



AFFORDABLE HOUSING 2024 SUMMIT

Innovation Applied

August 17, 2024

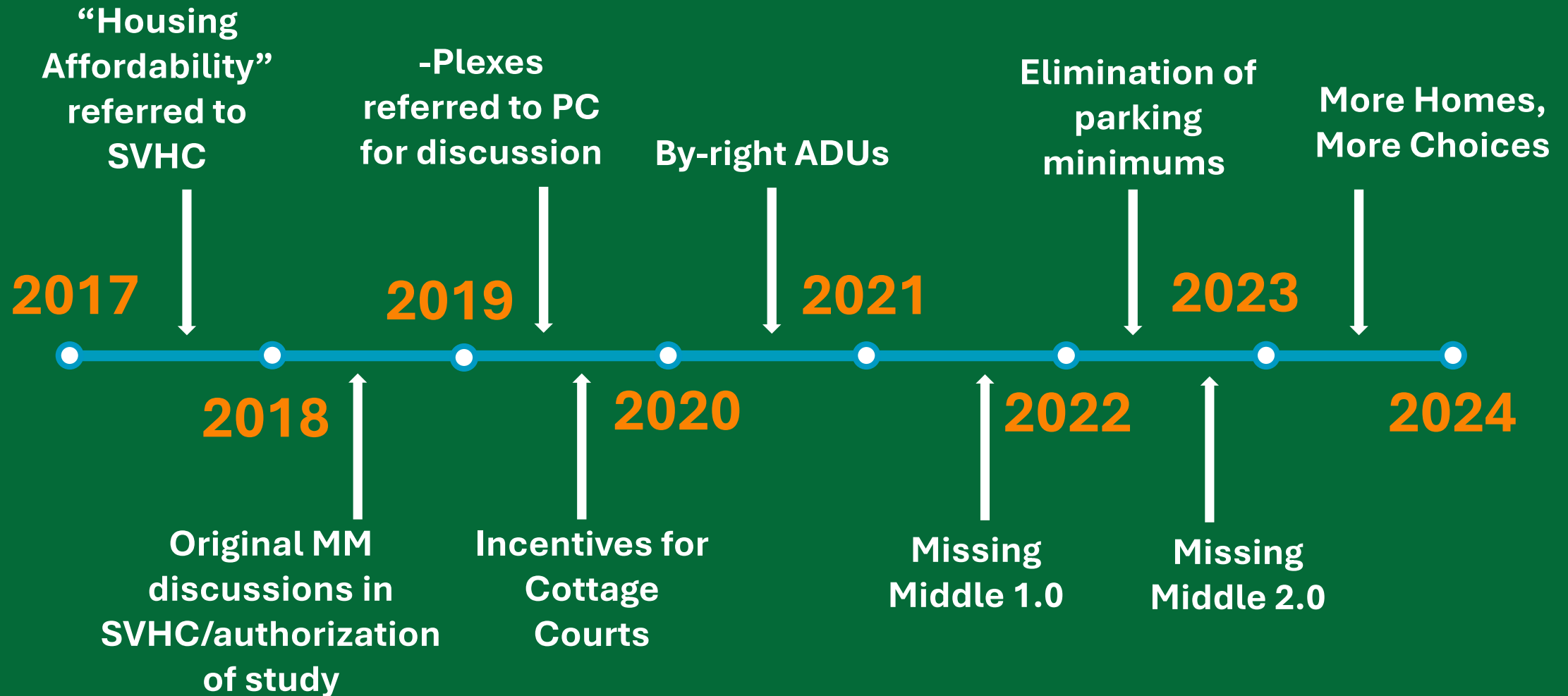


Raleigh
Housing

Implementation of Zoning Reform



Raleigh Zoning Reform Timeline



Zoning Reform Strategy

1. Min. Site and
Lot Width
Standards

2. Accessory
Dwelling Units

3. Attached
Houses
(Duplexes)

4. Two Unit
Townhouses

5. Flag Lots

6. Density
Changes

7. Townhouses
in R-6

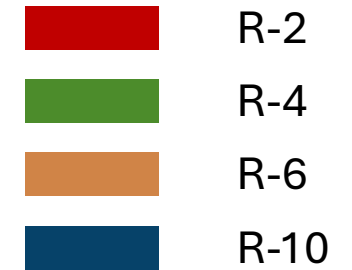
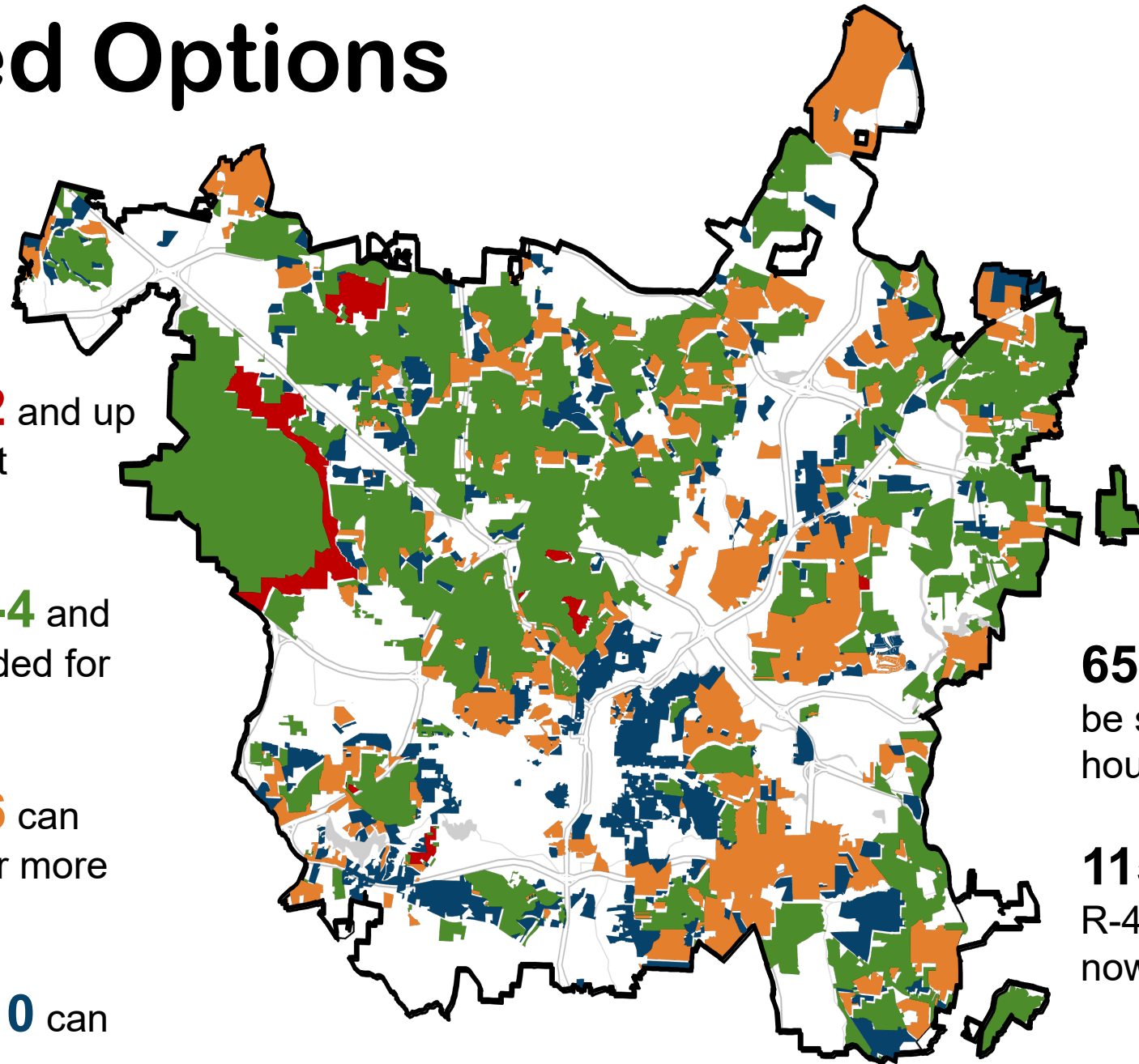
8. Small Apts
in R-10

