Housing Affordability in Wake County

Crosby Advocacy Group

January 21, 2020
Housing Affordability

The Basics
Housing Affordability Components

- Paying no more than 30% of income on housing expenses
- May be for rent or own
- Safe and decent housing
- Constructed & maintained to local housing standards
- May be single family, duplex, multi-family, cottage courts, quadraplex, etc.
Affordable Housing in Wake
Who does it serve?

- **Home Health Aide**
  - Single parent, 3 children
  - Income: $23,600
  - <30% AMI

- **Retail Associate**
  - Single person, 0 children
  - Income: $28,000
  - 30-50% AMI

- **Preschool Teacher**
  - Single parent, 1 child
  - Income: $35,500
  - 30-50% AMI

- **Firefighter**
  - Two parents, 2 children
  - Income: $54,000
  - 50-60% AMI
Why is Housing Affordability important?

**Families & Individuals**
- Fulfills Basic Human Need for Shelter
- Improves Mental & Physical Health
- More money for health care, child care, food & other necessities

**Community Impact**
- Reduces Homelessness
- Creates Diverse and Vibrant Community
- Helps Ensure a Greener Community

**Business Advantage**
- Employee Retention
- Competitive Recruitment
- Economic Development and Growth

WAKE COUNTY
Housing Affordability & Homelessness

In Wake County
Trends Driving Wake’s Housing Affordability Crisis

1. Rapid Population Growth
2. Household Incomes vs. Escalating Housing Costs
3. Housing Production compared to Growth
4. Loss of Affordable Housing
5. Unmet & Expanding Housing Need
Wake County has an estimated deficit of 60,775 units that are affordable to households earning less than 50% of Area Median Income which is:
- $46,350 for a family of four
- $32,450 for an individual

Wake County Median Income $93,100 for a family of four

Understanding the Housing Affordability Need

DHIC: Booker Park North at Washington Terrace
In 2016, 2,350,042 eviction filings were conducted in the US.

That same year, Wake County filed 14,845.

On average, there were 13 evictions per day in Wake County in 2016.

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**Evictions Happen Throughout Wake County**

<table>
<thead>
<tr>
<th>Eviction Filing Rate:*</th>
<th>U.S.</th>
<th>N.C.</th>
<th>Wake County</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6.12%</td>
<td>10.85%</td>
<td>10.12%</td>
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</table>

<table>
<thead>
<tr>
<th>Eviction Rate:*</th>
<th>U.S.</th>
<th>N.C.</th>
<th>Wake County</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.34%</td>
<td>4.81%</td>
<td>3.27%</td>
</tr>
</tbody>
</table>

* Eviction and Eviction Filing Rate represent the number of evictions or eviction filings per 100 homes
## Homelessness Defined by HUD

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category 1</strong></td>
<td>People who are living in a place not meant for human habitation, in emergency shelter, in transitional housing, or are exiting an institution where they temporarily resided. The only significant change from existing practice is that people will be considered homeless if they are exiting an institution where they resided for up to 90 days (it was previously 30 days), and were in shelter or a place not meant for human habitation immediately prior to entering that institution.</td>
</tr>
<tr>
<td><strong>Category 2</strong></td>
<td>People who are losing their primary nighttime residence, which may include a motel or hotel or a doubled up situation, within 14 days and lack resources or support networks to remain in housing. HUD had previously allowed people who were being displaced within 7 days to be considered homeless. The proposed regulation also describes specific documentation requirements for this category.</td>
</tr>
<tr>
<td><strong>Category 3</strong></td>
<td>Families with children or unaccompanied youth who are unstably housed and likely to continue in that state. This is a new category of homelessness, and it applies to families with children or unaccompanied youth who have not had a lease or ownership interest in a housing unit in the last 60 or more days, have had two or more moves in the last 60 days, and who are likely to continue to be unstably housed because of disability or multiple barriers to employment.</td>
</tr>
<tr>
<td><strong>Category 4</strong></td>
<td>People who are fleeing or attempting to flee domestic violence, have no other residence, and lack the resources or support networks to obtain other permanent housing. This category is similar to the current practice regarding people who are fleeing domestic violence.</td>
</tr>
</tbody>
</table>
WCPSS Students Experiencing Homelessness

McKinney-Vento Definition of Homelessness means families who lack a fixed, regular, and adequate nighttime residence, including those who are doubled-up, living in motels, hotels, trailer parks, camping grounds, emergency or transitional shelters, and in places not meant for human habitation.

