

Best Practices for Affordable Housing

Eleven methods used by communities to create & preserve affordable housing across the nation.

City of Asheville, NC
November, 2015

Introduction

The availability of housing that is affordable across a wide range of incomes has become a major concern among residents, businesses, elected officials, and many community stakeholders and decision-makers in Asheville, Buncombe County and western North Carolina. The region's growth is threatened by an expensive housing market that fails to meet the needs of many of its residents. The housing crunch potentially affects economic development, education, land use, health, business, neighborhood vitality, the environment, transportation, and other aspects of the community. Without a workable housing strategy, housing costs will continue to increase and the region's housing stock will continue to become less and less affordable to Asheville and Buncombe County's residents.

The City of Asheville and Buncombe County are not alone in wrestling with the issues of affordable housing. Cities across America are facing affordable housing challenges. Many communities are working to solve these problems. The most successful efforts are products of collaboration among housing advocates, policy makers, city and county officials, non-profit organizations, developers, financiers, and private businesses. Asheville and Buncombe County have already embraced many of these strategies. Continued creative partnerships and strategies are necessary to effectively address Asheville's affordable housing needs.

The following pages summarize eleven "best practice" strategies, with examples from around the country, including Asheville and Buncombe County. They are presented to provide information and opportunity for additional research and analysis. The authors thank the City of Asheville and Buncombe County for their support for this research, and hope that it proves of value to future affordable housing efforts.

Bonnie Childers
Kelsey Morrow

City of Asheville
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1. Housing Trust Funds

Housing trust funds are distinct funds that receive ongoing public financial support for the preservation and production of affordable housing and increase opportunities for families and individuals to access decent affordable homes. Housing trust funds provide local officials with a vehicle to coordinate a complex array of state and federal programs to fashion a housing strategy that is tailored to their community's unique needs. As of 2010, nearly 700 local government, county, and state housing trust funds had been established across the Country, allocating a combined \$1.6 billion annually towards addressing affordable housing needs.¹

The National Housing Trust Fund (NHTF) was established in 2008 as part of the Housing and Economic Recovery Act. NHTF funds are administered by HUD and distributed to states through block grants determined by a need-based formula. There are also housing trust funds at state and local levels.²

The City of Asheville's Affordable Housing Trust Fund was created in 2000 to provide a source of local funding to assist in the development of affordable housing in the area. Assistance is available in the form of repayable long-term loans at a low rate of interest. As of February 2015, the fund has helped build 856 rental units and 134 for sale units since its inception.³

In 2010, Mountain Housing Opportunities, a local non-profit housing organization, developed The Glen Rock Apartments in the River Arts District of Asheville with funding from the city's Affordable Housing Trust Fund. The development is a 60-unit mixed-use apartment complex, and is the first development to be approved under the newly created Urban Place Zoning District that was designed to foster higher density, mixed-use development. City Council appropriated \$1 million from the Housing Trust Fund to complement federal HOME funds for the project.⁴



The Glen Rock development in Asheville, NC.⁵

Buncombe County began designating funds to a new Affordable Housing Services Program (AHSP) in 2004, following the Board of Commissioners identification of the area's need for affordable housing as a priority for the future development of the community. The County established the following goals for the AHSP: increase the stock of affordable housing; preserve existing housing stock; reduce substandard housing; and support homeownership initiatives. As of 2015, the AHSP has awarded approximately \$4.5 million for the support of 780 units.

1. "A Regional Housing Plan for Southeastern Wisconsin: 2035." *Southeastern Wisconsin Regional Planning Commission*. Pg. 619-672. March, 2013. Online. <<http://www.sewrpc.org/SEWRPCFiles/Publications/pr/pr-054-regional-housing-plan-2035.pdf#page=653>>.

2. National Housing Trust Fund. Department of Housing and Urban Development. <<https://www.hudexchange.info/programs/htf/>>.

