



# AFFORDABLE HOUSING 2024 SUMMIT

*Innovation Applied*

August 17, 2024



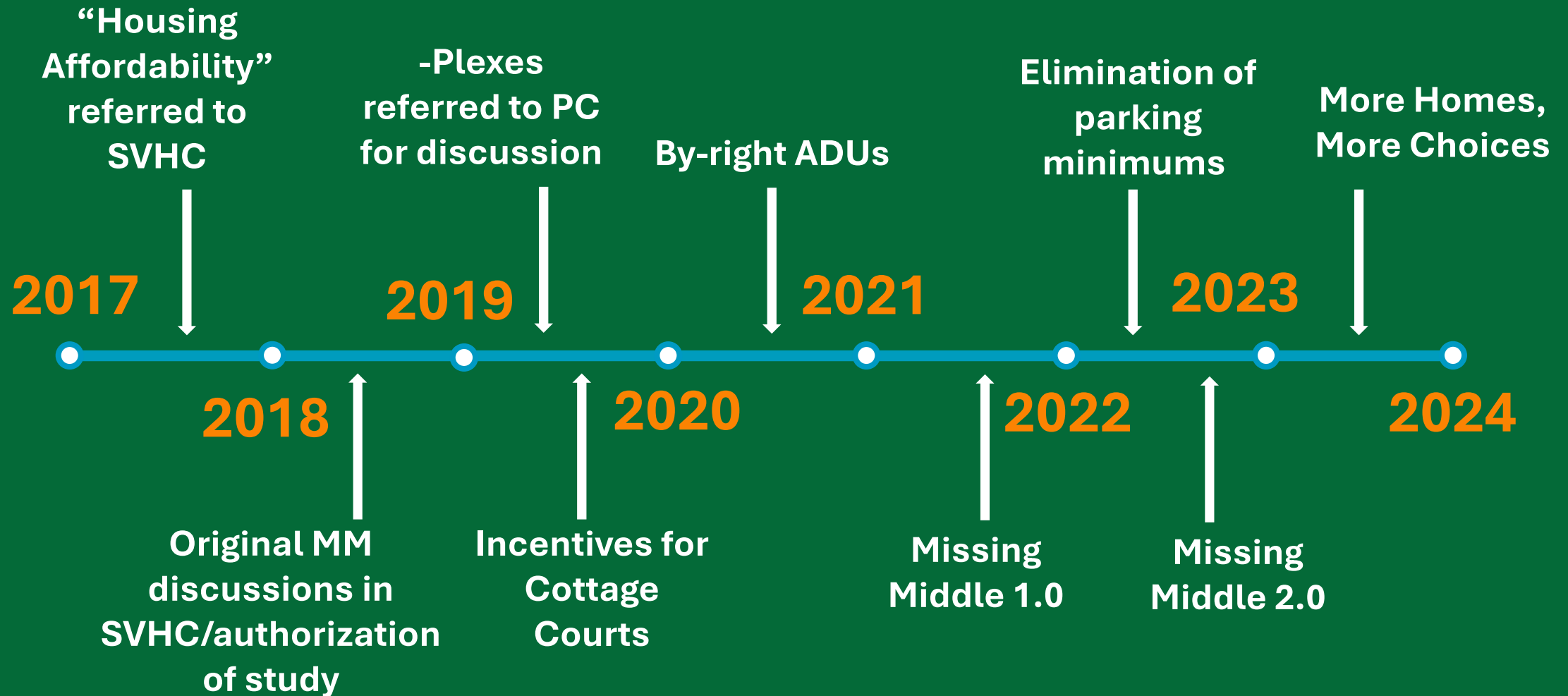
Raleigh  
Housing



# 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

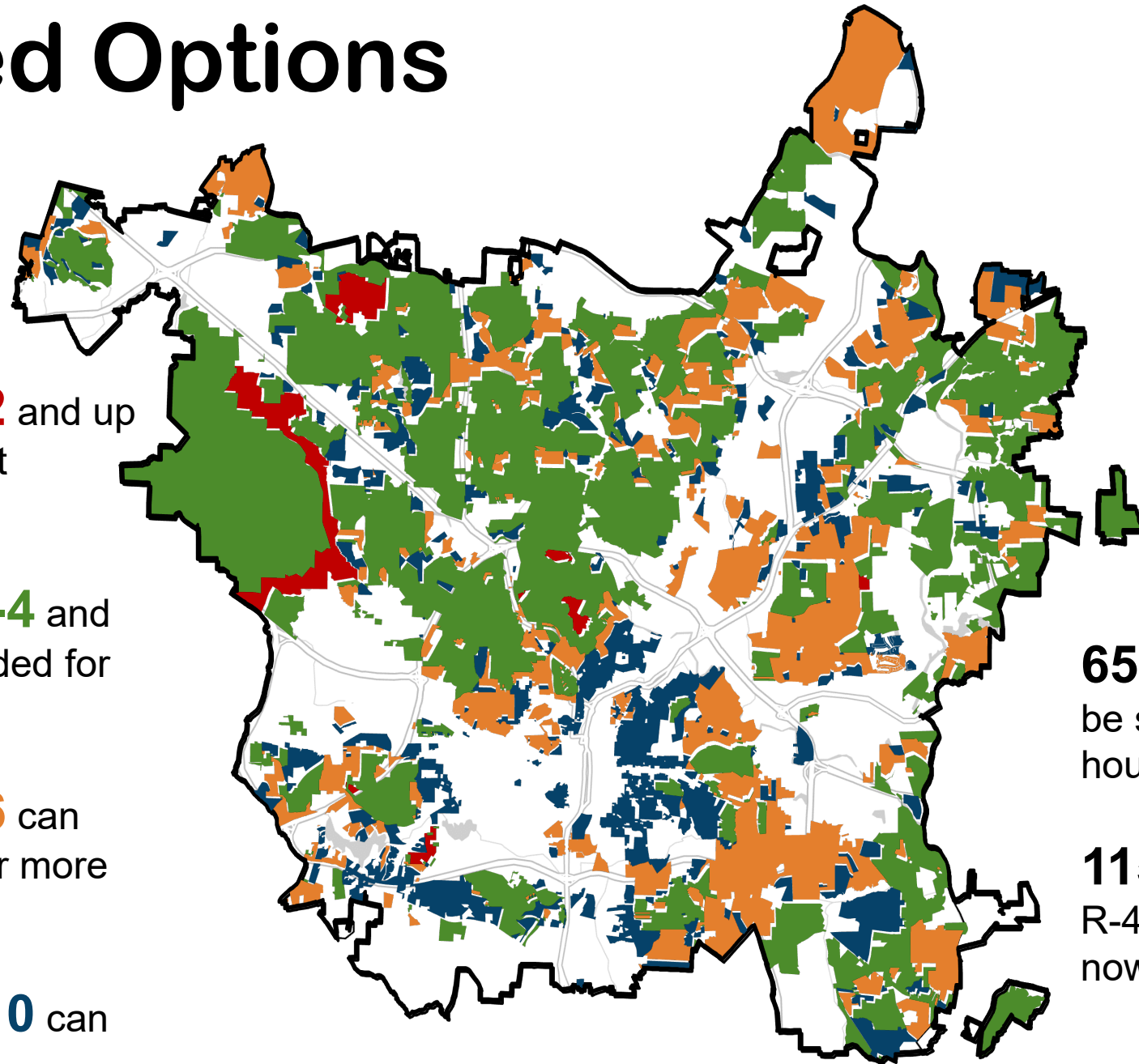