* Out of the 4,365 students identified in the 18-19 SY, 234 children were age 0-5 and not attending school. This is a new federally required data point for public school districts.
Housing Affordability Plan & Department

Progress
Housing Affordability Goal & Core Principals

“To ensure that quality, affordable housing is available for all Wake County residents”

- Maximum Benefit from Public Resources
- Support Overall Housing Growth
- Focus on Populations in Greatest Need
- Pursue Locally Appropriate Solutions
- Use Housing as Platform for Economic Opportunity
Wake County has acted to advance housing goals.

Highest-Priority Tools Identified in Wake County’s Affordable Housing Plan

**LAND USE POLICY**
- County & Municipal Land Use Policy

**LEVERAGED PROGRAMS**
- Enhanced County Rental Production (AHDP)
- Acquisition & Preservation Fund
- Production & Preservation
- Warning System & Annual Report

**ADDITIONAL PUBLIC RESOURCES**
- New Local Funding Sources for Affordable Housing
- Public Land Disposition Policy & Analysis

- Encourage/Guide Development
- Increase Housing Better Location
- Preserve Existing Stock
- Provide Funding to Support Development
# Other Housing Department Initiatives

<table>
<thead>
<tr>
<th>Complete</th>
<th>In Progress</th>
<th>Ongoing</th>
</tr>
</thead>
</table>
| • Department Infrastructure & Recruitment  
• Housing Resource Team - Wake Prevent!  
• Housing Department Website | • Evaluate Existing Programs  
• Landlord Partnership  
• Affordable Mortgage Program  
• Consolidated Plan  
• Women’s Shelter Expansion | • Community Engagement & Education  
• Permanent Supportive Housing Pilot  
• Enhanced Housing Placement & Coordination |
Wake County Housing Department Structure

Strategic Leadership, Business Management & Data Analytics

Equitable Housing & Community Development
- Built Environment

Homeless & Prevention Services
- Pathways to Housing

Permanent Housing & Support Services
- Intensive Services
Wake County & City of Raleigh Consolidated Planning Efforts

2020-2025
### Seeking Public Input

<table>
<thead>
<tr>
<th>Consolidated Plan</th>
<th>Analysis of Impediments to Fair Housing Choice</th>
<th>Citizen Participation Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Plan focused on Housing Affordability, Homelessness, and Community Development by priority populations</td>
<td>Assessment of local laws, policies and conditions that affect the location, availability, and accessibility of housing</td>
<td>Describes process and opportunities for citizens to participate in the planning, implementation and assessment of programs or projects</td>
</tr>
</tbody>
</table>
## Wake County - Current Priority Populations

### High Priority
- Renters 0-40% AMI (Area Median Income)
- Individuals and families experiencing homelessness
- Individuals and families with special needs, not experiencing homelessness

### Medium Priority
- Renters 41-50% AMI
- Homeowners 41-50% AMI

### Low Priority
- Renters 51-80% AMI
- Homeowners 51-80% AMI
Current Priorities

1. Increase the supply of affordable housing
2. Neighborhood Revitalization
3. Enhance the homeless to housing continuum
Estimated Consolidated Plan Timeline

- **Community & Stakeholder Engagement**: October to November 2019
- **First Public Hearing**: December 2019
- **Data Gathering, Analysis & Drafting**: November 2019 to March 2020
- **Second Public Hearing**: February 2020
- **30-day Public Comment Period**: April 2020
- **Adoption of Plan & Submission to HUD**: May 2020
Housing Affordability

Advocacy
# The Role of the Community

<table>
<thead>
<tr>
<th>Educate</th>
<th>Inform Yourself</th>
<th>About housing affordability, whom it serves, and what benefits it provides individuals and the broader community</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have a Conversation</td>
<td></td>
<td>Begin to educate others about the local landscape of housing affordability across the community and what they can do to help</td>
</tr>
<tr>
<td>Support</td>
<td>Local Initiatives</td>
<td>Through public education, events, personal donations or business investments which support housing affordability</td>
</tr>
<tr>
<td>Elected Officials</td>
<td></td>
<td>In overcoming negative perceptions about affordable housing and encourage implementation of the appropriate plan tools</td>
</tr>
<tr>
<td>Act</td>
<td>Coalition Development</td>
<td>With countywide stakeholders committed to overall housing production and affordable housing to keep pace with growth</td>
</tr>
<tr>
<td></td>
<td>Donate</td>
<td>To community organizations to support the critical work locally and help advance affordable housing initiatives</td>
</tr>
</tbody>
</table>
Questions?
Enhanced Affordable Housing Development Program

