://www.gao.gov/products/gao-20-433.
[10] Gregg Colburn and Clayton Page Aldern (2022). *Homelessness is a Housing Problem*. University of California Press.

Homelessness is like a game of musical chairs. If there are nine chairs and ten players, and one player has a broken leg, when the music stops, the person with the broken leg is likely to be the player without a chair. However, the broken leg is not the cause of their chairlessness. The issue is structural. If there were ten chairs for all ten players, that person would not be chairless. Their chairlessness is caused by the fact that there are only nine chairs. Where housing markets have fewer regulatory barriers and can respond more quickly to the growing need, homelessness rates are lower. Because homelessness is about housing affordability, the solution to ending homelessness is to increase people's incomes and lower their housing costs. [11]

Raleigh is at an inflection point for homelessness. What we do now can send us down the path to functionally end homelessness, or down the costly path of merely managing the problem and leaving thousands of our neighbors living without permanent housing.

Homelessness comes at a high cost.

There is no "zero cost" option when it comes to homelessness. Doing nothing to address homelessness costs the public thousands of dollars per person experiencing homelessness per year—and is significantly more expensive than ending homelessness.

The annual cost to the taxpayer of one person experiencing chronic homelessness is greater than the cost to house one person and end their homelessness. National research from 2017 shows that, on average, one person experiencing chronic homelessness costs the public sector approximately $36,000 per year. [12] More recent estimates from Houston, Texas show this cost to be as high as $96,000 per year, between emergency room visits, public safety, emergency medical services, jail stays, and other public costs. [13] As costs continue to rise, this issue will only become more expensive if action is not taken now.

The proven, cost-effective way to end homelessness: Housing plus support.

Three decades of research shows that housing is the best solution to reduce the public costs of homelessness, and the most effective solution to functionally end homelessness.

The most effective way to lower the public costs associated with homelessness is by moving people into housing with voluntary, follow-along supports. Providing financial assistance to someone to end their homelessness is cheaper than allowing them to remain homeless. About $27,000 per household per year is all it takes to subsidize one family's housing and fund case management to support their housing stability. [14]

Clearing encampments where people experiencing homelessness are living is not a solution either unless it is paired with well-coordinated efforts to ensure rehousing. Encampment clearing displaces people, destroys their trust in local government, and spends money without solving the root problem. Cities spend between $1,600 and $6,200 per person per year to clear encampments, totaling between $3.5 million to $8.5 million per year. None of that spending goes toward solutions that end

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[11] U.S. Department of Housing and Urban Development (2020). Family Options Study. Available at https://www.huduser.gov/portal/family_options_study.html.

[12] National Alliance to End Homelessness (2017). Ending Chronic Homelessness Saves Taxpayers Money. Available at https://endhomelessness.org/resource/ending-chronic-homelessness-saves-taxpayers-money-2/.

[13] Estimate courtesy of Coalition for the Homeless of Houston/Harris County and Harris County, TX.

[14] City of Raleigh (2025). Raleigh Unsheltered Homelessness Response Strategy. Publication forthcoming.

homelessness. [15] In a one-year period, the City of Raleigh Parks Recreation and Cultural Resources Department and the North Carolina Department of Transportation spent approximately $200,000 each on clean-up efforts related to people living unsheltered on their property, with funds coming out of their maintenance budgets.

There is a need for coordinated action that involves everyone affected by the issue. Both private and public involvement and resources are necessary to fully combat the issue and create a long-term positive impact on our community.

A Home for Every Neighbor will guide Raleigh to meet its housing needs.

In response to the housing affordability and homelessness crisis, the City of Raleigh has developed this plan to serve as a roadmap for how Raleigh invests public funds to create affordable homes and serve Raleigh residents.

A Home for Every Neighbor is a sister document to the City's 2026-2030 Consolidated Plan, a federally required document that details how the City will use its funding from the U.S. Department of Housing and Urban Development (HUD) along with local funds to address priority housing and community development needs. The Consolidated Plan follows a structure set by HUD, while *A Home for Every Neighbor* provides deeper context around the research and philosophical underpinning of that strategy as well as budget and resource analysis to support its goals.

A Home for Every Neighbor provides a guide to help Raleigh reach the following strategic goals:

❶ **Increase supply** of subsidized affordable housing,

❷ **Improve housing affordability** across Raleigh's entire housing market, and

❸ **End and prevent homelessness**.

The City has a broad range of programs and policies that support these goals. *A Home for Every Neighbor* outlines the affordable housing ecosystem in Raleigh, with a focus on funding and programs, and provides recommendations to meet Raleigh's most pressing housing needs. The plan is divided into two sections:

➔ **Section I: Housing Landscape**
This section provides a high-level overview of the housing needs and market in the City of Raleigh. For a deeper dive, including full market analysis and housing needs assessment as well as feedback obtained through community engagement, see the 2026-2030 Consolidated Plan.

➔ **Section II: Strategic Plan**
This section outlines recommendations to address Raleigh's housing and homelessness needs, and the resources needed to actualize those recommendations.

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[15] U.S. Department of Housing and Urban Development (2020). Exploring Homelessness Among People Living in Encampments and Associated Cost: City Approaches to Encampments and What They Cost. Available at https://www.huduser.gov/portal/sites/default/files/pdf/Exploring-Homelessness-Among-People.pdf.

Housing Landscape

Housing Needs and Market Overview

In Raleigh and other cities across the country, population growth is outpacing housing development while increased development costs and other factors have led to rising rents and home prices. The relative affordability of any city or region is based on demand, supply, development costs and household income, and between 2017 and 2022 (the most recent timeframe for which data is available), the median gross rent in Raleigh increased approximately 37% due to all four factors.[16]

Raleigh's rapid population growth is due in part to in-migration and sustained job growth throughout the Research Triangle region, contributing to unprecedented affordability pressures. The rising cost of housing has contributed to an increase in the number of people experiencing homelessness in Raleigh. The acceleration in rental costs and housing prices is primarily due to increased demand. Raleigh's rising demand for housing is driven by population growth.

Raleigh has been one of the fastest growing cities in the country for the past decade, second only to Austin, Texas. The city has grown by over 70,000 people since 2010 and the metro region including Wake, Johnston and Franklin counties has grown by over 350,000 people. This means more people are competing for what has been an inadequately growing housing supply and that drives up prices.

A second key factor is that much of our population growth is due to new residents from more expensive parts of the country relocating here for higher paying jobs and a lower cost of living. Raleigh has almost twice the national average of jobs paying over $100,000 per year, and many new high-earning residents means that they that can outcompete existing Raleigh residents for housing opportunities in the face of insufficient new housing supply.

Increased demand for more urban housing types has increased land values near downtown significantly, a dramatic reversal from the prior preference for the suburbs seen for much of the 20th century. **Figure 1** reflects change in land valuations from 2004 to 2024. Housing demand is particularly strong in in-town, "Inside the Beltline" neighborhoods and other neighborhoods featuring more walkable, transit-oriented housing options. This new preference for in-town, urban living has meant outsized impacts on many historically affordable neighborhoods like South Park, Hungry Neck, Battery Heights and Roberts Park, which has made them less affordable to long-time residents.