3. Housing Trust Fund. City of Asheville. <<http://www.ashevilenc.gov/Departments/CommunityDevelopment/FundingPrograms/HousingTrustFund.aspx>>.

4. Cronin, Mike. "A Glance at an Affordable Housing Development." *Citizen Times*. Nov. 2, 2015. <<http://www.citizen-times.com/story/news/2015/11/02/a-glance-at-an-affordable-housing-development/74679832/>>.

5. Mountain Housing Opportunities. <<http://www.mountainhousing.org>>.

2. Inclusionary Zoning

Inclusionary zoning (IZ) has become a popular tool nationwide for addressing the shortage of affordable housing. IZ encourages or requires developers to set aside a percentage of the units they build for households in a certain income bracket, and requires developers to maintain the affordability of the units for a period of time. In some cases, developers can pay a “fee in lieu” instead of actually providing affordable housing. The goal of IZ is not only to produce affordable housing, but to also create mixed income neighborhoods that better reflect the ranges of persons living and working in the community. Developers who participate do so in exchange for incentives, often a density bonus that allows them to compensate for building affordable units by building more units. Other common incentives include floor area bonuses, financial assistance, fee reductions, fast-track permitting, and relaxed development standards.⁶

Inclusionary zoning programs can be either mandatory or voluntary. In the state of North Carolina, authority to implement a mandatory inclusionary zoning program is not legally enabled. But a few NC towns, including Chapel Hill, Carrboro, and Davidson, have successfully implemented mandatory IZ programs.⁷

In 2000, in response to rapidly increasing housing costs and the ineffectiveness of their voluntary inclusionary housing program, the City of Boulder, CO passed a mandatory inclusionary housing ordinance. The new program required 20% of housing in new developments to be priced affordably for households earning less than 80% of the area median income. Since 2000, housing development in Boulder has continued apace and 380 affordable homes have resulted from the IZ ordinance. Ninety-eight percent of people who have moved into the affordable units already lived or worked in Boulder, and they include teachers, nurses and other service sector workers. The city has also collected \$1.5 million in fee-in-lieu payments from roughly 50 developments. These are deposited in the City’s affordable housing fund, which has subsidized the creation of about 80 affordable units each year.⁸



Southwest Trails, Austin’s first SMART Housing development offers 160 affordable units.¹⁰

In Austin, TX the City has implemented a voluntary inclusionary housing program called S.M.A.R.T. Housing™, designed to encourage accessible, mixed-income development by providing development fee waivers and an expedited review process for developers who set aside 10 percent of housing units as affordable. S.M.A.R.T. stands for Safe, Mixed-income, Accessible, Reasonably priced, and Transit oriented. Units must also meet the Austin Energy Green Building Program minimum energy efficiency rating. The program has produced 15,351 units affordable to households earning 80 percent of MFI or less.⁹

The City of Asheville’s Land Use Incentive Grants similarly provides grants based upon the City property tax to participating developers who build affordable housing, whether by itself or as a component of a market-rate development. Asheville also has recently incorporated density bonuses for affordable housing built in certain zoning districts.¹¹

6. Mulligan, C. Tyler; James L. Joyce. *Inclusionary Zoning: A Guide to Ordinances and the Law*. UNC School of Government. 2010.
7. Barrett, Mark. “Asheville Considers Affordable Housing Mandate.” *Citizen Times*. April 15, 2014. <<http://www.citizen-times.com/story/news/local/2014/04/15/asheville-considers-affordable-housing-mandate/7758283/>>.
8. “Inclusionary Housing Program Details.” City of Boulder. <<https://bouldercolorado.gov/housing/ih-program-details>>.
9. “S.M.A.R.T. Housing Policy Resource Guide.” City of Austin. June, 2008. Online. <https://www.austintexas.gov/sites/default/files/files/Housing/Application_Center/SMART_Housing/smart_guide_0708.pdf>.
10. Sawyer, Bobbie Jean. “New Affordable Housing Planned for Southwest Austin.” *Oak Hill Gazette*. January 9, 2014. <<http://oakhillgazette.com/news/2014/01/new-affordable-housing-planned-for-oak-hill/>>.
11. *City of Asheville’s Land Use Incentive Grant*. <<http://www.ashevilenc.gov/Portals/0/city-documents/communitydevelopment/Land%20Use%20Incentive%20Policy%20Adopted%209-22-15.pdf>>.

