



FY22-23

# Affordable Housing Annual Report



Raleigh  
Housing

A couple is seen from behind, looking at a two-story house. The image is overlaid with a green tint and a pattern of yellow and green geometric shapes in the top left corner.

## Executive Summary

The City of Raleigh's Housing and Neighborhoods Department addresses housing affordability through three key focus areas:

- rental housing development
- neighborhood stabilization
- ending homelessness

In many ways, Raleigh is still recovering from the COVID-19 pandemic, including a downturn in affordable housing production caused by supply chain disruptions, high construction costs, labor shortages, and rising interest rates. In Fiscal Year 2022-2023, the City started to turn a corner and was able to create or preserve 411 affordable housing units – more than double the 156 units produced in the prior year.

In FY23-24, the City is continuing to support affordable rental unit creation through the rental development gap financing program, as well as creating new public-private partnership opportunities by making City-owned parcels along the planned Wake Bus Rapid Transit (BRT) corridors available for affordable housing development by private development partners. The City also continues to invest in neighborhood stabilization through financial assistance for first-time homebuyers and long-time homeowners seeking to repair their homes, and it continues providing financial support to local homeless services providers.

# Affordable Housing in Raleigh

"Affordable housing" generally refers to housing that is affordable to households with low incomes, meaning that these households pay no more than 30% of their income for housing costs like rent, mortgage, and utilities.

"Low-income" households are defined based on the area median income for Raleigh. If you lined up every household in the Raleigh area in order from least to most income, the area median income (AMI) would be the amount in the middle. AMI is used to determine eligibility for affordable housing programs. These programs are targeted to households earning below 80% AMI, with some programs intended for lower AMI levels.

In 2016, the City of Raleigh set an aspirational goal to **create or preserve 5,700 affordable housing units** over a ten-year period. Since tracking toward this goal began in FY15-16, the City has added or preserved **3,439 units**. This is done through a variety of City programs and initiatives that provide financial assistance for first-time homebuyers, fund home repairs for low-income homeowners, and create affordable rental developments.

We can think of the affordable housing landscape as a continuum that shows the range of affordable housing options available to residents:



Raleigh is growing quickly, and along with the growth that comes with rising housing costs. In May 2023, the median home sale price was \$415,000. Compared to the median home price of \$280,000 in May 2020, it is clear that our city's struggle with housing affordability has worsened in recent years.<sup>1</sup>

The Housing and Neighborhoods Department combats cost burden and housing instability by creating and preserving affordable housing in a number of ways — from financial assistance for first-time homebuyers and home rehabilitation for elderly and disabled homeowners, to gap financing for affordable rental housing developers, to financial and planning support for homelessness service providers.

This report highlights the Department's affordable housing initiatives and accomplishments in FY22-23 and lays out our strategy and priorities for FY23-24.

# FY22-23 Accomplishments

Over the past three years, the City of Raleigh, along with most of the country, has seen a drastic slowdown in affordable housing production resulting from the COVID-19 pandemic. Across the nation, supply chain disruption, rising construction costs, labor shortages, and high interest rates on construction loans halted housing development. In Raleigh, almost every affordable housing development in the pipeline experienced a funding gap, causing project delays and requiring increased City subsidy to keep the projects afloat.

Despite these bottlenecks, Raleigh was able to create and preserve a total of **411 affordable units** in FY22-23.

	FY1516 - FY21-22	FY22-23	TOTAL
Rental units created/preserved	2,260	388	2,648
First-time homebuyers assisted	334	9	343
Homes Constructed & sold to low-income buyers	229	5	234
Homes repaired/rehabilitated	205	9	214
TOTAL	3,028	411	3,439



# How We Fund Affordable Housing Programs and Developments

The City of Raleigh uses various funding sources to fund out affordable housing programs and developments. These dollars are from the federal government, the City's general fund, and our Affordable Housing Bond. We leverage various funding sources to meet the various community development needs in our community.

FUNDING SOURCE	HOUSING ACTIVITY						
	Homebuyer Assistance	Home Rehab	Rental Unit Development	Site Aquisition	Grantmaking*	Rapid Rehousing**	Emergency Shelter
Federal							
Home Investment Partnerships Program			✓				
Emergency Solutions Grand (ESG)					✓	✓	✓
Community Development Block Grant (CDBG)	✓	✓		✓	✓	✓	✓
General Fund							
Penny for Housing			✓	✓			
Bond Funding							
2020 Affordable Housing Bond	✓	✓	✓	✓	✓		

\*Funding for public services that the department directly administers for permitted uses to non-profit organizations through a [competitive RFP process annually](#).

\*\*[Rent assistance and case management](#) for people experiencing homelessness



## Rental Housing Development

In FY22-23, four rental communities were built or preserved, totaling **388 affordable rental units**. Three properties – Walnut Trace, Abbington Square, and Booker Park South – are newly constructed rental communities, and Grosvenor Gardens is an existing “naturally occurring” affordable rental property that will have its affordability preserved through legally binding deed restrictions.