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[16] U.S. Census Bureau (2024). American Community Survey (5-year), 2010-2022.
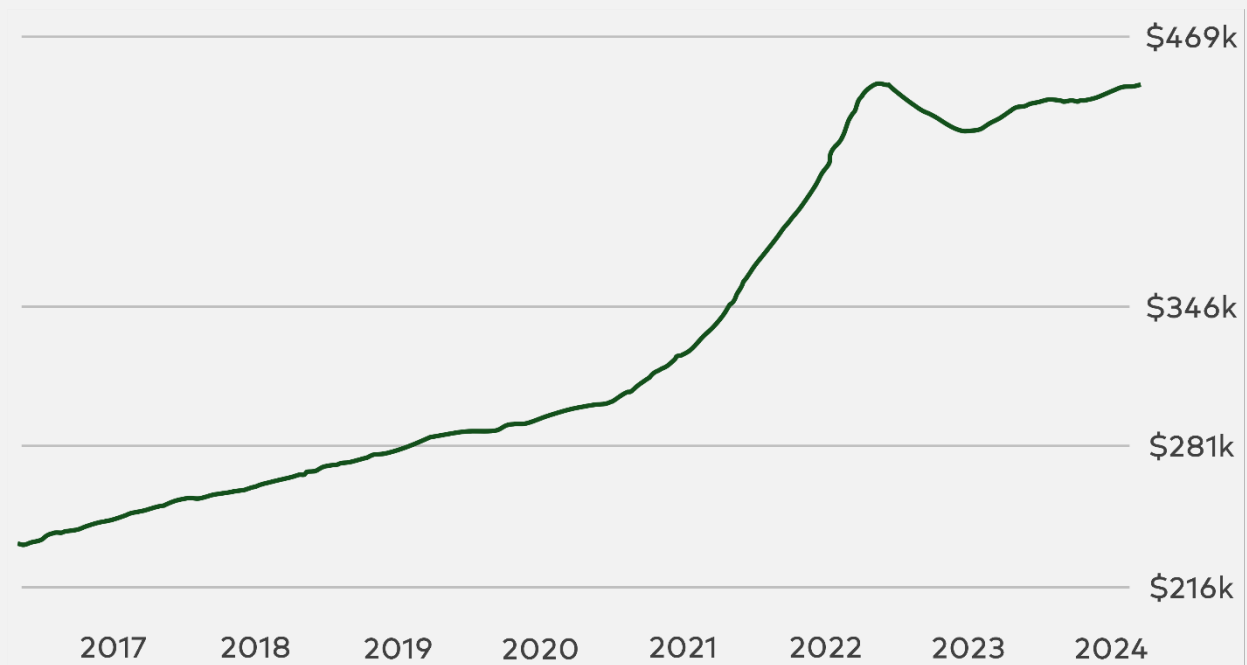
Figure 1: Change in Land Values, 2004-2024
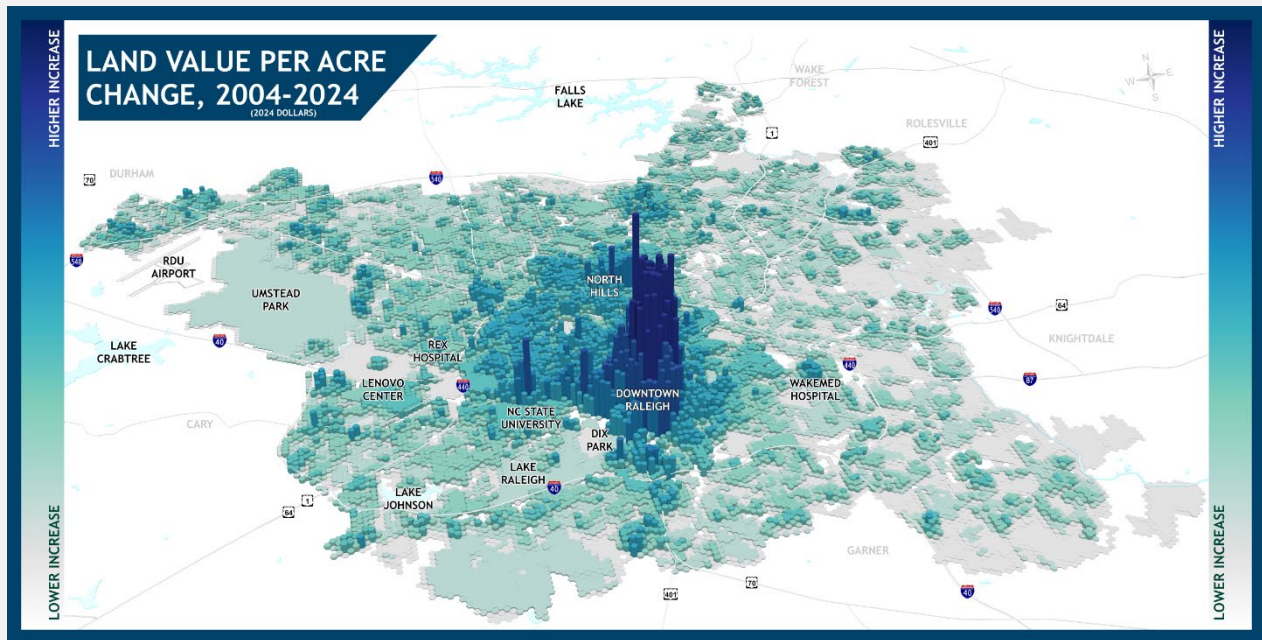
Meanwhile, existing homeowners are moving less often due to rising interest rates, limiting the circulation of more affordable older homes. Raleigh has seen a 54% increase in for-sale home prices since the start of the COVID-19 pandemic in 2020 **(Figure 2)**.[17]

**Figure 2:** Zillow Home Value Index in Raleigh, NC

[17] Zillow (2024). Raleigh, NC Home Values. Available at https://www.zillow.com/home-values/54047/raleighnc/.

Another factor in rising prices has been insufficient housing supply for people at all income ranges and household types. Before 2021, 55% of our city and over 70% of our residentially zoned land was limited to single-family housing only. Single-family housing is an important housing type, but it is not affordable and often not desirable for many residents. This lack of housing choices increased competition for the limited supply of housing and drove up prices. Additionally, homebuilding of all types stalled following the Great Recession of 2008.

