



**Report to the General Assembly on  
Local Government Funding, Subsidies, and Activities  
Related to Affordable Housing within the City of Raleigh**

This report is being provided by the City of Raleigh (the “City”) pursuant to Session Law 2019-144, titled “An Act to Direct Certain Municipalities to Report to the General Assembly on Local Government Funding, Subsidies, and Actives Related to Affordable Housing”.

According to data from the U.S. Department of Housing and Urban Development (“HUD”), the City of Raleigh and the North Carolina Housing Finance Agency, there are currently approximately 7,260 affordable rental housing units currently in use within the City of Raleigh that are subsidized by local government revenue or tax credits or that have local government oversight. (This includes units owned or managed by the Raleigh Housing Authority, a separate municipal corporation from the City of Raleigh whose Board of Directors is appointed by Raleigh’s Mayor.)

The City utilizes a variety of tools and incentives to encourage additional affordable housing development, including the following, grouped to match the specific requirements of SL 2019-144.

(1) Rezoning for densities necessary to assure the production of moderate-income housing:

In 2013, the City adopted a new Unified Development Ordinance (“UDO”) which made it substantially easier to develop diverse housing types. Multifamily and commercial districts were replaced with new mixed-use districts, nearly all of which permit housing as a principal permitted use. Density in these districts is unlimited; development intensity is regulated by the permitted number of building stories, which can range from three to 40. Townhouses and apartments are also permitted in the R-10 residential district at up to 10 units per acre. The mixed-use districts were mapped throughout the City in 2015 as part of a large-scale rezoning that replaced prior zoning on about a third of the City’s land area. Approximately one-third of the City’s land area is zoned to permit townhouse or multifamily (see Table 1), and Raleigh has a diverse housing stock (see Table 2). Further, code-compliant developments are approved through a by-right

administrative site review process, expediting reviews and increasing certainty in the development process. Raleigh's City Council recently amended its UDO to allow applicants in rezoning cases to propose affordable housing commitments as part of conditional zoning petitions and endorsed model conditions developed by the City's Housing and Neighborhoods department. The first such conditions were recently approved for a 40-story rezoning in downtown.

**Table 1: Townhouse & Multifamily Zoning**

<b>District</b>	<b>% of Jurisdictional Land Area</b>	
	<b>Acres</b>	
R-10: Residential-10	9,472	8.2%
RX: Residential Mixed Use	3,844	3.3%
OX: Office Mixed Use	7,949	6.9%
NX: Neighborhood Mixed Use	760	0.7%
CX: Community Mixed Use	5,794	5.0%
DX: Downtown Mixed Use	582	0.5%
IX: Industrial Mixed Use	9,741	8.4%
<b>Totals</b>	<b>38,142</b>	<b>33.0%</b>

Source: City of Raleigh

**Table 2: Housing Units by Type**

<b>Unit type</b>	<b>Number</b>	<b>Percent</b>
Single-family detached	87,827	43.7%
Single-family attached (townhouse)	30,144	15.0%
Duplex	2,711	1.3%
Multifamily	76,709	38.2%
Mobile homes	3,677	1.8%
<b>Totals</b>	<b>201,068</b>	<b>100.0%</b>

Source: US Census Bureau, 2016 American Community Survey, 1-year estimates

(2) Facilitating the rehabilitation or expansion of infrastructure that will encourage the construction of moderate-income housing:

As a part of the City's HUD-approved 2016 Neighborhood Revitalization Strategy Area Plan, significant infrastructure improvements took place in Washington Terrace and East College Park neighborhoods with an intention of facilitating

new development of affordable housing units. Within East College Park, existing water, sewer and stormwater improvements were replaced by the City to accommodate the construction of 98 new single-family homes and up to 51 townhouses for affordable and mixed income owner-occupancy. On the adjoining Washington Terrace site, a local non-profit housing developer, DHIC, is replacing existing water, sewer, storm water and street improvements to accommodate the phased redevelopment of that site. Redevelopment of the northern half of that site has completed and includes 162 low to moderate income rental units for families and 72 affordable rental units for seniors.

(3) Encouraging the rehabilitation of existing uninhabitable housing stock into moderate income housing:

Given supply and demand and other market factors at work, there are very few uninhabitable housing units within Raleigh that are suitable candidates for rehabilitation. Most often, deteriorated stock is redeveloped by the private sector or in some instances, acquired by the City for redevelopment into affordable or moderate-income housing.

(4) Considering general fund subsidies to waive construction-related fees that are otherwise generally imposed by the City:

To date, such subsidies have been indirect and limited to gap financing in Low Income Housing Tax Credit projects where such fees are a part of the total development costs and in the provisions of loans to individual homeowners rehabilitating their homes.

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

Accessory dwelling units (ADUs) were prohibited in Raleigh's residential zones with adoption of the current UDO. The City Council recently approved a text change creating an overlay district that permits ADUs that can be applied to areas 10 acres or larger in size.

(6) Allowing for housing in commercial and mixed-use zones:

Housing is permitted in most mixed-use zones, with the exceptions being the Office Park and Industrial Heavy districts. Of the City's land zoned for non-residential use, 91 percent is zoned to permit housing. Density is not regulated in these districts; rather, development intensity is regulated by the number of permitted building stories.

(7) Encouraging higher density or moderate-income residential development near major transit investment corridors:

The City Council-approved Affordable Housing Location Policy encourages affordable housing in transit-rich locations. Additionally, ensuring equitable development near future transit improvements is a City priority. Current planning efforts are focused on equitable development around transit and are expected to result in regulatory and policy changes to better facilitate higher density and moderate-income residential development near Raleigh's four planned Bus Rapid Transit corridors to be funded by the voter-approved Wake County Transit Plan. Included within this effort is a feasibility study of a codified development bonus for affordable housing units in the Transit Oriented Development overlay district.

(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:

Raleigh's UDO provides for significant reductions in required parking for housing located in walkable, urban locations; affordable housing; and housing targeting seniors. The ratio for residential is one space per unit with the first 16 units exempt in walkable urban areas. Affordable and senior housing may also be parked at a ratio of one space per unit, regardless of location. A proposal to amend the code to eliminate parking requirements in the downtown zoning district is currently pending in a City Council committee.

(9) Allowing for single-room occupancy developments:

Boardinghouses (Raleigh's term for single-room occupancy developments) are allowed by special use permit in the R-10 district and by-right with use limitations in most mixed-use districts. Boardinghouses are subject to a spacing requirement of 1,200 feet and a maximum of six residents. Boardinghouses are only permitted in converted single-family dwellings.

(10) Preserving existing moderate-income housing:

The City of Raleigh has programs in place to assist low to moderate-income homeowners with repair or rehabilitation needs. Additionally, the City has provided gap financing to assist with the preservation of low to moderate-income rental development such as Sir Walter Apartments, Capital Towers and Raleigh North/Milbank Court.

(11) Considering utilization of State or federal funds or tax incentives to promote the construction of moderate-income housing:

In addition to using HUD entitlement and local funds to facilitate affordable homeownership opportunities, several million dollars is invested annually in the form of gap financing associated with both 4% and 9% Low Income Housing Tax Credit projects.

(12) Considering utilization of programs offered by the Housing Finance Agency within that agency's funding capacity:

In addition to providing gap financing for Low Income Housing Tax Credit projects, the City of Raleigh works with local partners to enable income eligible homebuyers to access down payment assistance through the Community Partners Loan Pool. Over the years, several projects in Raleigh received partial funding from NCHFA's Supportive Housing Program.