Wake County Affordable Housing Plan
**Increased Investment = Increased Impact**

### County Investment, Leveraged Funding, & Total LIHTC Rental Units Awarded

<table>
<thead>
<tr>
<th>Year</th>
<th>Leveraged Funding</th>
<th>County Investment</th>
<th>Recommended Units</th>
<th>Awarded Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$13,480,359</td>
<td>$1,881,373</td>
<td>155</td>
<td>136</td>
</tr>
<tr>
<td>2016</td>
<td>$5,169,388</td>
<td>$525,000</td>
<td>114</td>
<td>42</td>
</tr>
<tr>
<td>2017</td>
<td>$16,212,444</td>
<td>$2,300,000</td>
<td>182</td>
<td>114</td>
</tr>
<tr>
<td>2018</td>
<td>$30,230,618</td>
<td>$3,477,000</td>
<td>440</td>
<td>192</td>
</tr>
<tr>
<td>2019</td>
<td>$94,632,079</td>
<td>$8,141,296</td>
<td>920</td>
<td>576</td>
</tr>
</tbody>
</table>

**Graph**: Rental Units Awarded vs Year

- **X-axis**: Years (2015 to 2019)
- **Y-axis**: Rental Units Awarded
- **Legend**:
  - Leveraged Funding
  - County Investment
  - Recommended Units
  - Awarded Units

**Graph Details**:
- The graph shows a marked increase in rental units awarded from 2015 to 2019.
- **Leveraged Funding** shows a steady increase, from $13,480,359 in 2015 to $94,632,079 in 2019.
- **County Investment** also increases, from $1,881,373 in 2015 to $8,141,296 in 2019.
- **Recommended Units** and **Awarded Units** both show a significant increase over the years.

**Implications**:
- Increased investment leads to increased impact in terms of the number of rental units awarded.
- The data supports the notion that higher investments result in more housing units being made available to those in need.
Fiscally Responsible, Serving Most Vulnerable

Based off of data from this years RFP cycle’s estimated awards:

For every $1 spent by the County to develop affordable housing, $11 dollars have been leveraged from other sources.

1 in 3 homes developed using county investment serve families earning less than 50% of the Area Median Income*

*50% AMI is currently $32,450 for an individual or $46,350 for a family of four.
## Impact of Affordable Rental Cost

<table>
<thead>
<tr>
<th></th>
<th>HOME Rent 50% AMI</th>
<th>Fair Market Rent (FMR)</th>
<th>Zillow 12/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bdrm</td>
<td>$877</td>
<td>$1,022</td>
<td>$1,120</td>
</tr>
<tr>
<td>2 Bdrm</td>
<td>$1,043</td>
<td>$1,163</td>
<td>$1,220</td>
</tr>
<tr>
<td>3 Bdrm</td>
<td>$1,205</td>
<td>$1,482</td>
<td>$1,410</td>
</tr>
</tbody>
</table>

Average rental savings on 50% AMI unit compared to market rate are $208 per month.
Wake Prevent
Rental assistance may be approved for clients who are:

1. *Currently* fleeing or attempting to flee domestic violence
2. Doubled up (couch surfing) *and* client has been told by the lease holder to vacate the unit
3. A leaseholder *and* has received a notice to vacate the property by the property owner or manager
4. Paying for a hotel/motel *without assistance*
5. Exiting an institution (mental/physical health or jail/prison) *and* has no resources or support system to assist upon release

**For all households: The expected loss of housing must be less than thirty days away and the household’s income must be less than 50% of Area Median Income**
Housing Resource Team Services

**Information**
- Housing Information Sessions
- Landlord Recruitment
- Private & Public Housing Resources

**Education**
- Ready to Rent
- Tenant Rights and Responsibilities
- Be a Good Neighbor

**Assistance**
- Homeless Prevention Financial Assistance
- Diversion & Prevention Case Management Services
- Relocation Response
Acquisition & Preservation Fund

Wake County Affordable Housing Plan
Preservation of subsidized units should focus in areas that offer higher chance of economic mobility.

Existing Subsidized Units
Wake County, 2019

Existing subsidized units in areas of higher opportunity are most at risk for displacement at end of affordability requirement.

