



Affordable Housing Strategies

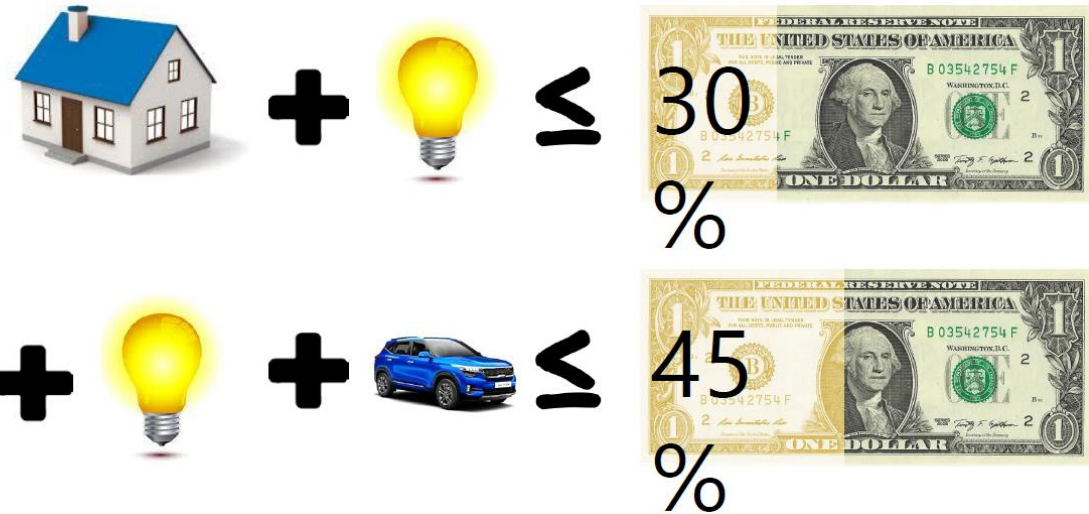
*September 5, 2024
City Council Special Meeting*



- Affordable Housing Definitions, Types, and Benefits
- Fayetteville Area Income Information, Ranges, and Limitations
- Single Family Housing Analysis
- Rental Market Analysis
- Legal constraints from NC State Law
- Funding Currently Available
- What the City is Currently Offering
- What are the Gaps, Opportunities, and Funding Needs