9. Tiny Houses

10. Compact &
Conservation
Dev.

11. Freq.
Transit Dev.

Expanded Options



1,099 parcels in **R-2** and up can now have Two-Unit Townhouses

25,226 parcels in **R-4** and up can now be subdivided for flag lots

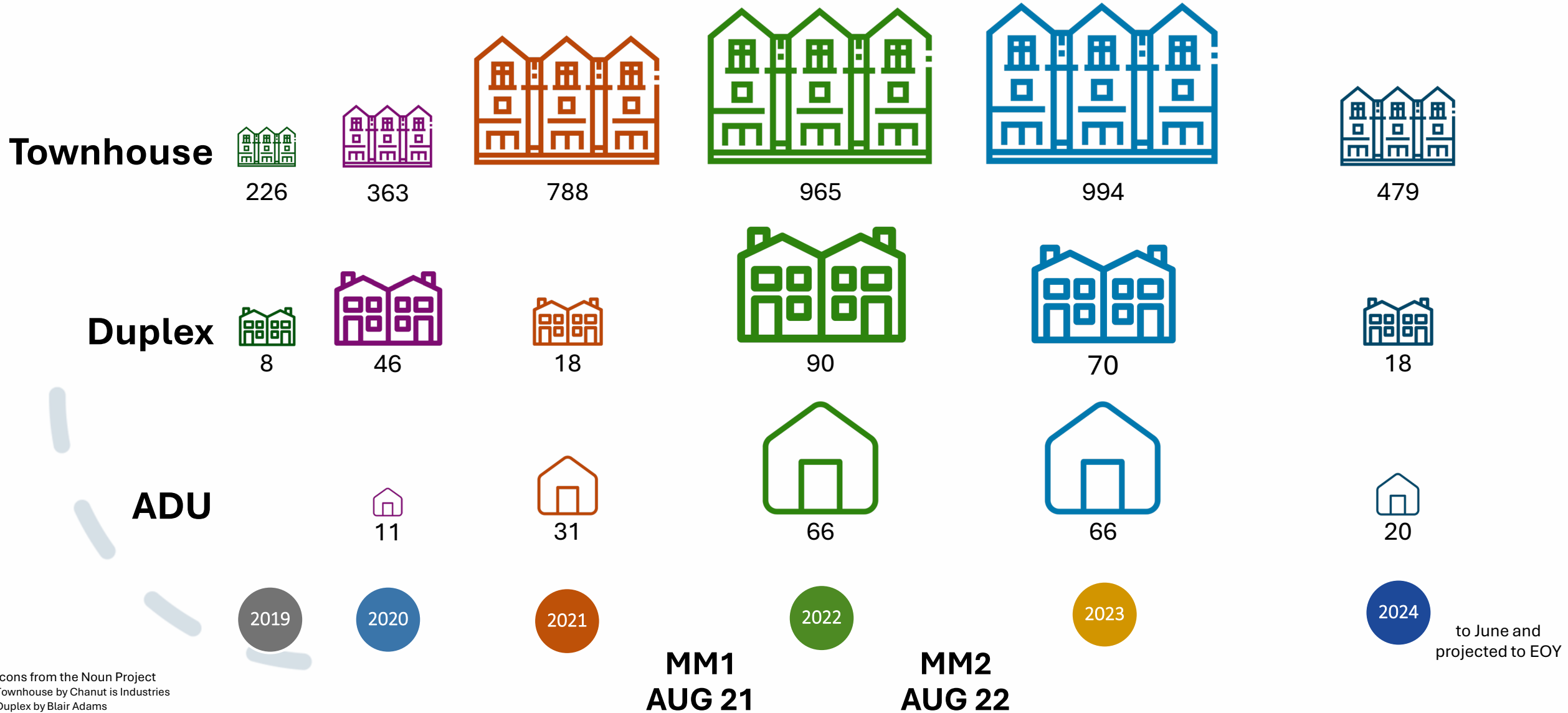
6,877 parcels in **R-6** can now accommodate 3 or more townhouses

5,163 parcels in **R-10** can now have Apartments

65,835 parcels can now be subdivided for tiny houses

115,677 parcels in R-2, R-4, R-6, and R-10 can now have Attached Houses

Permit Applications (in Units)



An aerial photograph of the City of Raleigh, North Carolina, showing a mix of urban buildings and green spaces. The skyline is visible in the background with several tall skyscrapers. The foreground is dominated by lush green trees and residential-style buildings. The overall lighting is soft, suggesting late afternoon or early morning.

City of Raleigh Housing Study

Phase 1 >> A qualitative survey of new housing created through the City's Missing Middle Policies

NC STATE

Peter A. Pappas Real Estate
Development Program



NC STATE



City of Raleigh

**College of
Natural
Resources**



Bethany Cutts,
PhD
Associate
Professor

**School of
Architecture**



Tom Barrie,
FAIA, DPACSA
Professor of
Architecture

**Pappas
Program**



Adam Walters,
PLA, ASLA, ISA
Associate Director of
the Pappas Program

**Planning
Department**



Keegan McDonald,
AICP
Land Development
Manager



Patrick Young,
AICP
Director Of Planning
and Development

Phase 1 Study Objectives

1. Better understand the character and perceptions of new tenants in Missing Middle Policy created housing.
2. Reveal the character of 'ripple effects' from new housing in what has been referred to as a moving chain effect.
3. Better understand and convey perceptions and understandings of Missing Middle adjacent residents.
4. Illustrate missing middle housing distributions across host of variables including geolocation, demographics, and building character.



