



NEIGHBORHOOD DEVELOPMENT

September 30, 2019

Hon. Sen. John Alexander
Co-Chair – Joint Legislative Oversight Committee
On General Government
16 West Jones St.
Raleigh, NC 27601

Honorable Senator Alexander:

Enclosed please find the report submittal from the City of Greensboro in response to Session Law 2019-144, Senate Bill 316 detailing funding, subsidies and activities related to affordable housing. Please feel free to reach out to us with any questions or concerns. I can be reached at 336-373-2509 or via email at Stan.Wilson@greensboro-nc.gov.

Thank you for your interest and support of affordable housing in North Carolina.

Sincerely,

Stan Wilson
Director

Enclosure: City of Greensboro – 2019 Affordable Housing Report to the North Carolina Legislature

CC: Legislative Fiscal Research Division
City Attorney's Office



City of Greensboro 2019 Affordable Housing Report to the North Carolina Legislature

General Housing Update

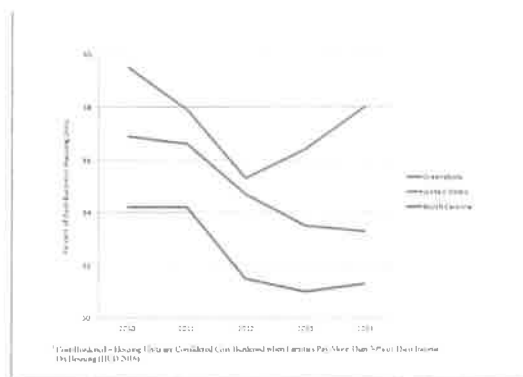
In the late 1980's, Greensboro began working actively to address housing affordability. Through the **Visions** community assessment and planning process, housing was identified as a top community issue. A City Department of Housing and Community Development (now known as Neighborhood Development) was created, and one cent of every tax dollar annually was dedicated to a housing trust fund (the Nussbaum Affordable Housing Partnership Fund) to develop affordable housing. This was a highly innovative idea at the time, positioning Greensboro on the leading edge of affordable housing development in the nation. Over the past three decades, the City and community partners including affordable housing developers, service providers, and private funders have worked diligently to leverage our funds and increase our inventory of safe, affordable housing.

However, due to economic and demographic trends, we have now fallen behind the state and the nation in addressing our housing affordability gap. A new urgency and vision was needed to move the needle forward on affordable housing. In Community Conversations that took place throughout the City in 2016, participants foresaw a community where everyone has access to safe, affordable housing. They imagined everyone having a good place to live—with the right location, right price, and right design for accessibility. They envisioned home construction and maintenance promoting health, creating jobs, and improving property values.

How far away is Greensboro from this vision? Data from the US Department of Housing and Urban Development (HUD) used by the City of Greensboro to target affordable housing needs indicates that there is a gap of more than 20,000 households who are housing cost burdened (pay more than 30% of their income for housing). Estimates from population trends indicate that this gap will continue to grow if we do not act. Much of the housing that the lowest income families and individuals live in and struggle to pay for is substandard and sometimes dangerous. The shortage of safe affordable housing results in a downward spiral for families and economic disparities between distressed and prosperous neighborhoods.

The City and the Community Foundation of Greater Greensboro commissioned two white papers, ***Affordable Housing in Greensboro: The Challenge and the Benefits*** (Debbage, 2016) and ***Economic and Community Impact of Affordable Housing Investment: A Report for the City of Greensboro*** (North Carolina Housing Coalition, 2016), which both confirmed and further defined the need for additional affordable housing. The reports also highlighted the economic benefits of building and repairing housing. The two reports were summarized in ***The Need for and Benefits of Affordable Housing in Greensboro NC*** (NPH Consulting 2016). All reports are available at <http://www.greensboro-nc.gov/index.aspx?page=4970>.

Greensboro's need for more affordable housing to address cost burdened households has seen a striking increase in this decade even while national and state levels of needs have decreased. Despite many strong efforts by numerous individual entities to increase the supply of affordable housing over the years, economic and demographic trends have opened serious new gaps in affordability.