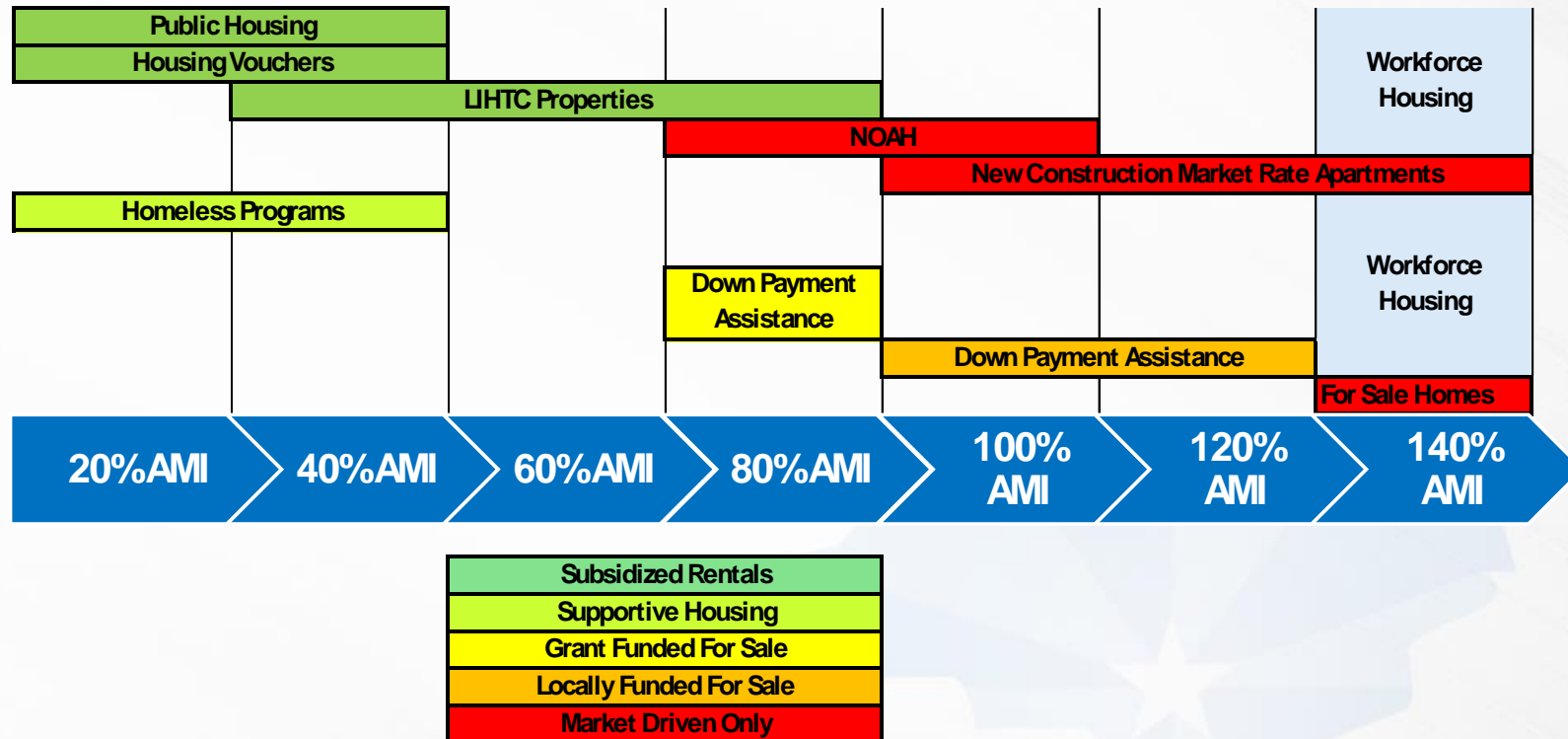
Defining Housing Affordability

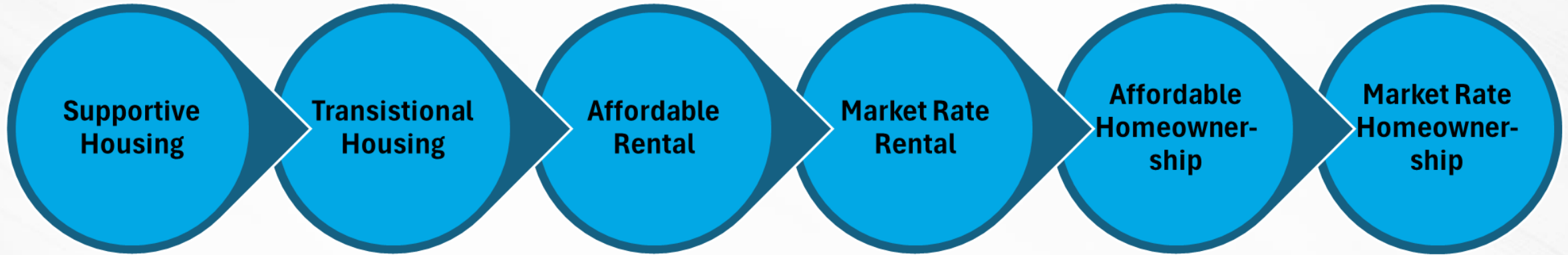
- Defined by U.S. Department of Housing and Urban Development
- Households who spend more than 30 percent of income on housing costs are cost burdened.
- Under the wide umbrella of affordable housing, there are many programs and strategies administered from the federal to the local level intended to create and preserve affordable housing options for those who need it.