Study Format

JAN- MAR 2024

PROJECT INITIATION

Review scope of work

Hiring students

Software and sample acquisition

Academic Release Time



MAR-OCT 2024

PHASE I

Sampling Plan

Strategic Review of Key Literature

Instrument Design

Human Subjects Approval

Round 1 Questionnaire

Round 1 In-depth Interview

Round 2-6 In-depth Interview

Data Processing & Analysis



AUG-DEC 2024

PROJECT REPORTING

Report background, formatting, and graphic design

Project disposition report

Key Findings & Next Steps



Public Private Partnerships & New Funding Models

Raleigh's Partnership Policy Approved

City Council approved the City's updated Partnership Policy on May 7, 2024, which provides direction to staff regarding the initiation of partnerships with private entities, their evaluation for worthiness and practicality, and the negotiation of terms that are fair to all parties.

Types of Partnerships Supported by this Policy:

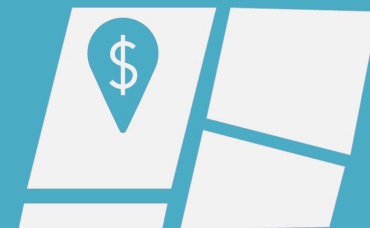
Type 1: Partnerships to Facilitate Development of an Area



Type 2: Partnerships to Develop Critical Infrastructure



Type 3: Partnerships to Monetize Public Assets for Public Benefit



Leveraging City-Owned Land for Affordable Housing

Duplex Village:
Strategic Acquisition &
Disposition for Affordable
Housing



Moore Square:
Mixed Affordable & Market Rate
Redevelopment



Former DMV HQ:
Mixed-Income Buildings?
Innovative financing?