In addition to these units on the ground, the City awarded funds in May 2023 to three rental development projects using the Low-Income Housing Tax Credit program, which will create **292 new affordable units** once complete. The City also awarded \$2 million in Small-Scale Development program funds from the [\*\*2020 Affordable Housing Bond\*\*](#) to two infill development projects by Southeast Raleigh Promise and CASA, which will create a total of 36 affordable rental units. Another **2,135 units** received City funding commitments in prior years and are currently in the development pipeline.

Pre-Construction	
PROJECT NAME	UNITS
Birch & Branch*	180
Hampton Spring*	56
Lake Haven*	56
New Bern Crossings	192
Sumner Pointe I & II	180
The Pines at Peach Road	119
The Pointe at Town Center I & II	288
The Preserve at Gresham Lake	156
The Terrace at Rock Quarry	132
Small-Scale - Southeast Raleigh Promise (Scattered Site)*	27
Small-Scale - CASA (601 Method Road)*	9
<b>TOTAL</b>	<b>1,479</b>

Under Construction	
PROJECT NAME	UNITS
Aspen Spring	84
King's Ridge	100
Milner Commons	156
Oak Forest Pointe	120
Primavera	164
The Summit at Sawyer	154
Thrive at South End	90
Toulon Place	200
<b>TOTAL</b>	<b>1,068</b>



\*Projects funded in FY22-23

The City also put out several Requests for Proposals (RFPs) for affordable housing development on City-owned land, including 4314 Poole Road, 15 Summit Avenue, and a cluster of parcels in Downtown East (424 & 428 S. Bloodworth Street, 414 & 416 E. Cabarrus Street, and 504 S. East Street).





## Neighborhood Stabilization

Individuals and families hoping to become first-time homebuyers continue to struggle finding affordable homeownership options. Home prices soared in 2020 and have still not returned to pre-pandemic levels. In FY22-23, the median home sale price was more than \$400,000 making it nearly impossible for prospective buyers with lower incomes to find a home within their budget. In response, the City of Raleigh increased the maximum assistance amount for the citywide Homebuyer Assistance Program from \$20,000 to \$45,000. A new program was also introduced, called the Enhanced Homebuyer Assistance Program. The Enhanced program, which is funded by the **2020 Affordable Housing Bond**, provides up to \$60,000 in financial assistance to income-eligible first-time homebuyers purchasing a home in **targeted geographic areas** within Raleigh. These targeted neighborhoods surround the planned BRT routes in order to create affordable homeownership opportunities near transit.

The City provided homebuyer assistance to nine **first-time homebuyers** in FY22-23. Six of these homebuyers used the citywide Homebuyer Assistance Program and three used the new Enhanced Homebuyer Assistance Program.

Another five first-time homebuyers purchased homes through City-sponsored programs, including four homebuyers who bought homes in the East College Park neighborhood and one who purchased a home through the Raleigh Area Land Trust. The City also provided funding to DHIC, Inc. to provide homebuyer counseling services to **257 residents** in FY22-23.



Repairs were completed on nine homes **owned and occupied by low-income Raleigh residents** in FY22-23, including one home repaired through the Limited Repair Program, administered on behalf of the City by Resources for Seniors, and eight homes through the Substantial Rehabilitation Program. These repairs addressed major failing systems in the homes and threats to life or safety and will help the owners remain safely and stably housed.

The City activated the **Public Project Community Support Fund (PPCSF)** pilot to support businesses and residents in designated areas to offset the impacts of large-scale public investments in the New Bern Avenue BRT corridor and the Dix Edge Study area.

The goals of the PPCSF include:

- Grow community capacity
- Mitigate construction impacts to business and residents
- Encourage equitable business and residential growth and expansion
- Enhance physical and community connections

To achieve these goals, the City has partnered with Southeast Raleigh Promise (SERP) and Carolina Common Enterprise (CCE) to provide support services for residents in areas where large-scale City investments are underway. Services include the implementation of a multi-faceted neighborhood outreach and engagement in four target neighborhoods in Southeast Raleigh to provide support for residents such as financial education, estate planning, foreclosure prevention and homeowner improvements. In addition, support services include assistance to existing small and medium-sized businesses through the creation of a Legacy Business Preservation Program.



## Ending Homelessness

In early 2023, site work began on **King's Ridge**, a 100-unit affordable rental development. The City has committed \$7 million in [2020 Affordable Housing Bond Funds](#), as well as over \$2.5 million in federal funds, to support the project. At least 50 of the units will be set aside as permanent supportive housing for people experiencing homelessness — a significant addition to the housing stock, which could reduce homelessness in Wake County by as much as 10 percent.

Renovation and expansion also began at the **Healing Transitions Men's Campus**. In FY20-21, the City committed \$3 million in 2020 Affordable Housing Bond funds to Healing Transitions, a peer-based substance-use disorder recovery facility, to renovate and modernize the Men's Campus, including the addition of 110 emergency shelter beds. Construction at the campus is now underway and expected to be completed in 2024.