Defining Affordable Housing

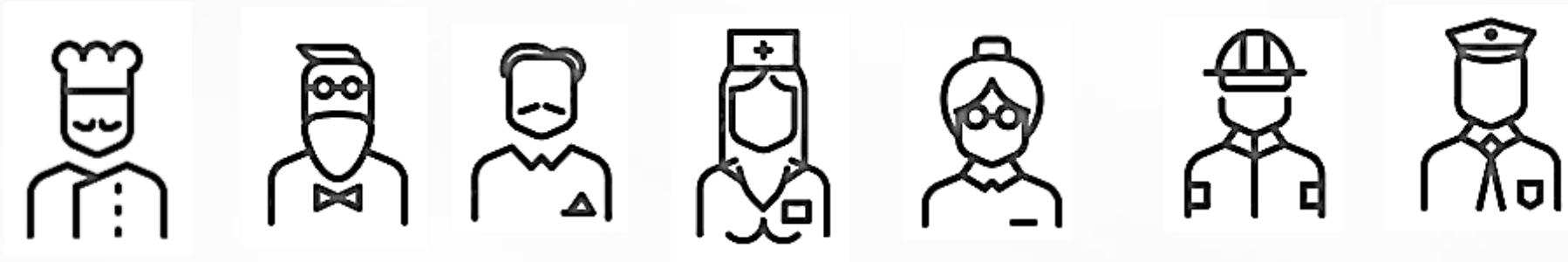
- The definition is nebulous, with different programs and stakeholders often adopting their own slightly different definitions
- **Subsidized** - housing with legally binding restrictions controlling the cost for a defined income level and defined period
- **Unsubsidized (NOAH)** - market rate housing where the quality, size, location, or amenities result low rent for low-income households





- Affordability and overcrowding are closely correlated with economic mobility and educational attainment
- The goods and services in your economy are provided by those in need of affordable housing
- Those in affordable housing have more capacity to buy needed goods and services in your economy

Income By Profession



	Food Prep and Service	Personal Care	Retail Sales	Healthcare	Teacher	Construction	Police Officer
Median	\$25,680	\$28,500	\$29,600	\$33,400	\$46,000	\$46,120	\$47,870
Average	\$27,600	\$33,220	\$38,280	\$34,980	\$48,630	\$49,240	\$48,780
	<i>Very low Income</i> \$26,400	<i>Low Income</i> \$31,650		<i>Moderate Income</i> \$42,200	<i>Workforce</i> \$42,201 to \$63,299		

Area
 Median
 Income
 \$52,750

Income Ranges

- Income for most programs is measured by the total household gross Area Median Income as published by HUD
- This means that the total household income, adjusted for household size, and compared to the median (AMFI) helps us identify eligible ranges

	AMI	Household Size							
		1	2	3	4	5	6	7	8
Subsidized Rentals	30%	\$ 15,850	\$ 20,440	\$ 25,820	\$ 31,200	\$ 36,580	\$ 41,960	\$ 46,700	\$ 49,700
Subsidized Rentals	50%	\$ 26,400	\$ 30,150	\$ 33,900	\$ 37,650	\$ 40,700	\$ 43,700	\$ 46,700	\$ 49,700
Subsidized Rentals	60%	\$ 31,650	\$ 36,150	\$ 40,688	\$ 45,188	\$ 48,825	\$ 52,425	\$ 56,063	\$ 59,663
Grant Funded For Sale	80%	\$ 42,200	\$ 48,200	\$ 54,250	\$ 60,250	\$ 65,100	\$ 69,900	\$ 74,750	\$ 79,550
Locally Funded For Sale	100%	\$ 52,750	\$ 60,250	\$ 67,813	\$ 75,313	\$ 81,375	\$ 87,375	\$ 93,438	\$ 99,438
Locally Funded For Sale	120%	\$ 63,300	\$ 72,300	\$ 81,375	\$ 90,375	\$ 97,650	\$ 104,850	\$ 112,125	\$ 119,325
Locally Funded For Sale	140%	\$ 73,850	\$ 84,850	\$ 94,938	\$ 105,438	\$ 113,925	\$ 122,325	\$ 130,813	\$ 139,213