In response to the large gap between our community's vision and our actuality, the people of Greensboro came together to push for new funding for affordable housing.

In 2016, City voters approved a \$25 million bond to increase our efforts to build and repair affordable housing. Income levels targeted by the Housing Bonds include workforce (or moderate income) households up to 120% of area median income for 1 and 2 person households and 140% of area median income for three or more person households.

In April of 2018, the City's housing supply was further impacted by the EF-2 tornado that tore a 16 mile path through Guilford County primarily impacting low income residential areas on the east side of the City. Over 1,000 structures were damaged with damage estimates exceeding \$48 million and hundreds of families displaced. Through community efforts, over \$800,000 in donations were raised, over 175 households were relocated, and repairs and reconstruction are on-going for uninsured or under-insured residents.

In response to the growing housing crisis, in 2019 the City has entered into a planning process to draft a **10 Year Housing Plan** to strategically target and leverage our resources to address the affordable housing deficits. Initial market assessment data indicates that the City's affordability challenges are concentrated among renters earning under \$30,000, with those earning under \$20,000 facing the most extreme need.

Additional Planning Efforts

The City is currently in the process of updating its Comprehensive Plan. Relevant areas of focus in the plan's Goals and Strategies include:

- creating mixed-use, walkable infill;
- strengthening neighborhoods;
- creating more diverse housing stock and price points across the City;
- tying together recommendations from other plans that will support public art and distinctive neighborhoods;
- providing better paying jobs and the availability of job training and education;
- reducing our reliance on personal automobiles for transportation.

The planning process has included a speaker series, bringing in speakers of national re-known to discuss new approaches and best practices promoting development styles suitable for infill locations, missing middle housing types, middle neighborhood issues, accessory unit development, and related planning topics.

The City is also focused on its transportation infrastructure, creating linkages between neighborhoods with the Downtown Greenway urban loop trail and spur extensions, and conversion of the bus transit system from a traditional hub and spoke to a cross town linkage system offering better connections between neighborhoods and job centers.

Priorities for growth include an emphasis on balanced and inclusive development. #InvestEast is an initiative developed by the City of Greensboro, East Greensboro NOW and the Greensboro Chamber to help foster investment in the future of East Greensboro by encouraging businesses and services to open locations in the area. The marketing campaign was launched on September 20, 2018. A similar push for housing investment in East Greensboro, the #100Homes campaign, quickly became a #200Homes campaign as the City focused efforts on homebuyer education and down payment assistance.

Affordable Housing for Households Under 80% of Area Median Income

For a four person household, the HUD income limit for 80% of Area Median Income in 2019 is \$49,050
The monthly rent affordability for a household of four at 80% of Area Median Income in 2019 is \$1,226

Moderate Income Housing for Households over 80% and under 120% of Area Median Income

For a four person household, the Novogradac income limit for 120% of Area Median Income in 2019 is \$73,560
The monthly rent affordability for a household of four at 120% of Area Median Income in 2019 is \$1,839

Affordable Rental Housing Units in Greensboro

A total of 30 multi-family units are owned by the City of Greensboro, and 1,924 multi-family units are under general local government control through development loan agreements limiting rents to affordable levels. A further 280 units have been financed through Low Income Housing Tax Credits without City funding assistance. The Greensboro Housing Authority has 2,209 multi-family units.

2018-2019 Affordable and Moderate Income Housing Production

In fiscal year 2018-19, the City's Neighborhood Development Department supported the construction, rehabilitation, down payment or rental support for 597 units with local and federal fund sources. Housing bond funded projects are beginning to come on line with 60 new affordable rental units completed this year and an additional 300 new affordable units projected to enter service in 2020. The housing bonds are leveraging nearly \$100 million to date. An additional over 1,300 rental units were brought into compliance with minimum housing codes. A graphic showing the City Neighborhood Development Department's accomplishments is attached to this report.