Bidding for Land in a High-Demand Area

Market Rate Development

Podium mid-rise

100 units/acre

\$35,000/unit for land

Land value = \$3.5M/acre

Tax Credit Development

Walk-up garden apartments

20 units/acre

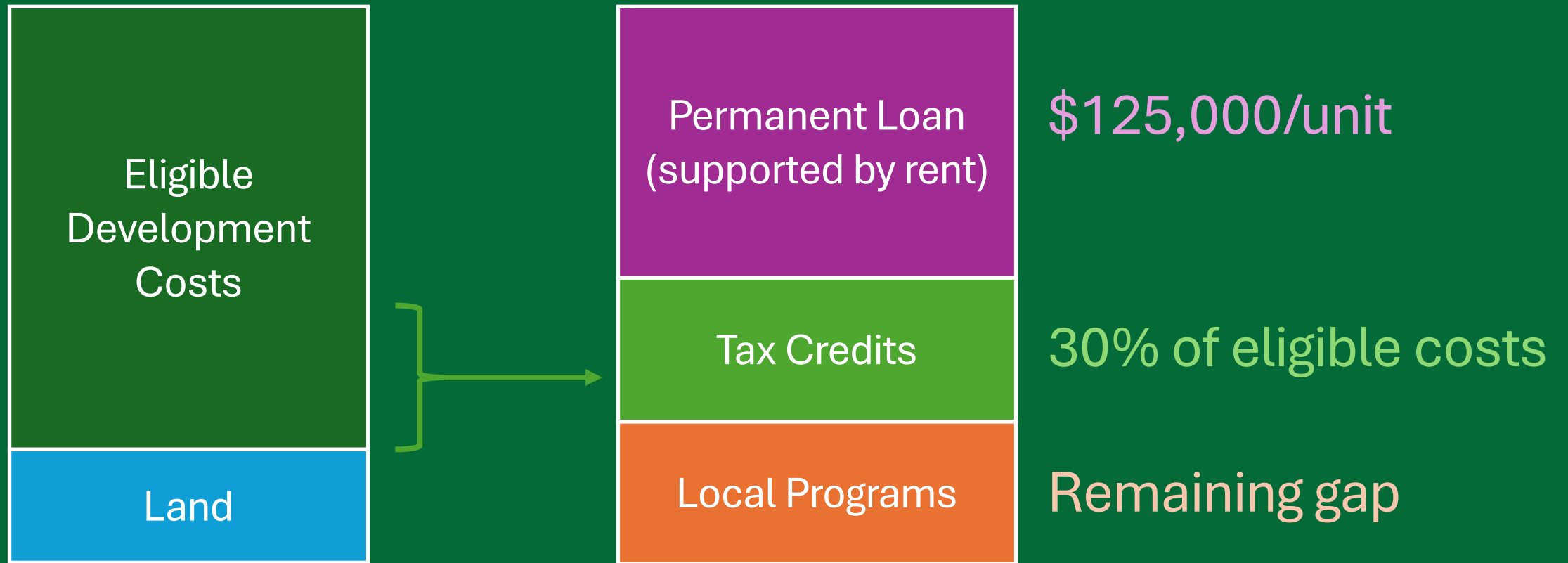
Land value = \$3.5M/acre