Teacher w/no dependents

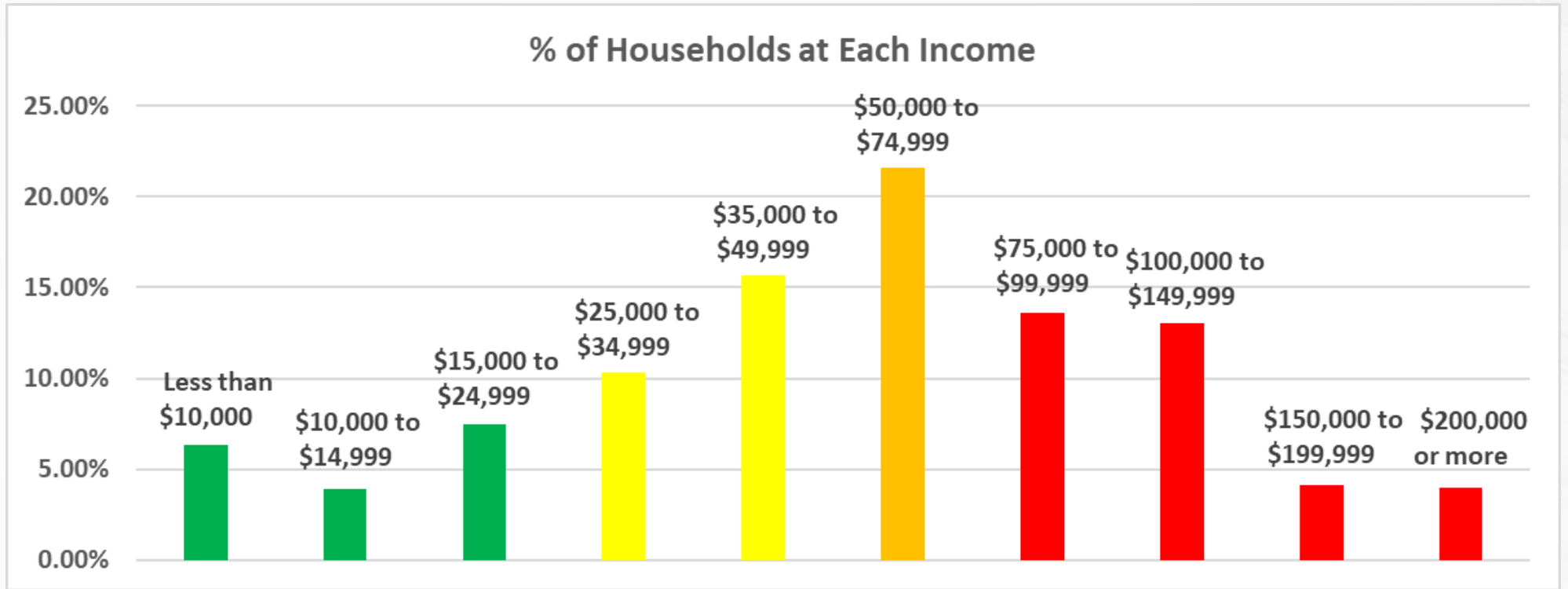
Healthcare w/ 2 children

Construction with Stay-at-home spouse and 2 children

Retail or Service w/no Dependents

Healthcare and Police Officer with 1 child

Subsidized Rentals
Grant Funded For Sale
Locally Funded For Sale



Hiring Ranges Online in August 2024

	Annual	Monthly	30%
Fayetteville Police Officer	\$50,555	\$4,213	\$1,264
Math Teacher (High School)	\$49,200	\$4,100	\$1,230
Transit Driver	\$39,312	\$3,276	\$983
Construction Laborer	\$38,380	\$3,198	\$960
Waiter/Waitress	\$27,540	\$2,295	\$689

Top Ten Lowest Paying Occupations in Fayetteville, NC

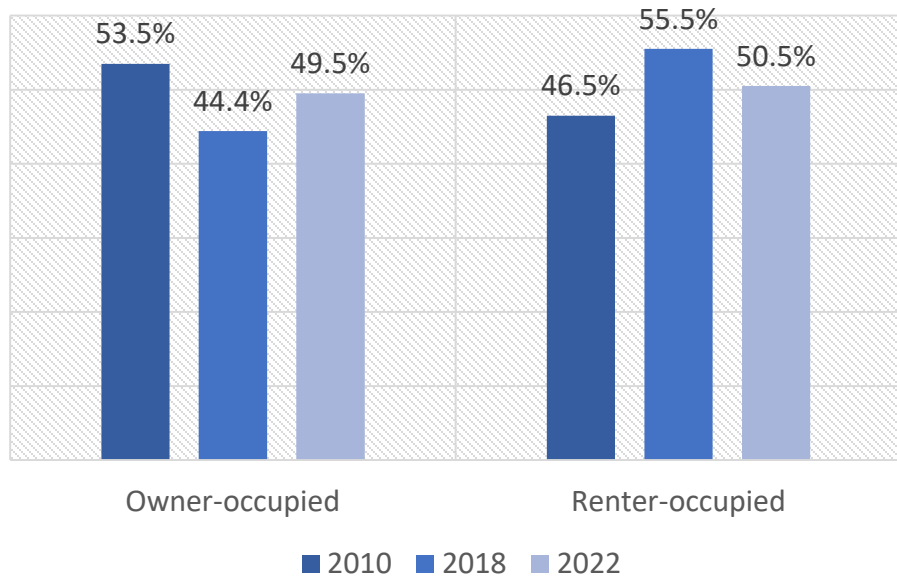
Rank by # of Jobs	Rank by Lowest Paid	Occupational Class Title	Total Employed	Annual Mean Salary
1	8	Office and Administrative Support Occupations	14,580	\$41,660
2	1	Food Preparation and Serving Related Occupations	14,440	\$27,600
3	6	Sales and Related Occupations	12,990	\$38,280
4	7	Transportation and Material Moving Occupations	11,600	\$38,690
5	10	Educational Instruction and Library Occupations	10,550	\$48,630
			64,160	