Strategies and Actions to Promote Affordable and Moderate Income Housing Development

1. Rezoning for densities necessary to assure the production of moderate income housing

Median priced for-sale properties are generally affordable to moderate income households and the City offers down payment assistance to first time homebuyers up to 120% and 140% of area median income. However, many of these properties may be older and in need of rehabilitation or investment to bring them up to market standards. The 10 Year Housing Plan is considering recommendations in support of homeownership activities for affordable and moderate income households.

The City of Greensboro has limited land available in multi-family or higher density zoning categories resulting in the frequent need for re-zoning for rental or townhome style communities. The issues of housing stock diversity, infill development, and density will be examined through the Comprehensive Plan process, including changes to the style and process associated with the Generalized Future Land Use Map.

2. Facilitating the rehabilitation or expansion of infrastructure that will encourage the construction of moderate income housing

The City's 2019-2028 Capital Improvement Plan totals nearly \$1.3 billion of which 86% is focused on infrastructure projects. In the first two years of the plan the City anticipates spending \$30 million in Community Services – including housing and parks improvements and nearly \$500 million in Infrastructure improvements – including downtown and neighborhood redevelopment, streets and sidewalks, and water and sewer improvements.

Investment areas that support moderate income housing construction and investment include:

- Sidewalks and trails – construction of the Downtown Greenway has already encouraged over \$100 million dollars in completed and planned new moderate income housing construction in the downtown area and over another \$100 million in commercial development
- Replacement of water lines in older areas – creates the capacity for denser infill development
- New water lines, pump and lift stations, and fire stations – provide infrastructure for growing areas of the City
- Completion of the water and sewer lines for the Guilford/Randolph County mega-site and occupancy by an industrial tenant will drive employment and housing construction growth in the southeastern section of the City and County

Additional investment from non-City sources includes the development and completion of the Urban Loop system and the land acquisition and industrial site development currently underway by the Piedmont Triad Airport Authority. Guilford County Schools has also recently completed a physical needs assessment and investment plan for new school construction and renovations to improve the quality of neighborhood schools.

3. Encouraging the rehabilitation of existing uninhabitable housing stock into moderate income housing

The City and Guilford County are working to address outstanding tax and other assessment delinquencies through foreclosure, and to facilitate the re-use of housing units determined to be uninhabitable through the code enforcement process.

- The City has established a single website for all property advertised for sale from multiple departments – www.greensboro-nc.gov/forsale - so that interested purchasers and developers can easily locate current opportunities.
- The City sends email updates to interested distressed property investors on the current status and known owners of housing units with orders for demolition or repair. This has resulted in over 40 properties brought into compliance through new owners.

- The City has recently enacted an ordinance change allowing the Minimum Housing Standards Commission to issue an Order to Repair in addition to an Order for Demolition, and a housing bond program was funded to make the repairs where owners are unable or unwilling to complete the repairs.
- The City is also pursuing the available legal tools and process under the newly adopted Receivership Bill to move problem properties into the hands of capable receivers.

4. Considering general fund subsidies to waive construction-related fees that are otherwise imposed by the City

In June 2018, the City updated its ordinance to allow for System Development Fee exemptions and refunds to support the production of single family and multi-family affordable housing. The ordinance provides a process for private or subsidized units to seek a reduction in fees based on unit square footage or rent levels.

Section 29-53.1 Exemptions and refunds of the system development fee and capacity use fee for housing units located within the corporate limits of the city and defined as serving affordable to low income households with incomes below 80% of the area median income as calculated annually by the U.S. department of housing and urban development.

There shall be no exemptions and refunds of the fees for housing units affordable to low-income households which are located outside of the corporate limits of the city at the time the individual applies for a water meter or sewer connection. Exemptions and refunds of the fees for housing units affordable to low income households located within the corporate limits of the city at the time the individual applies for a water meter or a sewer connection shall be as follows:

(a) *Units not for rental.* Any single-family, not for rent, residential unit containing one thousand five hundred (1,500) square feet, or less may be exempt from the fees based on building permit data. Any single-family, not for rent, residential unit over one thousand five hundred (1,500) square feet may be exempt from the fees based on builder participation in a low income housing production program as verified by the Greensboro Neighborhood Development Department.