Land costs = \$175,000/unit

Super Simple Affordable Project Finance

Development Costs

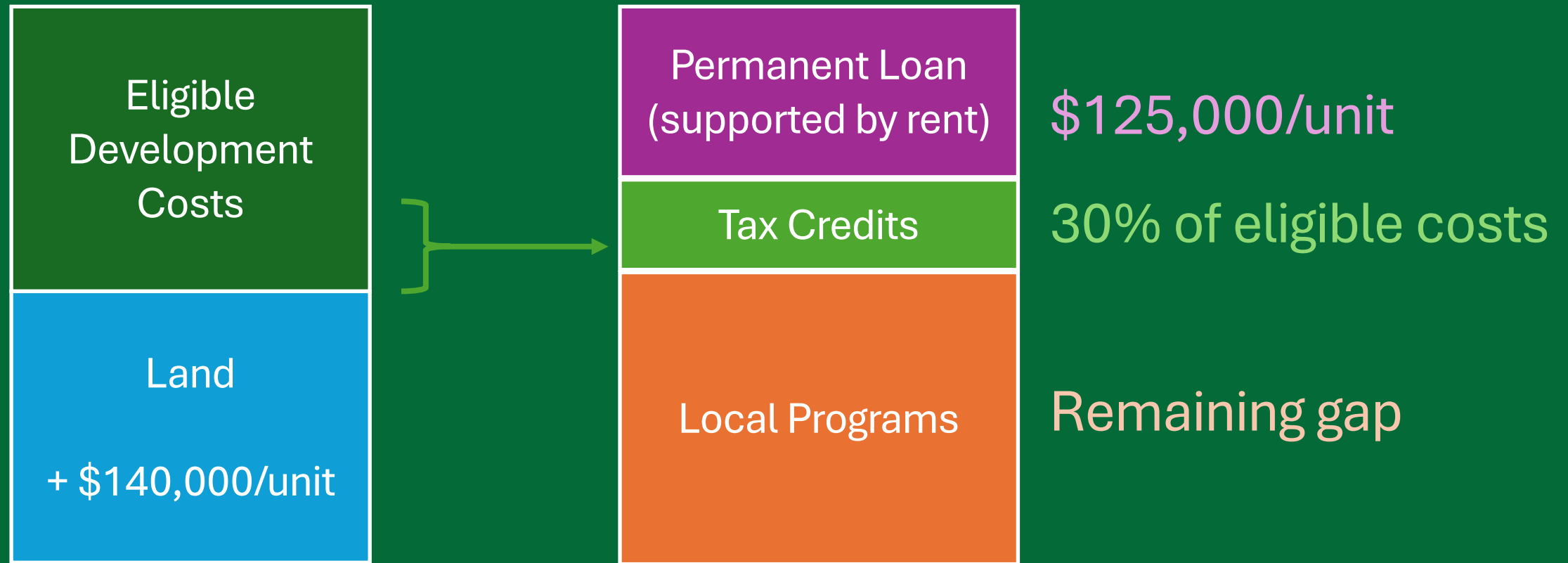
Financing Sources



Typical Density on Expensive Land

Development Costs

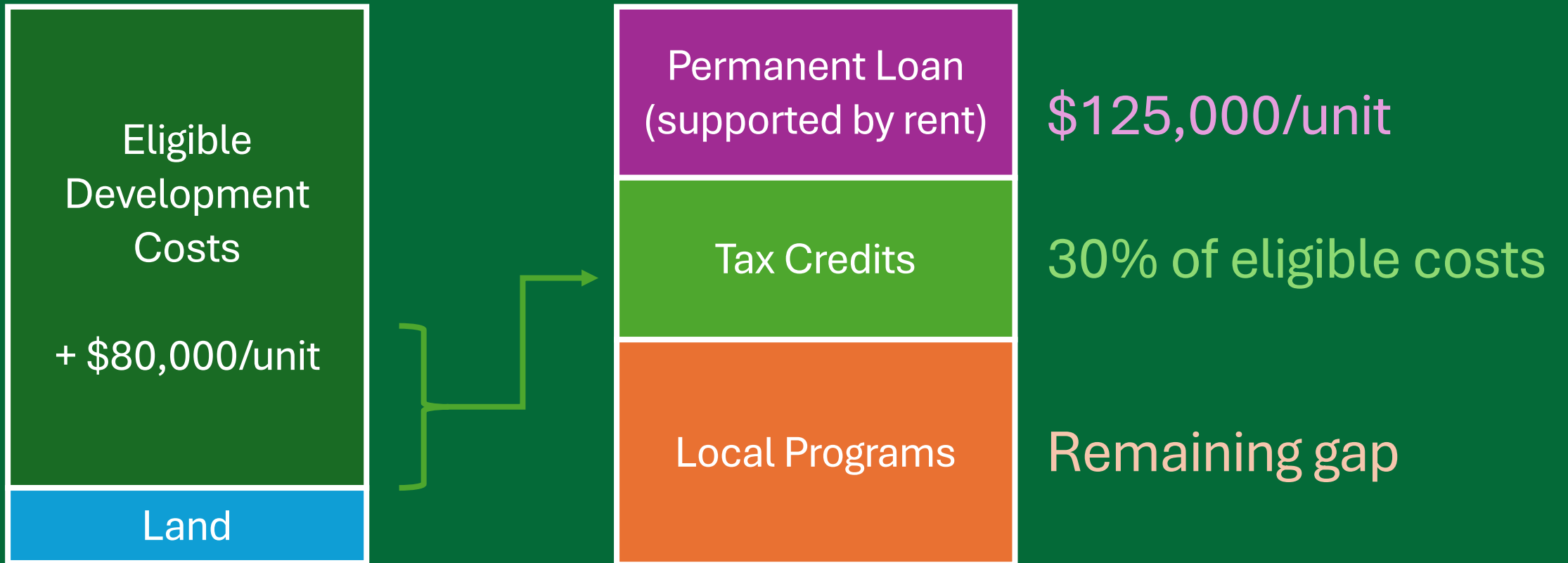
Financing Sources



High Density Alternative