Source: Opportunity Atlas, National Housing Preservation Database.
Subsidized housing units in Wake County are at risk of converting to market-rate.

Upcoming Subsidized Unit Expiration
Wake County, 2019 - 2030

3,600 units at greatest risk of expiring over the next 10 years

Sources: NHPD, HR&A Advisors.
Note: Based on expiring for-profit and profit motivated expiring subsidy in census tracts with median rent income greater than $900/mo
Affordable Rents for lower income working families are being lost

Loss of Affordable Rental Units
Wake County, 2010 and 2017

Since 2010 Wake County has lost 48% of it's stock of rental units priced below $750 a month.

Source: ACS 5-Year 2010, 2017 Estimates
Additional Information
### Whom We Can Serve

Participants must meet HUD income limits

<table>
<thead>
<tr>
<th>Percent of Area Median Income</th>
<th>Household Size</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Median Income (100%)</td>
<td>$65,170</td>
</tr>
<tr>
<td>Low Income (80%)</td>
<td>$51,950</td>
</tr>
<tr>
<td>Very Low Income (50%)</td>
<td>$32,450</td>
</tr>
<tr>
<td>40%</td>
<td>$25,960</td>
</tr>
<tr>
<td>Extremely Low Income (30%)</td>
<td>$19,500</td>
</tr>
</tbody>
</table>
Types of Affordable Housing

1. Naturally Occurring Affordable Housing (NOAH)

2. Legally-Binding, Subsidized Housing
Eligibility Requirements for Subsidized Housing

Target Population (i.e., disability, age, veterans)

Income Limit by Household Size; and/or
Wake County’s rapid population growth is generating upward pressure on the cost of rental and ownership housing.
Housing Crisis Trend #2

Household incomes are not keeping pace with escalating housing costs, especially for the lowest-income households.

Real Growth in Multifamily Rent and Median Household (HH) Income
Wake County, 2009-2017

- Rental Asking Rent/SF
- Median HH Income
- Median HH Income w/o Bachelor’s Degree

Source: U.S Census; CoStar Group; Zillow; HR&A Advisors
Housing Crisis Trend #3

Wake County has experienced substantial housing production, affordable housing has been a very small part of this.
**Housing Crisis Trend #4**

Wake County is losing its existing affordable housing stock due to redevelopment and conversion faster than it can produce or preserve it.

<table>
<thead>
<tr>
<th></th>
<th>LOW ESTIMATE</th>
<th>HIGH ESTIMATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Lost LIHTC</td>
<td>-100</td>
<td>-400</td>
</tr>
<tr>
<td>Annual Lost NOAH</td>
<td>-700</td>
<td>-900</td>
</tr>
<tr>
<td>Annual Lost Affordable Housing Projection</td>
<td>-800</td>
<td>-1,300</td>
</tr>
</tbody>
</table>
Households with incomes below $39,000 are largely unable to find affordable housing, with the majority spending more than half their income on housing costs.

**COST-BURDENED HOUSEHOLDS 2014**

- **<30% AMI**
  - Extremely Cost Burdened (>50% income): 12%
  - Cost Burdened (30-50% income): 69%

- **30% to 50% AMI**
  - Extremely Cost Burdened (>50% income): 44%
  - Cost Burdened (30-50% income): 31%

- **50% to 80% AMI**
  - Extremely Cost Burdened (>50% income): 38%
  - Cost Burdened (30-50% income): 46%

- **80% to 100% AMI**
  - Extremely Cost Burdened (>50% income): 20%
  - Cost Burdened (30-50% income): 22%

Note: Total cost-burdened includes the total number of households spending more than 30% of their income on housing costs.

Source: HUD CHAS data; HR&A Advisors
A Historic Investment in Housing Affordability

The budget recommends investing an additional $15 MILLION IN NEW REVENUE to help provide more housing options for all our residents. This would be a dedicated, recurring funding stream for housing affordability efforts.

Build and preserve more housing that working families can afford. Wake County would have the potential to produce 2,500 NEW AFFORDABLE HOUSING UNITS over the next five years.

Provide operating and capital financial support for a new shelter, ADDING 37 BEDS to serve homeless women without children.

Implement a pilot program for permanent supportive housing that combines housing assistance with support, such as mental health services and job training.

Effectively end veteran homelessness in Wake County by the end of calendar year 2021.

Over the first five years, this proposed investment would generate $75 MILLION for housing affordability.

- Production and preservation of housing: $64 million
- Program operating costs: $11 million

Wake County