8. Small Apts  
in R-10

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

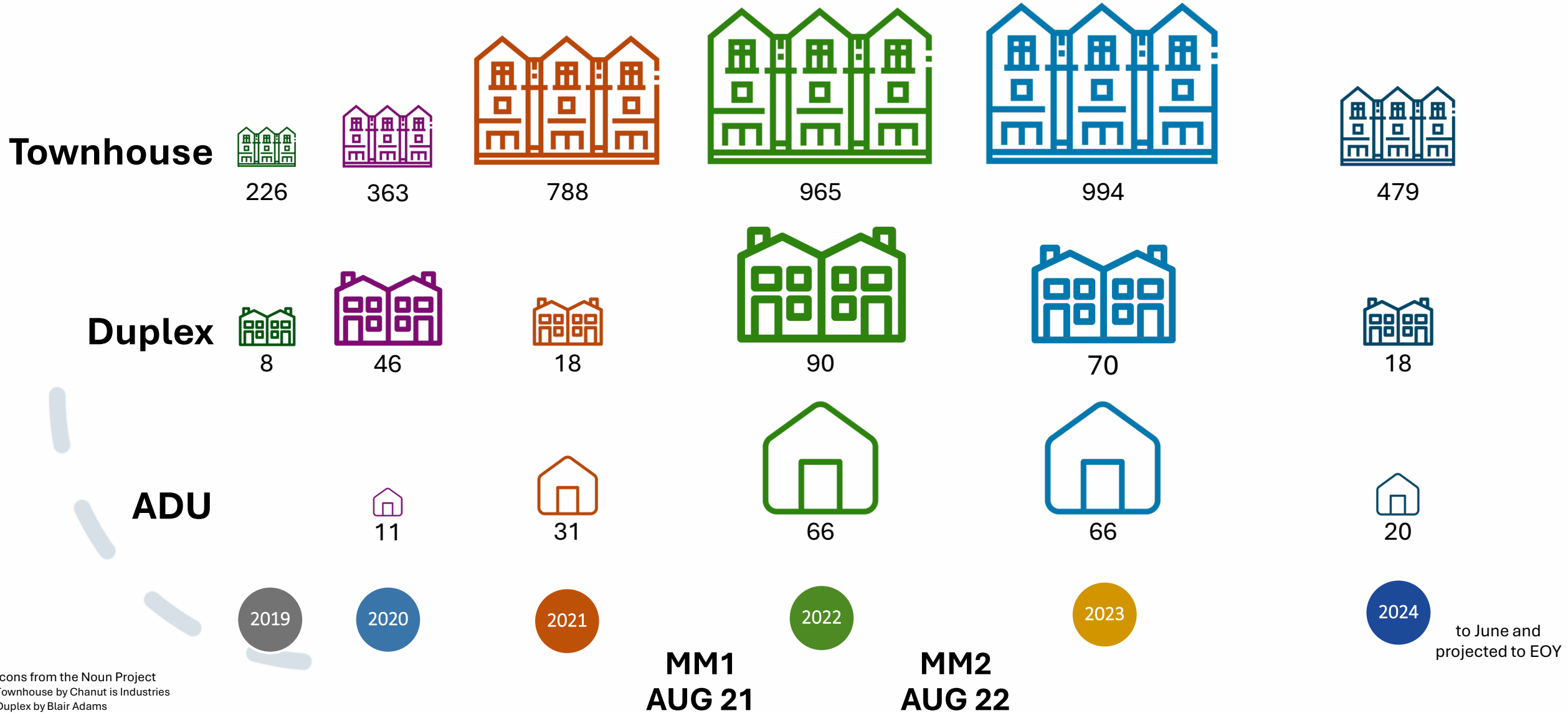
**6,877** parcels in **R-6** can now accommodate 3 or more townhouses

**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.

# 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:

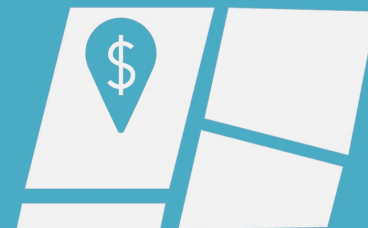
**Type 1: Partnerships to Facilitate Development of an Area**