In 2021 and 2022, Raleigh City Council passed a series of zoning reforms that allowed more housing types in more places in the city, including "missing middle" types larger than a single-family house and smaller than a four- or five-story apartment building. Examples of missing middle housing typologies include duplexes, triplexes, courtyard apartments, bungalow courts, townhomes, multiplexes, and live/work units.[18] The market has responded strongly to these changes, with over 2,000 units or almost one third of all approved units being in a missing middle enabled housing type. Raleigh's housing production has lagged our population growth since 2010, until the new supply delivered in recent years **(Figure 3)**.[19]

Figure 3: Population Growth vs. Housing Unit Growth in Raleigh

2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022

—— Population Growth —— Housing Unit Growth
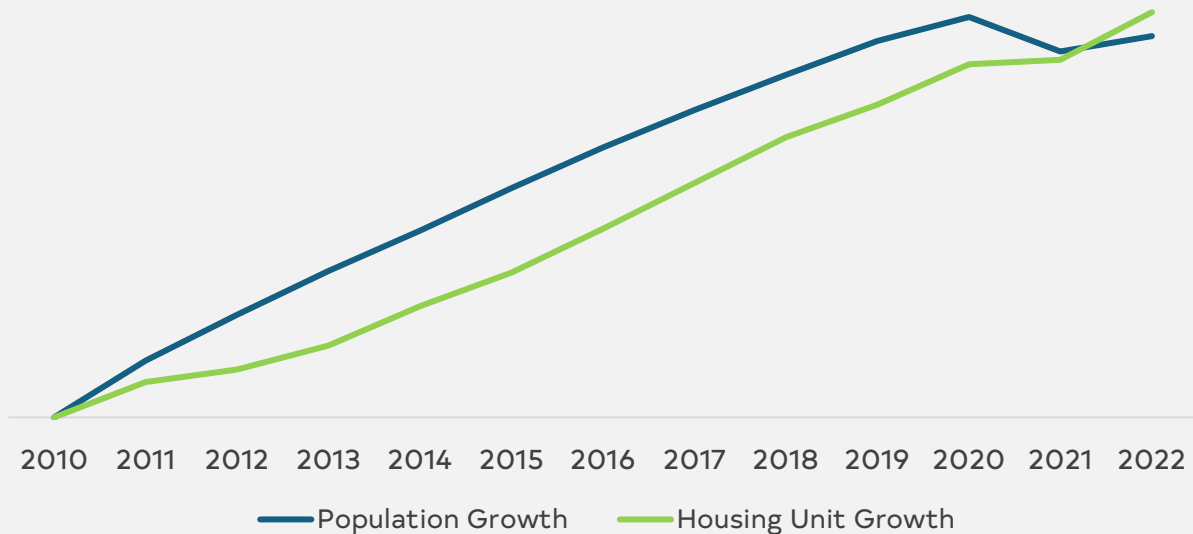
Coupled with more multifamily development, these policies have helped stabilize prices in Raleigh over the past two years. However, due to the existing deficit in units, the city has lost over 33,000 units of "naturally occurring affordable housing" (or "NOAH") and the percent of units in the Raleigh market renting at an affordable price point has steadily declined over the past several years **(Figure 4).**[20]

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[18] Opticos Design (n.d.). Missing middle housing. Available at http://opticosdesign.com/missing-middle-housing.
[19] U.S. Census Bureau (2024). American Community Survey (5-year), 2010-2022.
[20] *Ibid.*

Figure 4: Affordable Rental Units in Raleigh

	2016	2017	2018	2019	2020	2021	2022
Number of Occupied Units Paying Rent	83,518	85,003	85,762	88,903	90,997	90,572	92,812
Number of Occupied Units that Rent for ≤$999*	45,931	40,901	35,822	31,029	26,895	20,183	13,027
Percent of Occupied Units that Rent for ≤$999*	**55%**	**48%**	**42%**	**35%**	**30%**	**22%**	**14%**
Fair Market Rent for Two-Bedroom	$947	$993	$1,026	$1,086	$1,163	$1,200	$1,223

Units with monthly rent of $999 or less is used as a benchmark for "naturally occurring" affordability as it closely tracks the Fair Market Rent (a federally defined standard of affordability) in the data set used.

A third component of our affordability challenge is rising development costs. The total cost of development includes land costs (15-20% of total development costs), "hard" costs of construction such as labor and building materials (60-70% of costs), and "soft" construction costs like financing, design, and permitting (15-20% of costs). All three cost categories have risen significantly over the past five years, contributing to rising rents. The biggest proportional increase in development costs in recent years has been land costs; due to the high demand to live in Raleigh, the cost of a typical lot has gone up approximately 400% over the past ten years.[21] Additionally, construction costs have outpaced inflation and increased by nearly 20% since 2020 **(Figure 5)** and financing costs are at a 20-year high.[22] All of these factors create upward housing price pressure.

Figure 5: Construction Material Price Changes

Construction Materials	Price Change 2021 to 2022	Price Change 2022 to 2023
Softwood Lumber	**+20.1%**	**-9.0%**
Hardwood Lumber	**+30.8%**	**-2.7%**
Plastic Construction Products	**+35.0%**	**-2.9%**
Steel Mill Products	**+112.7%**	**+4.4%**
Cement	**+8.9%**	**+8.2%**
Concrete Products	**+9.8%**	**+6.2%**
Construction Machinery and Equipment	**+11.4%**	**+4.5%**

[21] Wake County, NC (2024). Real Estate Property Data Files. Available at https://www.wake.gov/departmentsgovernment/tax-administration/data-files-statistics-and-reports/real-estate-property-data-files.
[22] U.S. Bureau of Labor Statistics via North Carolina Housing Finance Agency (2024). Construction Cost Increases Impact Housing Affordability. Available at https://www.nchfa.com/construction-cost-increasesand-impact-housing-affordability.

The final factor is income. Higher median incomes are directly linked to higher housing prices and more homelessness, and Raleigh has had a 28% increase in median household income from 2017 to 2022.[23] This shift does not reflect that incomes for low income households in Raleigh increased by 28%, but instead reflects primarily an increase in higher paying jobs, many of which are taken by new arrivals to Raleigh, which bids up the cost of housing.

This is reflected in the amount of income required to afford the average mortgage in the Raleigh metro area, which doubled in less than two years (from 2020 to 2022).[24] Put another way, ten years ago, Raleigh was more affordable than the average large U.S. city with about 70% of for-sale homes affordable to a household making the median income. By 2023, only 35% were affordable to a family earning the median income **(Figure 6)**.[25]

Figure 6: Housing Opportunity Index (HOI)
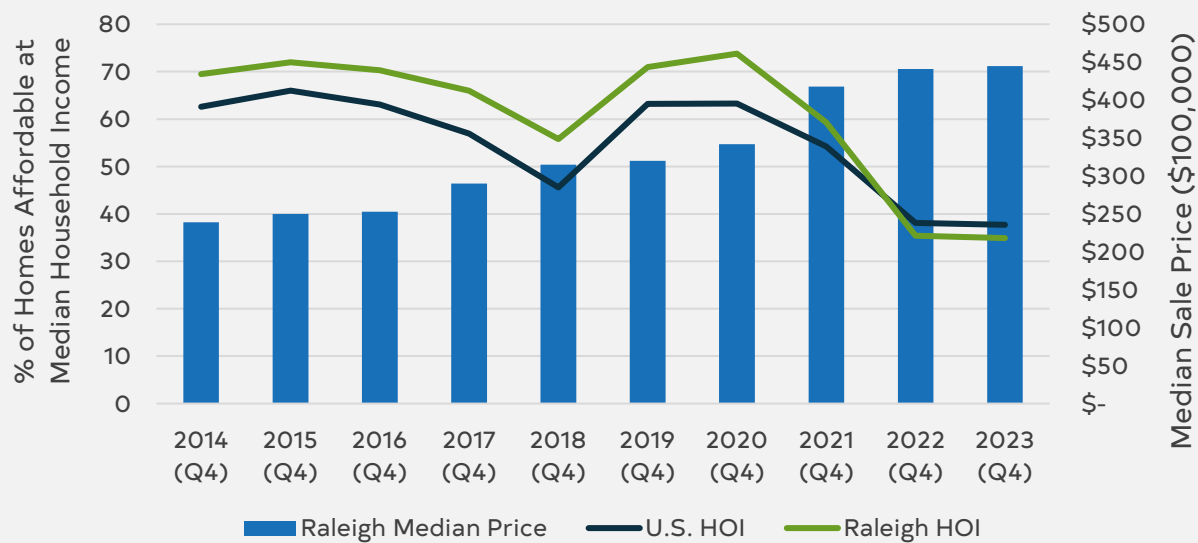
 For renters, both in Raleigh and nationally, rents have risen much faster than household income.[26] The median income data also obscures the fact that inflation-adjusted incomes are falling for low-income households and are stagnant for middle-income households who have seen almost no real income growth, compounding affordability challenges. While incomes in Raleigh have risen faster than the national average, most of that income growth has been for families at the top of the income spectrum. Since 2001, real household incomes have fallen for the bottom 40% of American households, while the middle 20% experienced almost no real household income growth.[27] In Raleigh, the number of