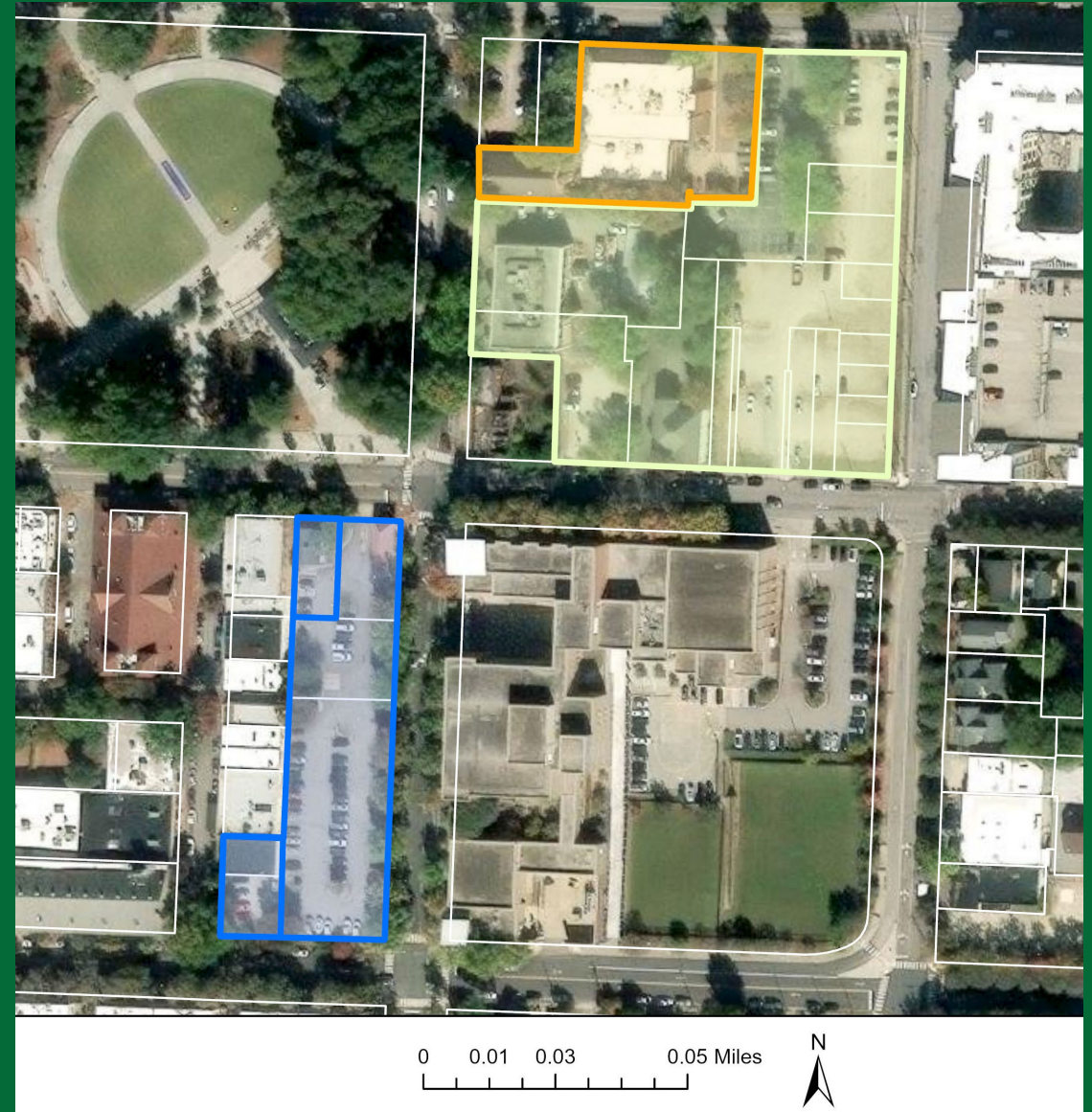
Development Costs

Financing Sources



Moore Square Case Study

- City disposing of 4 acres
- Appraised value of \$8 - 10 million/acre
- Target of 120 affordable units
- A 100% affordable development would have a land cost > **\$300,000/unit!**