**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

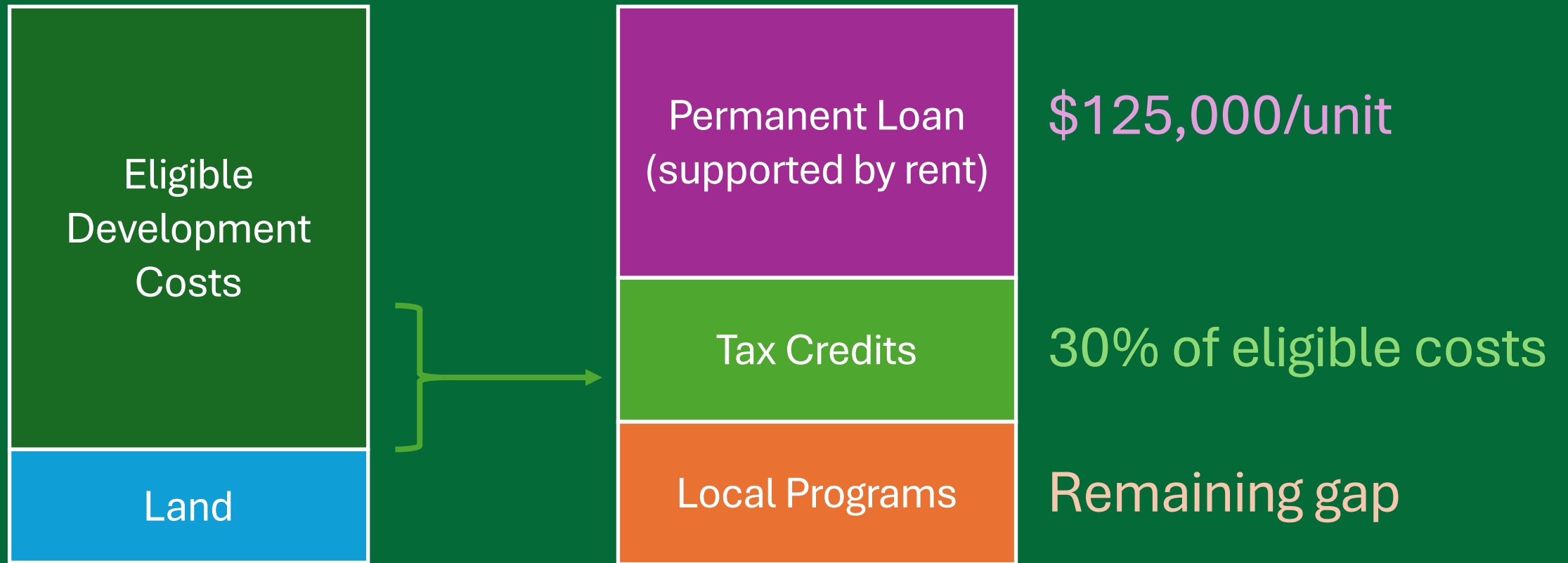
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# Super Simple Affordable Project Finance