Fayetteville Housing Inventory

	2021	2022	2023	2024	24-Aug	
Months Supply of Housing	0.90	0.60	0.90	3.60	4.10	5-6 Months of Supply is considered "Healthy"
# of Homes for Sale	390	320	410	1,225	1,390	More homes for sale equals more choices for buyers
Median Days on Market	9	7	11	22	11	highly competitive seller's market with more pressure on buyers to make higher offers

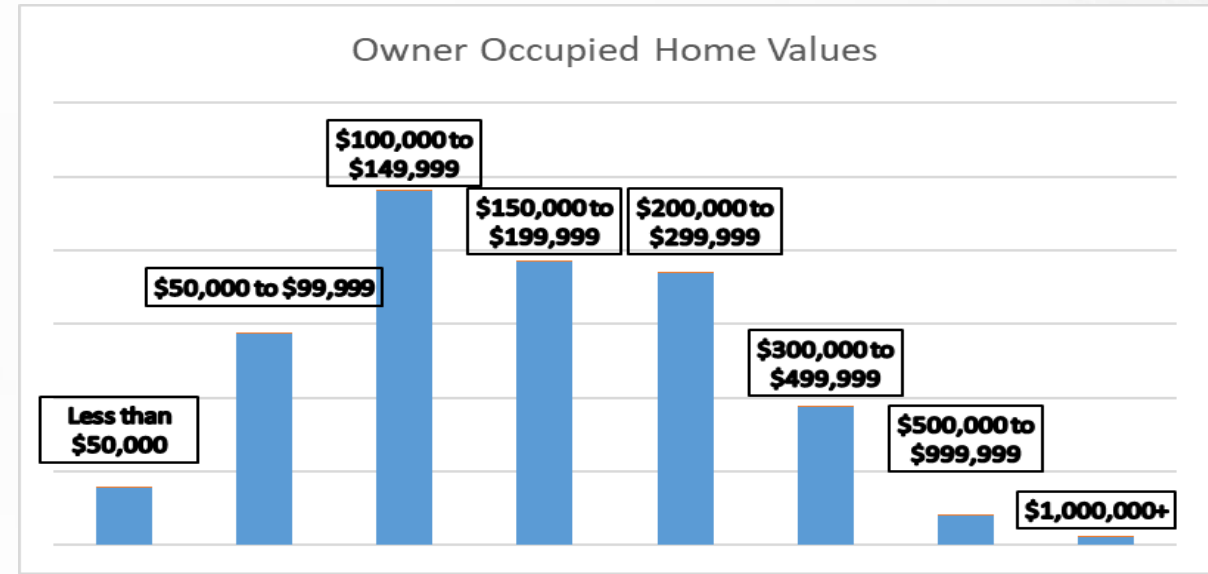
**Data provided by Longleaf Pines Realtors, numbers are estimated based on visual graphics*