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[23] U.S. Census Bureau (2024). American Community Survey (5-year), 2017-2022.
[24] Emily Peck (2022). Why Home Sales are Cratering in One Chart. Axios. Available at https://www.axios.com/2022/09/29/housing-affordability-income-sales-decline.
[25] National Association of Homebuilders (2023). Housing Opportunity Index. Historical data by Metropolitan Statistical Area (MSA). Available at https://www.nahb.org/-/media/NAHB/news-andeconomics/docs/housing-economics/hoi/2023-q4/2-history-by-msa-2023q4.xls.
[26] Peggy Bailey (2024). A Blueprint for Prosperity: Expanding Housing Affordability. Center on Budget and Policy Priorities. Available at https://www.cbpp.org/research/housing/a-blueprint-for-prosperity-expandinghousing-affordability.
[27] *Ibid.*

households that comprise the "middle class" is shrinking faster than most other large U.S. cities, underscoring the deepening divide of income inequality.[28]

A household must earn an annual income of almost $66,000 to afford a two-bedroom apartment at the "Fair Market Rent" rate in Raleigh.[29] There is also a gap in the number of units available in the Raleigh market for low-income households, with the greatest gap (approximately 38,000 units) for households earning between $15,000 and $35,000 per year, or approximately 20-30% AMI for a family of four **(Figure 7)**.[30]

Figure 7. Affordable Rental Housing Supply Gap by Household Income, 2022
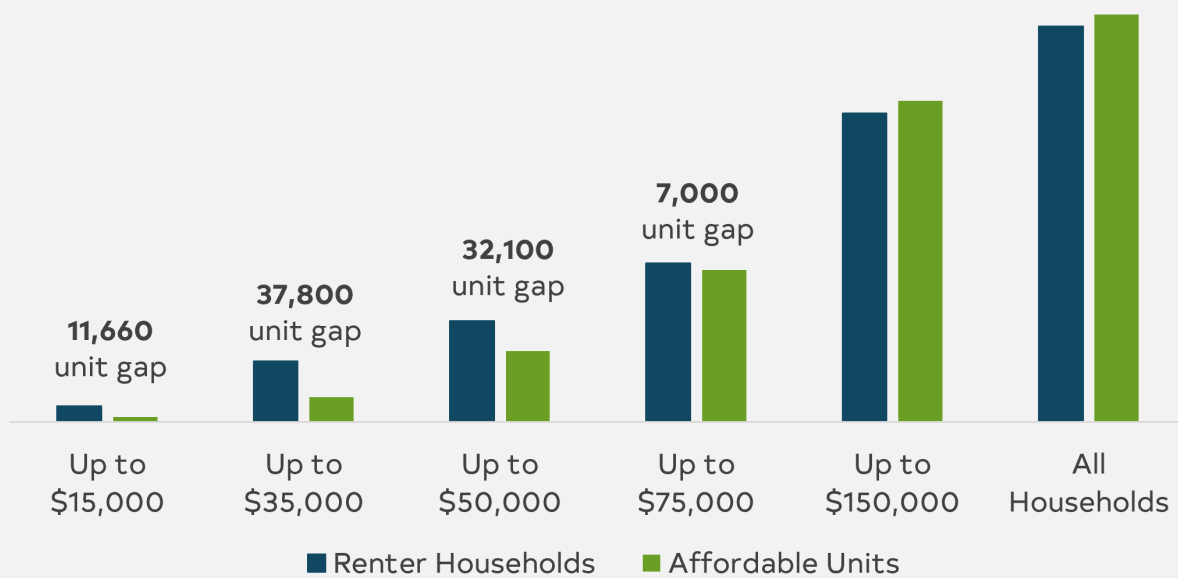
All these factors reduce housing affordability, which has led to rising homelessness. Homelessness is a housing affordability problem and is closely linked to the phenomena discussed – stagnant incomes for the low and middle class, rising incomes of newcomers, higher development costs and inadequate housing supply. These factors have led to unsheltered homelessness approximately doubling from 2020 to 2024.[32]

Figure 8 shows some of the locations where Raleigh residents experiencing homelessness are living outside. Orange dots are places where people are sleeping unsheltered in City Parks (observed from 2022-2023) and the blue dots are where the annual Point-in-Time Count recorded people living outside on January 24, 2024. Combined, these dots reflect the exponential increase in unsheltered homelessness in recent years.

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[28] Hannah Levya (2024). Analysis: Middle class shrinking faster in Raleigh than most other large U.S. cities. WNCT. Available at https://www.wnct.com/news/north-carolina/analysis-middle-class-shrinking-faster-inraleigh-than-most-other-large-u-s-cities/.
[29] National Low Income Housing Coalition (2024). Out of Reach: The High Cost of Housing. Available at https://nlihc.org/oor.
[30] U.S. Census Bureau (2024). American Community Survey (5-year), 2010-2022. [32] Wake County, NC Continuum of Care (2024). Point in Time Count Data. Available at https://wakenc507.org/data/.