(b) *Rental units.*

(1) All rental residential units shall be subject to the fees based on meter size and the same will be paid at the time of application for water or sewer connection;

(2) Provided that low income rental residential housing units renting for a monthly rental rate equal to, or less than, the Fair Market Rental rates currently adopted by the U.S. Department of Housing and Urban Development for the Greensboro, North Carolina, area, and in effect at the time of application, shall be eligible for refund of the fees in accordance with subsection (3) below;

(3) The fees will be refunded to the owner of a rental unit upon presentation of proof, on forms available from the city, to the Neighborhood Development Department that sixty (60) percent of the units in the rental development are rented for an amount equal to, or less than, the Fair Market Rental rate currently adopted by the U.S. Department of Housing and Urban Development for the Greensboro, North Carolina, area, and in effect at the time of application. The rental amount shall not be adjusted for utilities.

(4) A property owner intending to request a fee refund for particular rental residential units must file written notice with the Neighborhood Development Department when the fees are paid and provide rent documentation once the property has reached sixty (60) percent occupancy.

(5) Provided further that any residential rental units, the owner of which has contracted with the City of Greensboro in advance of construction guaranteeing that sixty (60) percent of the unit rentals will be equal to or less than the U.S. Department of Housing and Urban Development Fair Market Rental rates, shall be entitled to an exemption from the fees.

(c) The Neighborhood Development Department shall have the duty of determining appropriate exemptions from and refunds of the fees. Exemptions shall be administered by the water resources department. Refunds shall be administered by the Neighborhood Development Department.

(d) All refunds of the fees shall be from appropriations duly made and authorized by council.

5. Creating or allowing for, and reducing regulations related to, accessory dwelling units in residential zones

Accessory dwelling units [ADU's] are allowed by right in all residential zones in accordance with the location and use conditions outlined in sections 30-8-11.2 and 30-8-10 of the Land Development Ordinance. ADU's are additionally allowed in Low and Moderate Mixed Use Districts, Office and Traditional Neighborhood Districts.

- Unless otherwise expressly stated, all accessory dwelling units must meet the requirements that apply to principal uses in the subject zoning district. The primary dwelling must be located on a lot that meets the minimum area requirements of the zoning district.
- The owner of the property must occupy either the primary or the accessory dwelling.
- Only one accessory dwelling is allowed.
- The accessory dwelling may be located within the primary dwelling; however, if it is detached, it must meet the location and dimensional requirements of the principal structure.
- The heated floor area of the accessory dwelling must be at least 400 square feet in area, but it may not exceed 30% of the floor area of the primary dwelling.
- If the accessory dwelling is proposed for location on a single-family property, the property must retain a single-family appearance from the street.
- One additional off-street parking space must be provided.
- Use of a travel trailer or recreational vehicle (RV) as an accessory dwelling is prohibited within a residential district or on property devoted to residential use.

6. Allowing for housing in commercial and mixed use zones

The City recently amended its zoning ordinance to allow for multi-family residential development in some commercial zoning districts. The City also has mixed-use zoning districts where most housing types are allowed, and is developing strategies to encourage infill in areas with a fine-grain mix of land uses.

Permitted Residential Uses in Mixed Use and Commercial Zoning Districts

		MU-L	MU-M	MU-H	AO	UMU	NS	O	C-N	C-L	C-M	C-H	C-B
Household Living	Single-family Detached Dwellings	P	P					P					
	Single-family Detached Dwellings, Zero Lot Line	U	U					U					
	Duplexes	P	P		P	P	P	P					
	Traditional Houses	U	U					U					
	Townhouses	U	U	P	U	U	U	U			U	U	P
	Twin Homes	P	P		P	P	P	P		P	P	P	P
	Multi-family Dwellings	U	U	P	U	U	U	U			U	U	P
	Multi-family (Elderly)	U	U	U	U	U		U			U	U	U
	Family Care Homes	U	U					U					
	Chartered Home	U	U	U				U					
	Manufactured Homes (Class AA)												
	Manufactured Home Parks												
	Upper Story Residential	U	U	U	U	U	U	U	U	U	U	U	U
Group Living	All Group Living except as listed below		P	P	P		P	P			P		P
	Assisted Living Facilities		U	U	U	U	U	U			U	U	U
	Fraternities and Sororities		U	U	U	U	U	U					U
	Life Care Communities		U		U		U	U					
	Private Dormitories		U	U		U	U	S,U					
	Rooming and Boarding Houses	U	U					U					