The Mixed-Income Solution

- 160 affordable units in a podium building on 1.2 acres
- Cost of \$56 million (\$350,000/unit)
- \$18.5 million in Tax Credits
- \$16 million gap financing from City
- \$23 million in land sale proceeds from remaining 2.8 acres
- Net proceeds of \$7 million



What if another tool replaced tax credits?

You could...

- Mix affordable and market-rate units in the same building, gaining economies of scale
 - Elevators, podiums, parking
 - Soft costs (legal, architecture, etc.)
- Avoid administrative overhead of tax credit program
- Gain flexibility to reduce unit sizes and lower parking ratios in transit-rich locations
- Substitute public amenities for private (playgrounds, parks, transit, etc.)

Housing Production Fund (Montgomery County, MD)

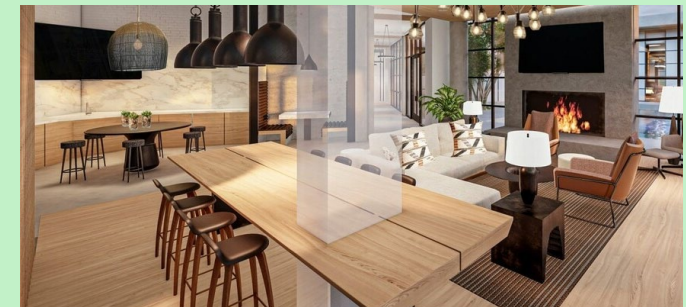
The Housing Production Fund invests in mixed-income residential developments. It replaces expensive equity with a 5% return on investment to help close the housing affordability gap.

- 6,000+ mixed-income housing units built or in the pipeline since launch in August 2021.
- Self sustaining after an initial bond allocation of \$100M, provided by Montgomery County.

The City of Raleigh and Raleigh Housing Authority are exploring a similar approach.

THE LAUREATE APARTMENTS

70% equity from HPF
30% affordable units



Ending Homelessness

Unsheltered
Homelessness Response
Pilot



We know how to end homelessness. We just need the resources.

- We must direct resources to connect people experiencing homelessness with existing permanent housing.
- Shelter is necessary (and expensive!) but does not end homelessness – same for “day shelters”.
- \$24k per person/per year could achieve “functional zero” **effectively ending unsheltered homelessness.**
- As noted in the 101 session, **vacancy rates are higher than usual**, creating an opportunity to partner with private landlords.
- Private and public funds combined with a concerted highly-coordinated community effort can and will end homelessness

Directing resources to end homelessness

- “Right-sizing” the system is important.
- Rely on permanent solutions – don’t over-invest in nor center temporary options.
- Create a homelessness system that:
 - Diverts households to housing so they never enter the homeless system, AND
 - Houses everyone who becomes homeless within 30 days.

Optimal System Structure to End Homelessness



80%
Affordable
Housing + Rent
Assistance
+ Voluntary
Services &
Supports

20%
Permanent
Supportive
Housing

Unsheltered Homelessness Response Pilot

Goal: Move approximately 45 households living unsheltered into permanent housing, along with case management, any needed follow-along services, and provide proof of concept.

Pilot components:

Direct Housing Assistance

Direct-to-tenant rent subsidy, access to case management and other services as needed

Homelessness System Support

Funding support for partners in the homelessness response system

Coordinated Response

“Deep collaboration” and clearly defined, housing-focused strategy

Current Status of the Pilot

- RFPs were issued in late June to identify partners for three key roles in program implementation:
 - **Project manager and support team** to oversee and implement Pilot
 - **Financial Partner** to implement direct-to-tenant rental assistance
 - **Evaluation Partner** to evaluate the program's effectiveness
- Proposals are under review, with selections to be made in August
- Contracts should be executed by September/October, with work beginning immediately after

Implementation Timeline



August

Finalize proposal evaluations and select partners



September/October

Execute contracts and begin implementation



December/January

Decommission the first camp after connecting residents to housing and support services

Unsheltered Homelessness Response Strategy

The Goal:

Create and implement a comprehensive, community-wide strategy to respond to unsheltered homelessness and connect those living unsheltered to permanent housing and any needed services and decommissioning camps after.