Figure 8: Locations of People Living Unsheltered, 2022-2024
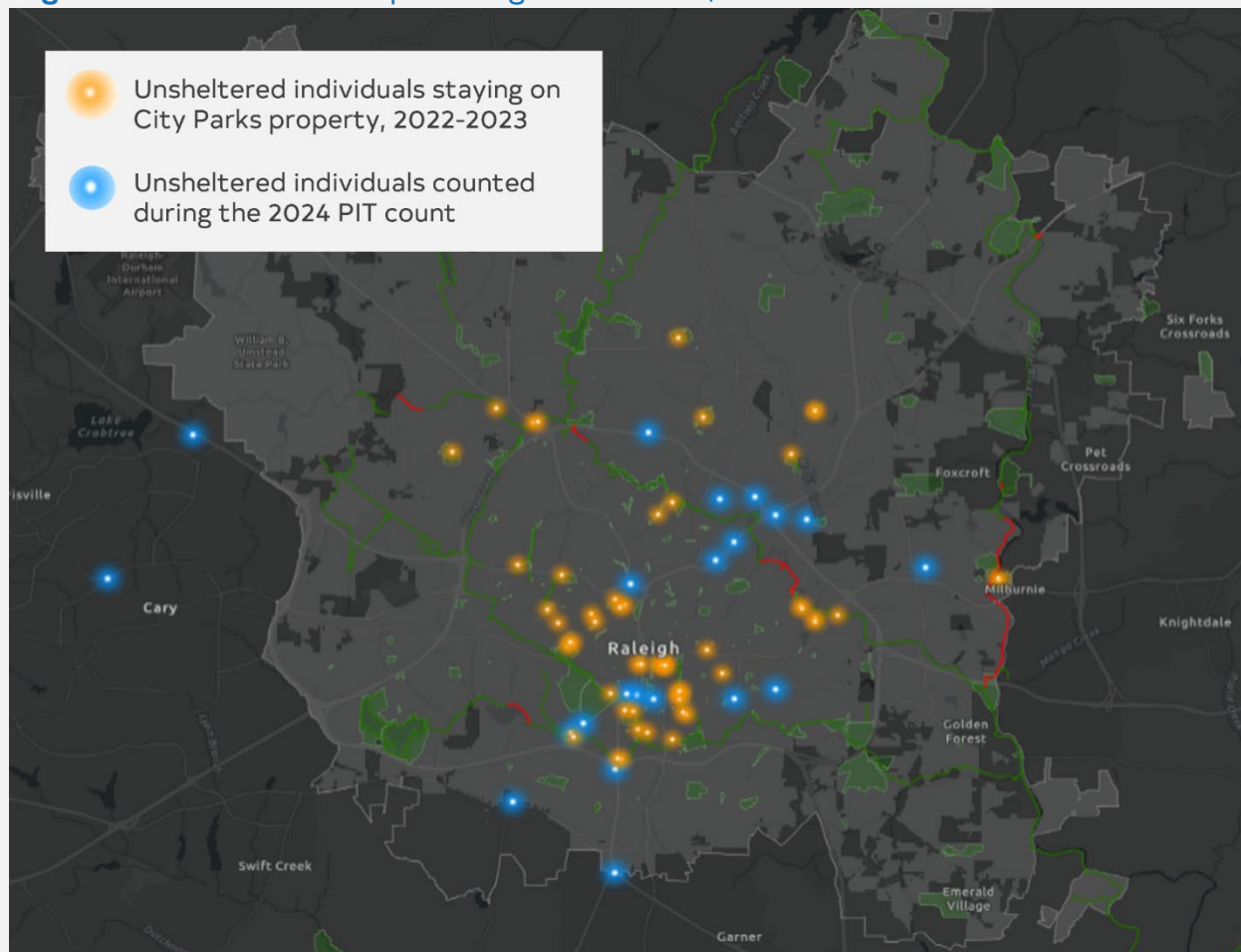
The rise in the number of people living outside may seem bleak, but recent trends in Raleigh's housing landscape offer a unique opportunity for leveraging the private sector to address homelessness. Multifamily vacancies in Raleigh have jumped from 5% in 2021 to 11% in 2024 due to a wave of new supply, effectively lowering average rents **(Figure 9)**.[31] Higher vacancies also mean that more units are available to house people experiencing homelessness and presents an opportunity to partner with private landlords to connect people living outside with homes.

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[31] CoStar (2024). Multifamily Properties in Raleigh, NC as of July 17, 2024.

Figure 9. Multifamily Market Rate Rents and Vacancy Rates in Raleigh
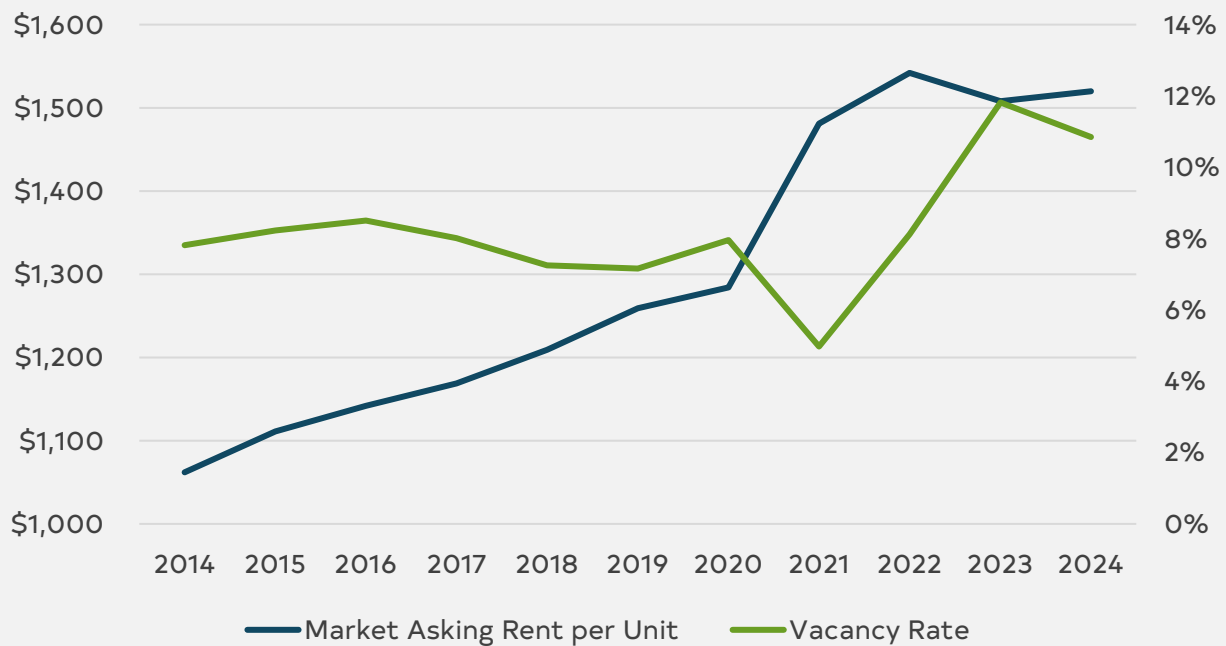
Evidence-Based Best Practices in Housing Solutions

The City of Raleigh centers its approach to addressing housing affordability and homelessness in decades of research and evidence-based best practice, including two key components: employing data-driven, housing-focused approaches and promoting community integration for people with disabilities.

Housing-focused approaches in ending homelessness are backed by more than 30 years of research and successful practice that prioritizes providing permanent housing to people experiencing homelessness, thus ending their homelessness and serving as a platform from which they can improve their quality of life.[32] This philosophy differs from approaches that require people to prove they are "ready" for housing by participating in mandatory programs or services before they can receive permanent housing, or in order to retain housing. Housing-focused approaches allow access to permanent housing without expensive and ineffective conditions beyond those of a typical renter.[33] Supportive services are offered to support people with housing stability and individual well-being, but participation is not required. In addition to showing better outcomes and lower costs associated with a housing-focused approach, research and practice also show people who are offered voluntary services have better outcomes than people who are required to engage in services as a condition of their housing (the latter approach also being more expensive).[34, 35]

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[32] National Alliance to End Homelessness (2022). Housing First. Available at https://endhomelessness.org/resource/housing-first/.