7. Encouraging higher density or moderate income residential development near major transit investment corridors

The Generalized Future Land Use Map in the City's Comprehensive Plan shows most primary transit corridors in mixed use, commercial or industrial zoning categories. The Growth Strategy Map includes designated Reinvestment Corridors along major transportation routes where higher density development may be encouraged.

The development of the Downtown Greenway is a prime example of investment in transportation infrastructure encouraging growth in commercial and higher density housing developments. Construction of the Downtown Greenway has already encouraged over \$100 million dollars in completed and planned new moderate income housing construction in the downtown area and over another \$100 million in commercial development.

The City's annual request for Affordable Housing Development proposals includes significant weighting in the site scoring process for access to transit, services and walkable areas. Out of 20 points available for amenities, nine points are awarded for proximity to an established public transit stop within ¼ mile, accessed along safe streets or paths.

8. Eliminating or reducing parking requirements for residential development where a resident is less likely to rely on the resident's own vehicle, such as residential development near major transit investment corridors or senior living facilities

The City offers a menu of options for reduced parking requirements provided that the proposal otherwise complies with requirements, will not adversely affect surrounding neighborhoods, or traffic congestion, or the economic viability, or appearance of the project or environment.

Options available include:

- Shared parking (See [30-11-13.8](#));
- Off-site parking (See [30-11-13.9](#));
- Special facilities for bicyclists (See [30-11-13.10](#)); - reduction of up to 10% for inclusion of bicycle facilities
- Transit accessibility (See [30-11-13.11](#)); - reduction of up to 15% for uses within 1,000 ft of an active transit stop
- Available on-street parking spaces (See [30-11-13.12](#)); and
- Reduction in the number of off-street parking spaces required by up to 10% to allow an existing development to retrofit parking to conform to the landscaping regulations or to allow an existing or new development to preserve trees within or adjacent to a parking lot.

Parking exemptions and reductions are outlined in the development ordinance for specific zoning districts and project types. Exemptions are in place for Central Business district, historic sites, small lots or existing building on constrained sites. Alternate ratios and reductions are allowed in Traditional Neighborhood Districts, mixed use districts and mixed use sites, and adaptive use projects.

Parking requirements are significantly reduced for multi-family elderly, assisted living and other group care residences.

RESIDENTIAL USES		
Household Living	All, except as noted below	2 per dwelling unit
	Townhouses	2.1 per dwelling unit (5)
	Multi-family Dwellings	1.25 per 0–1 bedroom unit; 1.5 per 2 bedroom unit; 2 per 3+ bedroom unit (1)
	Multi-family (Elderly)	1 per 2 dwelling units or rooming units
	Family Care Homes	1 per 4 beds

	Upper Story Residential	Same as Multi-family Dwellings
Group Living	All, except as noted below	1 plus 1 per 2 bedrooms/beds
	Assisted Living Facilities	1 per 2 dwelling units or rooming units
	Life Care Community	As required by this table for component uses (e.g., nursing homes, assisted living, or household living, as applicable)
	Nursing home	1 per 3 beds

9. Allowing for single-room occupancy developments

Single-room occupancy [SRO] developments and conversions are allowed by right and by special use permit in all multi-family residential zones, Mixed Use – Moderate and High, Office, Commercial – Moderate and Business, some Light Industrial and Public-Institutional districts.