The City awarded a total of \$262,141 in federal **Emergency Solution Grant (ESG)** funds to provide emergency shelter (Healing Transitions) and rapid re-housing assistance (Passage Home), and to support the Wake County Homeless Management Information System (Raleigh/Wake Partnership to End & Prevent Homelessness). The City also provided \$100,000 in federal **Community Development Block Grant (CDBG)** funds to the South Wilmington Street Men's Shelter for shelter operations and \$150,000 in CDBG funds to St. John's Metropolitan Community Church to support white flag emergency shelter operations. In addition, \$68,000 in local funds were awarded to Catholic Charities for their Support Circle program, which provides rapid re-housing and homelessness prevention assistance. Given the ongoing effects of COVID-19, emergency shelters continued implementing social distancing requirements, which resulted in reduced bed capacity. A total of 1,423 individuals experiencing homelessness were served through these programs.



The **Homelessness Prevention and Diversion Pilot Program** is a new program established in FY22-23, which is designed to successfully prevent, divert, and rapidly exit individuals/households from the homeless response system.

The City selected two nonprofit partners to administer the program, Triangle Family Services and Passage Home. The City allocated \$525,000 to the pilot program, with each agency receiving a grant of \$262,500. Services provided by the agencies include:

- Rent and arrears payments
- Transportation services
- Utility and arrears payments
- Counseling on other housing resources
- Short-term hotel stays
- Gift cards for basic needs
- Landlord and family mediations to enable a return to housing
- Post-intervention case management to ensure housing stability

As of August 2023, the diversion pilot program has served 69 households and spent \$100,764 in grant funds.

# Roadmap for FY23-24

Raleigh is still recovering from the economic impacts of the pandemic and its ripple effects, on both housing supply and demand. Many affordable rental housing projects in the pipeline have experienced interest rate increases of several hundred basis points on their senior bank loans, leaving additional funding gaps that must be filled by City dollars. This is slowing down the pace of affordable housing production and constraining supply. The same squeeze is being felt in market-rate housing production. In many cases, the increased construction costs are being passed on to consumers, resulting in the rising rents and home purchase prices that threaten to price many residents out of Raleigh.

This affordability pressure is worsened by the fact that many families and individuals have had a long-term loss of income following the pandemic, whether due to health care costs, increased child or family care costs, job loss, or other factors. This means that their ability to afford rent or mortgage payments has diminished, and the rising housing costs are felt even more acutely.

In the face of these challenges, the Housing and Neighborhoods Department will continue to focus on rental housing, neighborhood stabilization, and ending homelessness in the new fiscal year. Work is underway in each area to advance the City's affordable housing priorities and make Raleigh a secure, equitable place to live.



## Rental Housing

- » **Continue advancing City-funded affordable rental projects through the development pipeline.** The Rental Development Program has funded more than 5,000 units in the City of Raleigh since 1988 by providing low-interest loans to affordable multifamily housing developers. Maintaining rental production remains a priority and a primary driver of housing affordability in the city.
- » **Solicit proposals for rental development on City-owned land.** In FY23-24, the City plans to make several sites located along the New Bern Avenue and Western Boulevard BRT routes available via long-term land lease for affordable housing development. At least 20% of the units will be affordable to households earning no more than 60% of the area median income AMI.



## Neighborhood Stabilization

- » **Successfully manage the City's flagship homeowner programs.** The City has several long-standing homeowner programs that create affordable homeownership opportunities for first-time buyers and fund repairs that allow elderly and disabled homeowners to remain safely in their homes. In FY22-23, two new programs were also added – the Enhanced Homebuyer Assistance program and the Raleigh Home Revitalization program. These programs target funds from the 2020 Affordable Housing Bond to neighborhoods surrounding the BRT corridors in order to preserve affordability and create homebuying opportunities for low-income Raleigh residents. Below are the production goals for FY23-24.
- **Homebuyer Assistance:** Provide financial assistance to **20** first-time homebuyers
  - **Limited Repair Program:** Fund repairs to **10** owner-occupied homes
  - **Substantial Rehabilitation Program:** Fund rehabilitation of **10** owner-occupied homes
  - **Raleigh Home Revitalization Program:** Fund repairs to **15** owner-occupied homes



## Ending Homelessness

- » **Maintain support for homeless services system and providers.** In partnership with Wake County Government and the Wake County Continuum of Care (CoC), the City will continue to identify the right resources for people experiencing homelessness or at risk of becoming homeless. The City uses local and federal funds to support the following activities and programs: rapid re-housing, the South Wilmington Street Men's Shelter, White Flag Shelter, the Wake County Homelessness Management Information System (HMIS), the CoC lead agency, and the Homelessness Prevention and Diversion Pilot program.
- » **Expand system planning, including planning for the use of HOME-ARP funding.** HOME-ARP and other funds will fund affordable housing and non-congregate shelter for people who are experiencing or at risk of homelessness and other vulnerable populations.



## Learn More

To learn more about the City's work on affordable housing, please visit [raleighnc.gov](http://raleighnc.gov) and search for "affordable housing". You can also stay up to date on the Housing and Neighborhoods Department's activities by **subscribing to "Community Development News"** through the City's email system, GovDelivery.



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