[33] U.S. Department of Housing and Urban Development. (2010). *The cost of homelessness: A perspective from the United States*. Office of Policy Development and Research. https://www.huduser.gov/portal/publications/povsoc/cost_homelessness.html

[34] National Low Income Housing Coalition (2023). The Case for Housing First. Available at https://nlihc.org/sites/default/files/Housing-First-Research.pdf.

[35] U.S. Interagency Council on Homelessness (2023). Maximizing the Impact of Federally Funded Housing and Supportive Services Programs. Available at https://www.usich.gov/sites/default/files/document/Report_on_Maximizing_the_Impact_of_Federally_Funded_Housing_and_Supportive_Services_Programs.pdf.

Permanent, affordable housing options that are integrated into the community, as opposed to segregated or institutional settings, allow individuals to access the same opportunities for education, employment, and social interaction as everyone else.[36] This supports mental and physical well-being and fosters a sense of belonging and self-determination. The State of North Carolina has been under a settlement agreement since 2012 with the U.S. Department of Justice (the *Olmstead* Settlement Agreement), which mandates the provision of services and support to individuals with disabilities in the most integrated settings appropriate to their need and choice.[37] Under the *Olmstead* Settlement Agreement, North Carolina is committed to expanding community-based housing options, ensuring access to individualized support and services, and promoting community integration and participation. Raleigh seeks to honor the guidance of the State settlement plan by encouraging affordable housing developments in which no more than 20-30% of units are specifically reserved for people with disabilities thereby encouraging integration.[38]

The solution to homelessness is housing, but it is not a one-size-fits-all approach. There are various models of housing that can effectively address the diverse needs of individuals experiencing homelessness. However, a housing-focused approach has proven effective for most individuals exiting homelessness. While tiny home villages are often seen as a quick and cost-effective solution, they are not considered best practice unless they offer an integrated approach. These models tend to be transitional and non-permanent, isolating residents from the broader community.

Single-site housing targeted at people experiencing homelessness, such as tiny home villages or site-based permanent supportive housing (where 100% of units are reserved for people exiting homelessness), may conflict with the *Olmstead* Settlement Agreement. Concentrating certain people in one location often increases stigma and hinders integration into the community.

For these reasons, Raleigh prioritizes integrated, scattered-site housing models over single-site, non-integrated approaches. This approach helps create a more welcoming community for all residents, ensuring that people experiencing homelessness are integrated into neighborhoods and have access to the same opportunities as other community members. By encouraging community engagement and fostering social connections, these models ensure that participation in community life is not an afterthought but an intentional and structured part of the housing process. This not only supports the well-being of individuals but also strengthens the social fabric of neighborhoods, benefiting all residents.

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[36] N.C. Department of Health and Human Services (2023). Transitions to Community Living. Available at https://www.ncdhhs.gov/about/department-initiatives/transitions-community-living.
[37] Stan Portnov (2018). Student Corner: The Olmstead Decision: Compliance and Action in North Carolina. UNC Chapel Hill School of Government. Available at https://ced.sog.unc.edu/2018/01/the-olmsteaddecision-compliance-and-action-in-north-carolina/.
[38] N.C. Department of Health and Human Services (2021). North Carolina's Olmstead Plan. Available at https://www.ncdhhs.gov/508-compliant-north-carolina-olmstead-plan/open.

Strategic Plan

Priority Needs and Plan Synthesis

A Home for Every Neighbor seeks to align strategies presented in this plan with priority needs, themes, and goals identified through other pertinent City planning processes such as the FY21-25 Strategic Plan, the 2026-2030 Consolidated Plan, and the Comprehensive Plan (see Appendix B for more details).

The following priority needs have emerged from the housing needs assessment and market analysis of Raleigh conducted for the 2026-2030 Consolidated Plan, including a resident survey, and through the planning process for the City of Raleigh's next Comprehensive Plan **(Figure 10)**.[39]

Figure 10. Priority Needs from the Consolidated Plan and Comprehensive Plan.

	Priority Needs		
2026-2030 Consolidated Plan	More housing options for households earning <30% AMI	Address homelessness	More housing located near employment, services, and amenities
New Comprehensive Plan *(in development)*	More housing options for households earning <30% AMI	More housing located near employment	More housing at different price points

Four key themes emerge from the strategic goals highlighted in relevant City plans: increasing affordable housing supply, increasing overall housing market affordability, addressing homelessness, and increasing housing choice and variety **(Figure 11)**. Each plan emphasizes these goals to different degrees, as reflected by the number of checkmarks in each category. These themes are synthesized into the four goals put forth in *A Home for Every Neighbor*.

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[39] The survey as a whole received responses from more than 580 participants; 508 respondents answered the question on identifying the top priorities for the plan. See the full survey and results here: https://engage.raleighnc.gov/n22500.

Figure 11. Key Themes for Strategic Goals across City Plans.

	Strategic Goals: Key Themes across Plans			
	Increase affordable housing supply	Increase overall housing market affordability	Address homelessness	Increase housing variety and choice
2026-2030 Consolidated Plan	✓ ✓	✓	✓ ✓	✓
2030 Comprehensive Plan *(Housing)*	✓ ✓	✓ ✓	✓	✓
FY26-FY29 Strategic Plan *(Housing)*	✓ ✓	✓	✓	✓ ✓
Unsheltered Homelessness Response Plan			✓ ✓	

Another innovative and impactful planning process is currently underway: the Unsheltered Homelessness Response initiative. This effort is spearheaded by a steering committee of 48 community leaders and stakeholders, including individuals with lived experience and expertise in housing instability and homelessness. The Unsheltered Homelessness Response initiative aims to create comprehensive, actionable strategies to reduce unsheltered homelessness through the following components:

➔ **Needs Assessment and Gaps Analysis:** Identifying current housing and services resource gaps for people experiencing unsheltered homelessness.

➔ **Shared Protocols and Prioritization Methods:** Establishing consistent approaches to allocating resources and addressing unsheltered homelessness.

➔ **Housing Surge Toolkit:** Developing actionable strategies to rapidly expand housing opportunities.

➔ **Final Plan and Implementation Guide:** Providing a roadmap for coordinated efforts and solutions.

➔ **Monitoring and Evaluation Process:** Ensuring ongoing accountability and effectiveness through measurable outcomes.

This process will play a critical role in shaping the City's affordable housing strategy and ensuring lasting solutions to meet the needs of our community.

Strategic Goals and Objectives

The successful implementation of the strategic goals and objectives outlined in this plan is contingent upon the availability of adequate resources—namely consistent and sufficient funding. At present, the future availability of such funding remains uncertain, which will impact the scope and pace of implementation. Elements of the objectives set forth below that currently have an identified resource gap have been noted.

Goal 1: Increase the Supply of Subsidized Affordable Housing

➔ **Objective 1.1: Promote New Construction and Preservation**

- Leverage public and private funds to build new affordable housing units, with a target of creating 1,345 additional units by 2030.
  - $ **Resource Gap**

- Preserve existing affordable housing units through rehabilitation and maintenance programs, focusing on preventing displacement.

➔ **Objective 1.2: Streamline Development Processes**

- Continue to simplify the permitting and review processes for affordable housing projects to reduce delays and lower costs.