Housing by Type



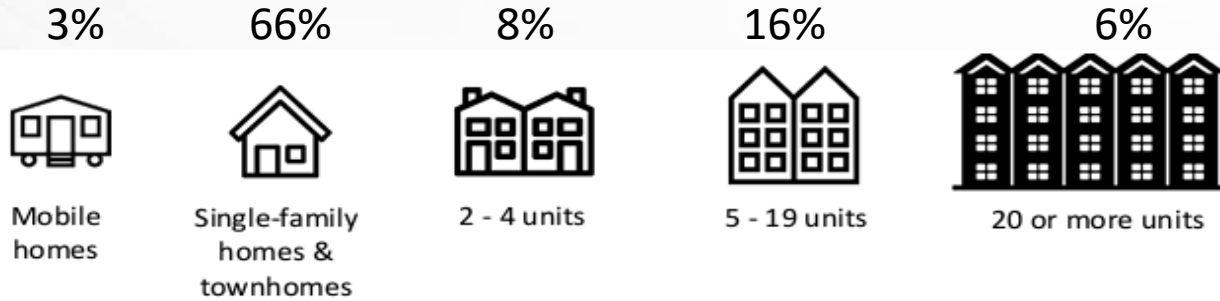
- Trending towards equilibrium between buyers and sellers
- The previous housing study showed 1.4 months of supply
- The percent of owner-occupied units has increased slightly

- More houses are sold above the median sales price
- Increased 52% to 54% in 4 years
- Mortgage - \$261k
 - Monthly payment = \$2,027 PITI
 - Household income of \$81,080 or 120% AMI (3-person household)
- **Owners with a mortgage who are cost burdened: 7,231 or 30.10%**
- **Owners with no mortgage who are cost burdened: 2,157 or 17.60%**

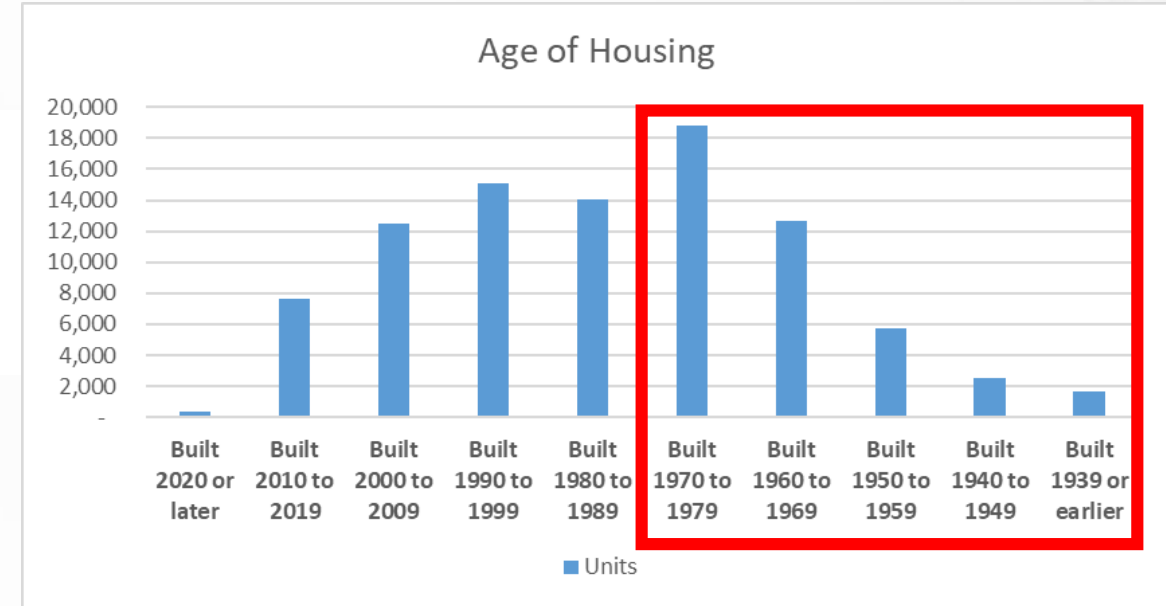


	2021	2022	2023	2024	24-Aug
Median Sales Price	\$155,000	\$179,000	\$190,000	\$227,000	\$239,000
Median Price Per Sq. Ft.	\$98	\$115	\$126	\$140	\$148
Average Sales Price	\$172,000	\$202,000	\$215,000	\$245,000	\$261,000
<i>*Data provided by Longleaf Pines Realtors, numbers are estimated based on visual graphics</i>					
Interest Rate Average	2.96%	5.34%	6.81%	6.84%	6.49%
<i>*Data from Freddie Mac (note that 2022 ranged from 3.22% to 7.08%)</i>					