## Development Costs

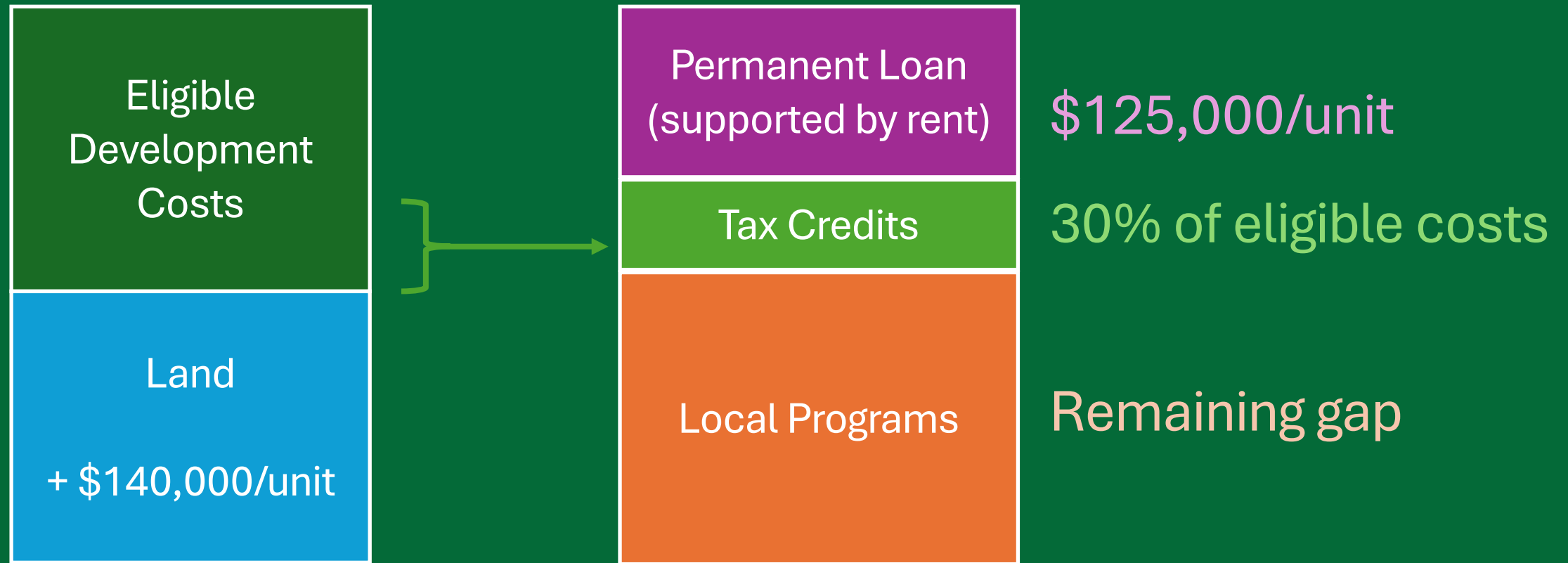
## Financing Sources



# Typical Density on Expensive Land

## Development Costs

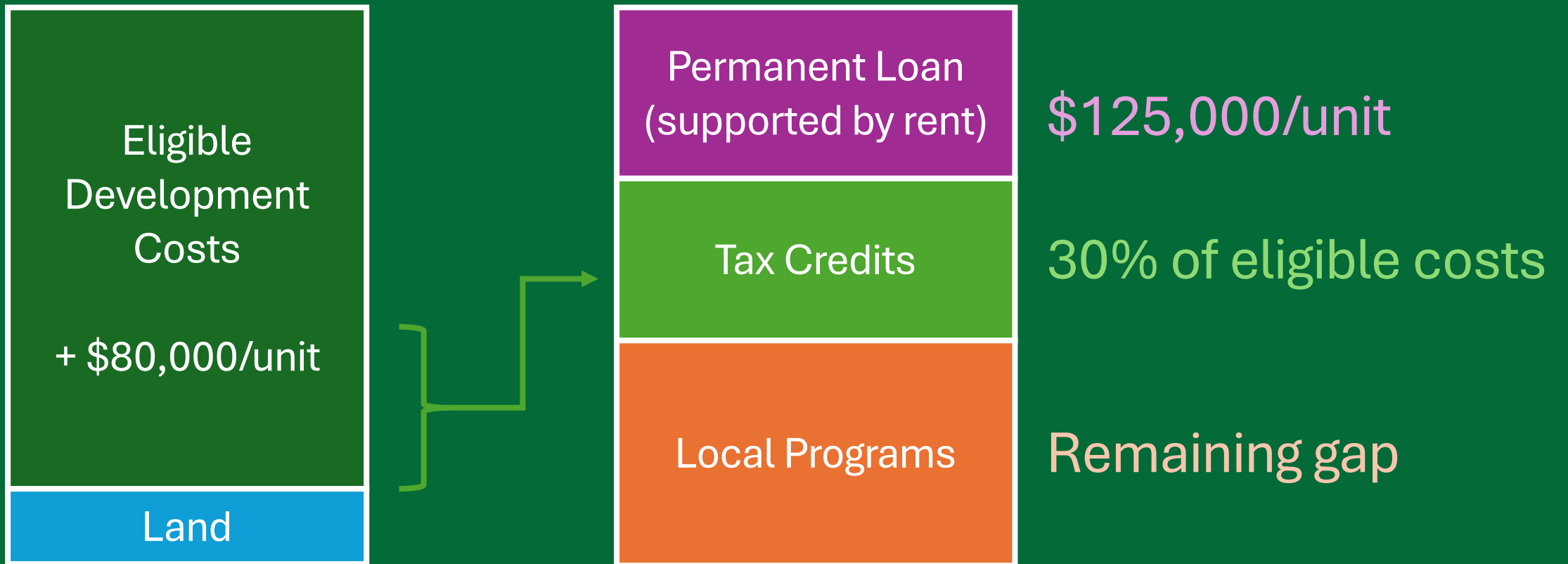
## Financing Sources



# High Density Alternative

## Development Costs

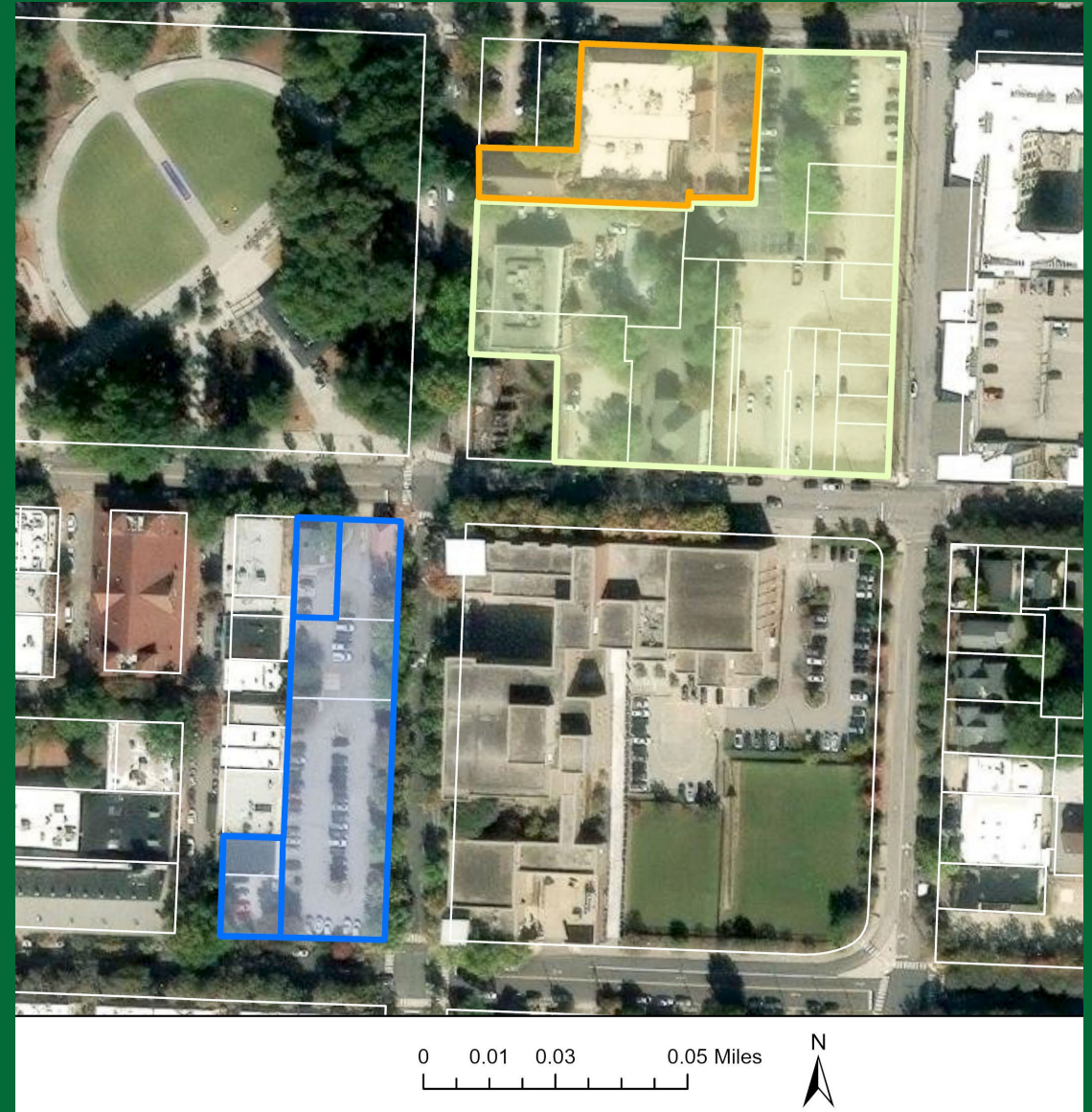
## Financing Sources





# 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)

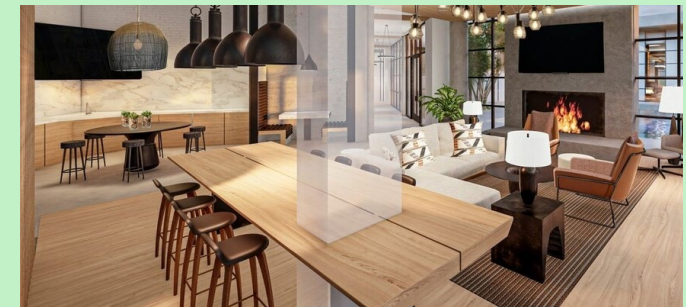
The Housing Production Fund invests in mixed-income residential developments. It replaces expensive equity with a 5% return on investment to help close the housing affordability gap.