- Expand the City's Accessory Dwelling Unit (ADU) Fast Track Program by soliciting more architects to participate in the program with the goal of further accelerating the creation of ADUs as affordable rental options.

➔ **Objective 1.3: Lower Barriers to Housing Access**

- Review and revise eligibility criteria for affordable housing programs to reduce barriers for marginalized populations, including those with housing barriers such as poor credit history or a previous eviction.

- Increase outreach efforts to educate the community about available housing resources and programs.

Goal 2: Improve Housing Affordability across Raleigh's Housing Market

➔ **Objective 2.1: Encourage Mixed-Income Development**

- Implement policies and financing vehicles such as the mixed-income public development model.[40]
  - $ **Resource Gap**

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[40] Center for Public Enterprise (2024). Mixed-income public development: A brief overview. Available at https://publicenterprise.org/wp-content/uploads/2024_Mixed-Income-Public-Development-A-Brief-Overview.pdf.

- Support the continuation of zoning reforms to promote the development of mixed-income neighborhoods and increase housing variety.

➔ **Objective 2.2: Enhance Financial Assistance Programs**

- Continue funding homebuyer assistance and home repair programs to support low-income households.
- Explore opportunities to invest in rental assistance for low-income households, particularly those experiencing or at risk of homelessness and/or displacement.
- Promote programs that provide long-term affordability such as shared equity models.

➔ **Objective 2.3: Expand Housing Options**

- Increase the availability of diverse housing types, including multifamily units, co-living spaces, and single-room occupancy ("SRO") and other small units that are integrated throughout our neighborhoods and meet the needs of a broader range of residents.
- Focus on creating affordable housing options in high opportunity areas to ensure access to amenities, schools, and jobs.

Goal 3: End and Prevent Homelessness

➔ **Objective 3.1: Implement Data-Driven Solutions to End Homelessness**

- Use data and evidence-based, housing-focused interventions for households experiencing homelessness

  $ Resource Gap

- Practice fidelity to community integration models described in this plan.
- Continue to strengthen partnership with Wake County, the Continuum of Care (CoC), and homeless service providers.
- Finalize the Raleigh Unsheltered Homelessness Response Plan for ethical decommissioning of camps and ending unsheltered homelessness.
- Fill the medical respite and bridge housing gaps in the community's homeless response system.

➔ **Objective 3.2: Enhance Access to Permanent Housing**

- Partner with private landlords to increase the use of vacant rental units for Rapid Re-Housing programs and other homelessness interventions.
- Create incentives for landlords to participate in affordable housing programs.

  $ Resource Gap

- Explore technology tools to support build-out of a local affordable housing inventory.

➔ **Objective 3.3: Enhance Existing Investments to End and Prevent Homelessness**

- Increase funding for flexible homelessness and eviction prevention assistance.

    $ **Resource Gap**

- Expand diversion/rapid exit initiatives to reduce the number of people entering and rapidly exit people from emergency shelter.

    $ **Resource Gap**

- Build on the City's existing investments in street outreach, peer support, and alternative response by adding a housing-focused funding pot to be used as a tool to ensure these efforts lead to lasting solutions not just crisis management.

    $ **Resource Gap**

➔ **Objective 3.4: Proactively Decommission Unsheltered Homeless Camps**

- Decommission camps using a direct-to-housing model (rent assistance plus case management) with a goal of housing 400 households by 2030.

    $ **Resource Gap**

- Invest in a flex fund to pay for move-in expenses, arrears, application fees, and other housing stabilization expenses.

    $ **Resource Gap**

Performance Metrics

As part of our ongoing commitment to addressing the critical issues of affordable housing and homelessness, it is essential to establish clear, measurable goals that track our progress and ensure accountability in the City of Raleigh's efforts. The following performance metrics will serve as key indicators of success and will guide our work toward creating lasting solutions for all residents. These metrics focus on tangible outcomes that will help us track the effectiveness of our strategies, ensure we are meeting our objectives, and adjust our approach as necessary.

➔ **Housing Units Created:** Track the number of new affordable housing units built and preserved annually, with a target to create and/or preserve 1,345 units by 2030.

➔ **Affordability Impact:** Assess changes in housing market and City service delivery that affect affordability, to include:

- Number of housing units by type (to include subsidized affordable housing, missing middle housing types, and mixed-income developments),

- Number and/or ratio of units located near transit,

- Number of households receiving City housing-focused financial assistance, and

- Average time for development review for subsidized affordable housing projects.

➔ **Homelessness Reduction:** Monitor changes in the number of people experiencing homelessness, with a target to house 400 households by 2030.

Resource Needs

Achieving the strategic goals outlined in this plan will require a significant expansion of resources to support Raleigh's vision for increasing housing affordability and ending homelessness. As the 2020 Affordable Housing Bond nears the end of its five-year implementation period, Raleigh is facing a decrease in affordable housing funding available each year. As of the end of FY24-25, approximately 79% of the $80 million bond has been committed so far to create or preserve about 1,800 affordable housing units.

Building or preserving a similar number of affordable homes over the next five years, while meeting the growing demand, will require resources well beyond what remains from the current bond. Raleigh currently braids multiple funding streams to support affordable housing production and preservation, including:

- ➜ **2020 Affordable Housing Bond** funds ($4.8 million each year from FY21-22 through FY25-26)
- ➜ **"Penny for Housing"** funds (approximately $8 million each year),
- ➜ **Local program income** from repayments on loans made in past years (approximately $1 million each year), and
- ➜ **Federal funds** from the HOME Investment Partnerships Program (approximately $1 million each year).

Together, these sources provide around $15 million to the City's rental development gap financing program, which offers low-cost loans to developers of affordable multifamily housing to build and rehabilitate affordable rental communities. With the sunsetting of the bond after FY25-26, the pool of funding available for this purpose will be reduced by a third.

Additionally, addressing the complex and urgent challenge of unsheltered homelessness would require sustained investment at a scale of **$26,000 to $44,000 per person** experiencing homelessness per year. This investment would support housing assistance and light touch case management for all individuals living without shelter in Raleigh—enabling Raleigh to reach and maintain "functional zero" for the unsheltered population. [41, 42]

The City of Raleigh cannot fill this resource gap, or achieve this transformative goal, alone. Investment must come from a collaborative effort involving multiple sectors. This could include contributions from Wake County, whose partnership is essential to addressing homelessness as a regional issue, as well as private investments from philanthropy and businesses to provide flexible funding that support innovative solutions. Social impact investments from healthcare organizations are another promising avenue, recognizing that housing stability significantly reduces healthcare costs and improves overall community health. Together, these partnerships could leverage the City's investment to create a lasting, scalable solution that ensures every Raleigh resident has access to safe and stable housing.

The City's current investments have expanded outreach teams, strengthened alternative response efforts, and improved service coordination. These initiatives have been instrumental in connecting

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[41] Community Solutions (n.d.). Functional Zero. Available at https://community.solutions/built-forzero/functional-zero/.
[42] City of Raleigh (2025). Raleigh Unsheltered Homelessness Response Strategy. Publication forthcoming.

people to critical resources and reducing unnecessary law enforcement involvement. Additional investments to end homelessness would take the next step to make these efforts even more effective. Increased funding would:

➔ Maximize the impact of street outreach by providing direct pathways to housing and permanent solutions to homelessness,

➔ Strengthen alternative response efforts through the Raleigh CARES Program with flexible funding for move-in costs and immediate housing support, and

➔ Ensure outreach leads to permanent solutions, not just temporary interventions.