City of Fayetteville Housing Inventory by Type



New Housing Starts	2019	2020	2021	2022	2023
Single Family	223	229	302	392	317



- More than 45% of housing is older than 1979
- Building Permitting shows an upward trend in new housing starts
- Only 2.9% of housing stock is Single Family attached

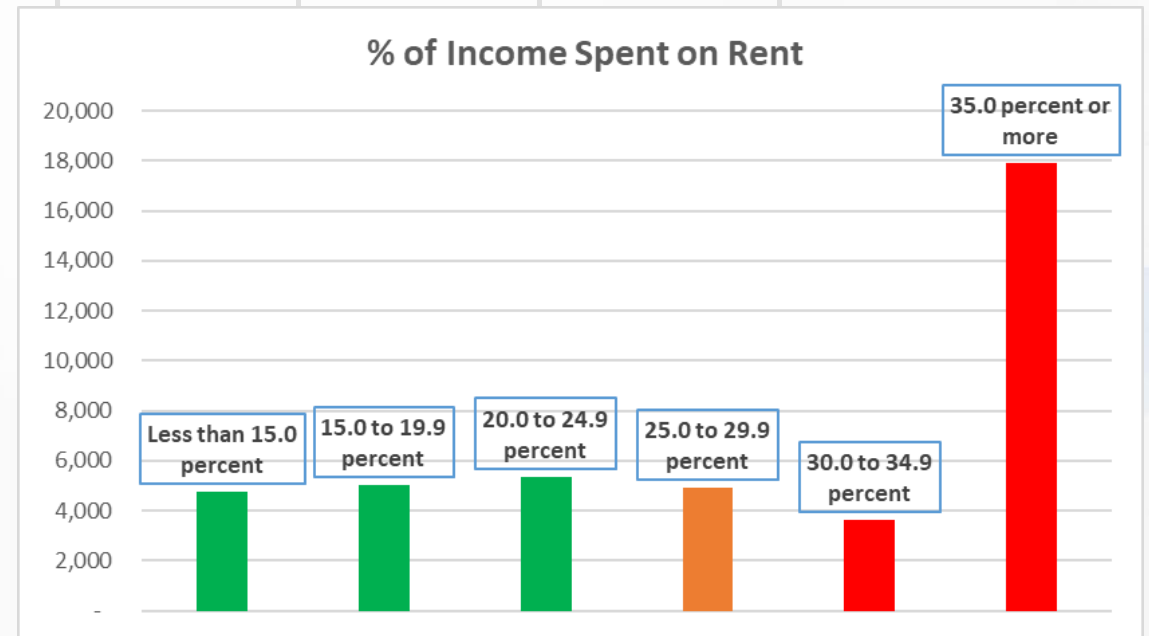
- Demand for apartments is accelerating but new supply is outpacing demand
- This should allow for more affordable rents as vacancy rate are reported at 8% (standard is 7%)
- Basic Allowance for Housing and market forces are still moving rents upward (E4 w/no dependents is \$1,383)
- The largest demand drivers are for nicer apartments with community amenities (4- & 5-star ratings)
- The recent expansion of the market and the inclusion of over 600 units currently being delivered shows that supply is not driving affordability

Rent	Studio	1 bed	2 bed	3 bed	4 bed	5+ bed
Under \$800	0	22	8	0	0	0
\$801 to \$1000	0	23	39	3	0	0
\$1001 to \$1200	2	19	47	20	0	0
\$1201 to \$1500	1	18	63	90	4	0
\$1501 to \$1750	0	3	16	83	10	0
Above \$1750	0	3	14	62	47	6
	3	88	186	258	62	6
Averaged Across Three Apartment Rental Sites						

Fayetteville Fair Market Rents

Fair Market Rents	2015	2020	2021	2022	2023	2024
Studio / Efficiency	\$ 601	\$ 719	\$ 726	\$ 771	\$ 898	\$ 1,120
1-Bedroom	\$ 605	\$ 722	\$ 743	\$ 784	\$ 898	\$ 1,120
2-Bedroom	\$ 774	\$ 854	\$ 869	\$ 913	\$ 1,037	\$ 1,292
3-Bedroom	\$ 1,035	\$ 1,188	\$ 1,208	\$ 1,262	\$ 1,425	\$ 1,759
4-Bedroom	\$ 1,303	\$ 1,450	\$ 1,472	\$ 1,546	\$ 1,766	\$ 2,193

Fair Market Rent prices in Fayetteville are **very high** compared to the national average. This FMR area is **more expensive** than **91%** of other FMR areas state and nationwide. Fair Market Rent for a two-bedroom apartment in Fayetteville is **\$1,292** per month. The previous year, rent for a two-bedroom home was **\$1,037** per month. This is a **24.59%** increase year-over-year.