- The minimum rooming unit size is 70 square feet. At least 50 square feet is required for each additional room occupant.
- The facility must provide common space such as recreation areas, lounges, living rooms, dining rooms, and other communal living spaces at a rate of 5 square feet per rooming unit. The minimum common space requirement is 250 square feet. Bathrooms, laundries, hallways, the main lobby, vending areas, and kitchens may not be counted as common space.
- 24-hour on-site management must be provided.
- Conversions of existing hotels or motels to a single room occupancy residence are exempt from the lot area per dwelling unit requirements of the base district.
- Newly constructed facilities in the MU-Districts are exempt from the lot area per dwelling unit requirements of the base district. The residential capacity of a facility will be determined by provisions of the NC Building Code in conjunction with the applicable setbacks, minimum landscaping, minimum off-street parking and other requirements of this ordinance.

Tiny House Communities

The City recently supported zoning changes to facilitate the development of tiny house communities as “very small townhome” style developments. A Townhouse Dwelling is a single family residence that can be either attached or detached. There is no minimum size for a single family residence so tiny house communities can be comprised of individual detached townhomes on individual lots. It does requires multifamily zoning and the creation of an owners association to maintain any common elements. Parking requirements were reduced for townhome units under 400 square feet as a means to further support this type of development. One 6 tiny house unit supportive housing rental community has recently been completed.

10. Preserving existing moderate income housing

The City’s 2016 Housing Bonds allow for an increase over the typical federal program 80% area median income limit to include households up to 120% and 140% of area median income with funds for down payment assistance and homeowner rehabilitation. In its first year, the re-vamped down payment assistance program served 217 households.

11. Considering utilization of State or federal funds or tax incentives to promote the construction of moderate income housing

Historic and mill tax credits have been beneficial for recent local projects. Additionally, developers are considering programs such as HUD 221(d)(4) and other longer term financing options to reduce the debt burden and make projects more affordable. The Greensboro Housing Authority has completed the process to convert most of its units from public housing stock to assisted units through the Rental Assistance Demonstration program. The City is promoting sites within its Opportunity Zone residential areas for multi-family rehabilitation or new construction.

Improved clarity in state law regarding the production of affordable housing as a public purpose could be beneficial for efficient transfer of public lands for affordable housing development.

12. Considering utilization of programs offered by the Housing Finance Agency with that agency's funding capacity

The City of Greensboro focuses its multi-family affordable housing production process on leveraging the Low Income Housing Tax Credit equity to increase unit affordability. Based on the funding allocation formula outlined in the North Carolina Housing Finance Agency's Qualified Allocation Plan, Guilford County can expect to receive approximately two awards per year. However, there are two cities competing within Guilford County, so the number of projects built within the Greensboro city limits is lower. The following chart indicates the LIHTC project awards in Greensboro for the last six years.

Low Income Housing Tax Credit awards:

Greensboro	9% New Construction	9% Rehab	4%	Total
2014	1	1		2
2015	1			1
2016	1			1
2017	1		2	3
2018	1			1
2019	1	1		2

The City has additionally sought to match funding with the North Carolina Housing Finance Agency's Supportive Housing Development Program for the development of supportive housing units. Four projects have been funded in Greensboro in the last 5 years.

The 4% LIHTC and housing bond deals are difficult to make work with the lower rent structure in Guilford County without significantly larger amounts of public subsidy or very large projects. Identifying another state subsidy source that could leverage these 4% credit deals for production in smaller or more affordable metro areas would be beneficial.

YOUR HOUSE. YOUR NEIGHBORHOOD. YOUR GREENSBORO.

Neighborhood Development's Fiscal Year 2018-19 Successes



Code Compliance Issues

1,366

Residential dwellings brought into compliance

1,601

Residential dwellings inspected

Housing Bonds *(since 2016)*



\$5,936,819
Money spent and committed

157 Households received housing counseling

217 Down payment assistance loans approved



\$99,316,664
Funds leveraged

659 Units completed & financed

197

Multi-family units rehabbed

45

Single-family units rehabbed

Housing Rehabilitation

\$1,011,493 Money spent on single-family rehabs

+ \$526,213 Money spent on multi-family rehabs

\$1,537,706 Combined rehab investment dollars spent

4,349

Nuisance cases brought into compliance

3,372

Vehicle cases brought into compliance