By building on the strong foundation of our current programs, we can turn outreach into action—helping people move from the streets into stable housing and making meaningful progress in the fight to end homelessness.

Beyond housing production and homelessness response, the City will also need to expand its internal capacity to administer and scale these initiatives. Increased staffing within the Housing and Neighborhoods Department will be essential, especially to support a comprehensive rental assistance and case management system capable of meeting community needs.

Closing these resource gaps will require a coordinated, cross-sector effort to secure sustainable and flexible funding. Without these additional resources, the City's ability to fully realize its goals and address the housing and homelessness crises will remain limited, and opportunities to make lasting, transformative progress may be lost.

Conclusion

Raleigh's comprehensive approach to housing affordability and homelessness reflects the City's commitment to ensuring that every resident has access to safe, affordable housing. The plan focuses on increasing the supply of affordable housing, improving affordability across the housing market, and implementing evidence-based strategies to address homelessness in ways that are both compassionate and cost-effective. By investing in proven interventions such as rapid rehousing and flexible housing assistance, Raleigh can reduce costly reliance on emergency shelters, hospitals, and the criminal justice system. These targeted strategies not only improve outcomes for residents but also generate significant taxpayer savings by shifting resources toward more efficient, upstream solutions.

A Home for Every Neighbor lays a strong foundation for meaningful and lasting change. The plan's interconnected strategies acknowledge the complexity of the housing crisis and underscore the need for collaboration among government, nonprofit organizations, private developers, and community stakeholders. A coordinated approach involving public, private, and community partners is essential to achieving the vision of a Raleigh where everyone has access to affordable housing.

This plan addresses the urgent challenges of rising housing costs and growing homelessness while preparing the ground for long-term, sustainable solutions. It positions Raleigh as a leader in fiscally responsible housing policy that balances immediate support with systemic change. Its success will rely on continued collaboration, broad public engagement, and shared accountability to close the gap between housing needs and availability. This will help ensure Raleigh remains a vibrant, inclusive city that delivers measurable value for residents and taxpayers alike.

Appendix A: Funding Need Projections

Estimating the funding needed to maintain current affordable housing unit production was done by calculating the average per-unit funding invested from the 2020 Affordable Housing Bond since the bond's inception. The chart below shows this average funding per unit, the average number of units produced per year.

Fiscal Year	Funds Committed	Units	Average per Unit
FY21-22	$17,900,000	394	$45,431
FY22-23	$13,406,555	245	$54,721
FY23-24	$11,690,531	217	$53,873
FY24-25	$10,452,728	218	$47,948
Average	$13,362,453	268.5	$50,493

The current bond is still spending out for through another Fiscal Year (FY 2025-2026, with bond authority to continue spending funds through November 2027 if needed). As such, funding needs are projected out to start in FY 2026-2027, with a 4% inflation rate applied year-over-year to the average per-unit investment from the chart above ($50,493).[43] As shown below, the average costs to fund one unit is multiplied by the current average level of unit production (rounded up to the nearest whole number, 269) to yield the total funding needed per Fiscal Year to maintain production.

Fiscal Year	Estimated Cost to Fund One Unit (4% inflation)	x Current Production (units/year)	Total Funding Need
FY26-27	$54,614	269	$14,691,090
FY27-28	$56,798	269	$15,278,734
FY28-29	$59,070	269	$15,889,883
FY29-30	$61,433	269	$16,525,479
FY30-31	$63,890	269	$17,168,498
Total		1,345	$79,571,684

This calculation yields an estimated five-year cost of approximately $79.5 million to maintain the current level of unit production.

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[43] Annual inflation rate of 4% is based on inflation data from 2020-2024.

Appendix B: Connections to Other City Plans

Vision Themes and Guiding Principles					
2030 Comprehensive Plan	Economic prosperity	Expanding housing choices	Managing our growth	Coordinating land use and transportation	Sustainable development	Growing successful neighborhoods and communities
FY26-FY29 Strategic Plan	Community safety and quality of life	Economic development and innovation	Environmental resilience	Housing	Organizational excellence	Transportation and transit

Priority Needs		
2026-2030 Consolidated Plan	Housing options for households earning <30% AMI	Homelessness	Housing with access to employment, services, and amenities
New Comprehensive Plan *(in development)*	Housing options for households earning <30% AMI	Housing located near employment	Housing at different price points

Strategic Goals		
A Home for Every Neighbor	Increase the supply of affordable housing	Improve housing affordability across the entire housing supply	Address homelessness
2026-2030 Consolidated Plan	Increase affordable housing options	Prevent and reduce homelessness	Increase housing stabilization and supportive services
2030 Comprehensive Plan *(Housing)*	Quality and variety of housing	Increase supply of affordable housing	Address homelessness and special needs; Fair Housing, Universal Design, and aging in place
FY26-FY259 Strategic Plan *(Housing)*	Advance proven solutions to mitigate housing insecurity	Promote walkable, mixed-income communities that expand housing choices and integrate with transit and infrastructure	
Unsheltered Homelessness Response Plan	Decrease unsheltered homelessness in Raleigh and Wake County	Focus on housing outcomes and housing retention; Decrease the length of time to housing	Overall costs and resource management

Policies and Initiatives to Further Goals		
A Home for Every Neighbor	**Increase the supply of affordable housing** • Promote new construction and preservation • Streamline development processes • Lower barriers to housing access	**Improve housing affordability across the entire housing supply** • Encourage mixed-income housing • Enhance financial assistance programs • Expand housing options	**Address homelessness** • Implement data-driven solutions to end homelessness • Enhance access to permanent housing • Invest in prevention and diversion • Proactively decommission unsheltered homeless camps
2030 Comprehensive Plan *(Housing)*	**Quality and variety of housing** • Mixed-income neighborhoods • Geographic dispersal of affordable units • Energy efficiency • Affordable housing design • Scattered site infill • Housing preservation • Public Housing coordination • Zoning for housing • Housing variety	**Increase supply of affordable housing** • Permanent funding source for housing • Expanded housing assistance • Removing housing barriers • Long-term affordability • Affordable set-asides in projects • Accessory dwelling units • Housing on public sites • Incentives on private sites • Site assembly for housing • Minimize displacement • Transit accessibility • Transit availability • Affordable units in TODs • Existing housing	**Address homelessness and special needs; Fair Housing, Universal Design, and aging in place** • Homelessness prevention • Supportive services • Assistance to homeless service providers • Very low-income housing • Fair Housing Act enforcement • Aging in place • Housing for persons with supportive service needs
FY26-FY29 Strategic Plan *(Housing)*	**Advance proven solutions to mitigate housing insecurity** • Provide financial assistance to keep people in their homes • Prevent homelessness before it happens	**Promote walkable, mixed-income communities that expand housing choices and integrate with transit and infrastructure** • Speed up housing development reviews • Support more housing options through zoning changes • Preserve affordable housing that already exists	