- 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



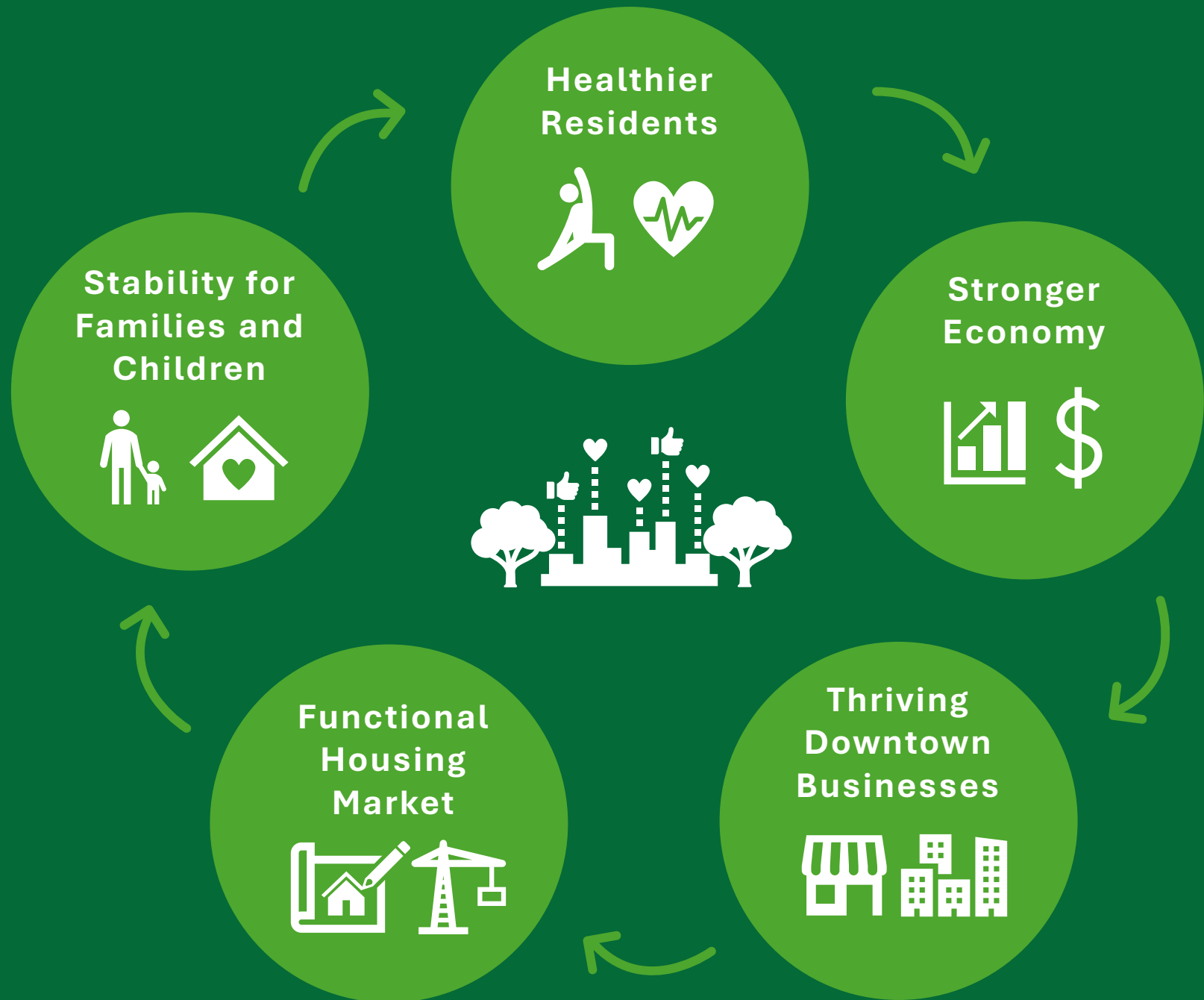
**Summer – Winter:**  
Consultation with  
partners and  
community  
stakeholders

# 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







# AFFORDABLE HOUSING 2024 SUMMIT

# Thank you!

August 17, 2024



Raleigh  
Housing