- **Article 1, Section 32 NC Constitution** – Local governments are not permitted to give public property or money away—*not even to charitable nonprofits.*
- **NCGS 157** – Housing Authority Law to develop housing projects
- **NCGS 160D-1311** – Community Development Programs to aid low and moderate income
- **What does this all mean?**
 - Affordable housing = 20% of development at 60% AMI
 - Rentals and Home ownership at 80% and below
 - Home ownership at 120% and below due to market justification
 - Create conditions to allow for more housing development – General Government Powers

A screenshot of a website page titled "Coates' Canons NC Local Government Law". The page has a navigation bar with "ABOUT", "AUTHORS", and "BLOG CATEGORIES". Below the navigation bar is a breadcrumb trail: "Home / Community & Economic Development / Archive by Category 'Affordable Housing & Minimum Housing Codes'". The main content area lists several articles under the heading "COMMUNITY & ECONOMIC DEVELOPMENT/AFFORDABLE HOUSING". The articles are: "Conveying property to housing organization for low- and moderate-income homeowners" by Tyler Mulligan (published 04/24/24), "Local Conduit Issuances of Affordable Housing Bonds in North Carolina: The Basics" by Connor Crews (published 09/25/23), "Local Government Support for Privately Owned Affordable Housing" by Tyler Mulligan (published 05/16/22), and "American Rescue Plan: Local Government Funding for Affordable Housing Development" by Tyler Mulligan (published 06/01/21).

Coates' Canons NC Local Government Law

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COMMUNITY & ECONOMIC DEVELOPMENT/AFFORDABLE HOUSING

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- **HOME Investment Partnership** - ~ \$800k annually, requires 25% match,
- **CDBG** - ~\$1.7M annually, can only be used for land and infrastructure
- **State Grant** - \$1M one-time grant for housing trust fund currently only used for DPA
- **LIHTC 9%** - NCHFA tax credit program used by private developers, constrained to high value/amenity areas of city
- **LIHTC 4%** - NCHFA tax credit program used by private developers, can be used for struggling neighborhood redevelopment, **needs local \$\$\$**
- Total Available for construction = \$4.3M (changes as projects are identified)

- **Gap finance large developments** – \$6.1M in past 2 years
- **Finance small scale developments** – identifying and training small scale developers on affordable housing
- **Down payment** – up to \$20/\$30k for qualified first-time homebuyers
- **Education** – monthly first-time homebuyer workshops
- **Resource navigation** – Staff and website support to community resources
- **Rehab existing housing stock** - \$500k to \$800k annually to Fay Urban Ministry and Habitat to rehab low-income senior homeowners
- **Finance SF construction** – Habitat, Kingdom CDC and other NPOs that may be more interested in spot development
 - Developing written program and RFP for 27 city owned lots

- **Gap finance large developments – 4% LIHTC**
 - Approximately \$6M needed to provide gap financing for a 100+ unit affordable apartment, can be paired with redevelopment of lower income communities and mixed income
- **Small scale developers**
 - The City needs small scale development that is income and rent restricted, staff can help train and navigate funding restrictions
- **Land banking**
 - City Council could consider foreclosing on taxes owed and liens to use for AH or sell at FMV to return to active ownership and development
 - Strategic land acquisition for community economic development and AH
- **Single Family financing**
 - ECD drafting single family financing program for income qualified first time homebuyers

- Eligible Activities:
 - Rehab Low-income homes
 - Finance new SF or Multifamily
 - Land bank for above
 - Down Payment Assistance
- City Council authorized pre-commitment of up to \$6M for Murchison Choice Application next year
- Approx \$6M needed for one 4% LIHTC project
- Currently have approximately 3-4 years of funding for DPA via State funds for workforce
- No land banking strategy or funding



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