Strategy Elements

Successful response requires:

Data-driven collective action

Public and private **alignment** and a **coordinated**, disciplined approach

Closing camps with **long-term solutions** and **permanent housing exits**

Creating **access** to needed services

Creating pathways and access to **permanent housing**

Timeline and Current Status



April 2024:
Requests
for Proposals issued



July 2024:
Consultant identified,
contract executed,
work commenced

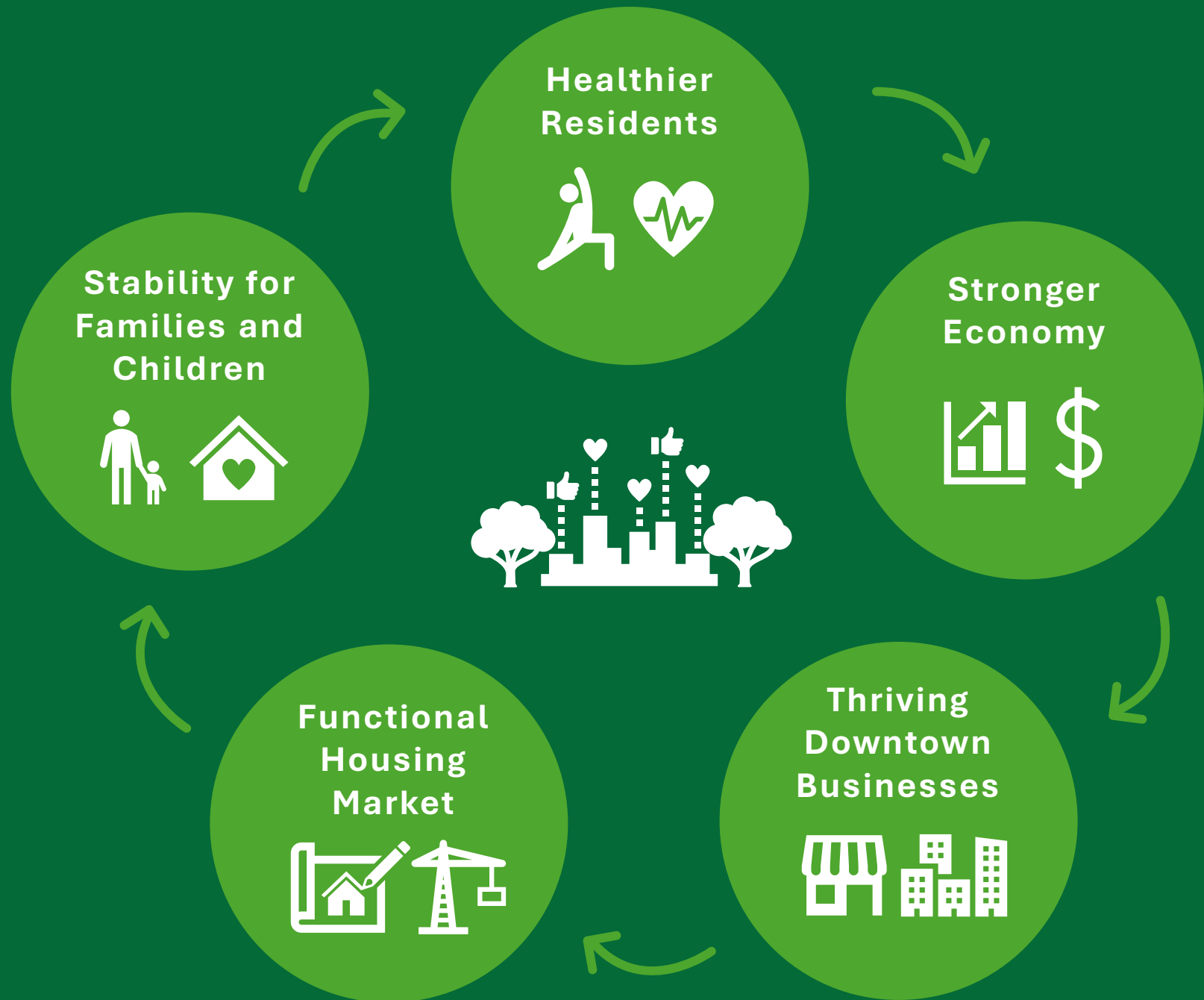


Summer – Winter:
Consultation with
partners and
community
stakeholders

Community Partners

No one organization or entity can end homelessness alone. This requires deep collaboration across our Continuum of Care.

- **Wake County**
- Nonprofit housing and service providers
- Housing authorities
- Private landlords
- Philanthropic partners
- Faith-based and business communities





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Thank you!

August 17, 2024



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