3. Tax Credit Investing

Through tax credit programs, developers are given federal (and in some case, state) subsidies towards the creation of affordable housing units. Some common tax credit programs include Low-Income Housing Tax Credits, New Market Tax Credits, and Reinvestment Tax Credits.

The Low Income Housing Tax Credit (LIHTC) program, created in 1986 under the Tax Reform Act, gives states budget authority to issue tax credits for the acquisition, rehabilitation, or construction of rental housing targeted to low-income households. The program has contributed to the production of over two million units since its inception. The LIHTC program gives investors a dollar-for-dollar reduction in their federal tax liability in exchange for providing financing for affordable rental units and they receive tax credits paid in annual allotments, generally over 10 a year period.¹² LIHTC's have been used in many developments in Asheville, including the Glen Rock Hotel. According to the North Carolina Housing Finance Agency (NCHFA), in 2015 the NCHFA awarded \$470 million in low-income housing tax credits.¹³

The LIHTC program is designed to subsidize between 30 and 70 percent of the low-income unit costs in a project. The 30 percent subsidy, which is known as the 4 % credit, is combined with bond financing and is generally best-suited to the acquisition and rehabilitation of existing buildings. The 9% tax credit is often sufficient to support new construction projects without requiring significant additional federal subsidies. In Fairfax, Virginia a project is the first of its kind in the State to employ a financing structure that will use a creative hybrid mixture of both 9% and 4% tax credit allocations from the Virginia Housing Development Authority, as well as tax-exempt bonds from the Fairfax County Redevelopment and Housing Authority and other financing sources to create a socially responsible and economically viable housing option for the low and moderate workforce in the county.¹⁴

The New Market Tax Credit (NMTC) program is a federal program that attracts capital to low income communities by providing private investors with a federal tax credit for investments made in businesses or economic development projects located in some of the most distressed communities in the nation. NMTC allows taxpayers to receive a credit against federal income taxes for making qualified affordable housing investments – meaning investments in a qualified community development entity as determined by the NMTC program.¹⁵



The American Tobacco Campus in Durham, NC was revitalized with the help of New Market Tax Credits.¹⁶

There are Reinvestment Tax Credits at federal and state levels that are available for projects that restore historic structures, which can increase or preserve a communities housing stock. Since their creation in 1998, North Carolina Historic Preservation Tax Credits have stimulated \$1.6 billion of private investment in North Carolina's heritage, creating an estimated 23,000 jobs, boosting local economies and communities and attracting out-of-state investment.¹⁷ This tax credit has greatly benefited Asheville and Buncombe County. The state of NC's newly updated and extended Historic Preservation Tax Credit program will go into effect January 1, 2016.¹⁸

12. "About LIHTC." *Enterprise Community Investment, INC.* <<http://www.enterprisecommunity.com/financing-and-development/low-income-housing-tax-credits/about-lihtc>>.

13. North Carolina Housing Finance Agency. <<http://www.nchfa.com/About/financingfrom.aspx#federalallowincome>>.

14. "Residences at the Government Center." Fairfax, VA. March 2015. <http://www.fairfaxcounty.gov/rha/residences/residences_at_the_government_center-smsize033115.pdf>.

15. "New Market Tax Credits Fact Sheet." *New Market Tax Credit Coalition*. 2015. <<http://nmtccoalition.org/fact-sheet/>>.

16. Durham American Tobacco Campus. New Market Tax Credits. Durham, NC. <https://www.novoco.com/new_markets/resource_files/reports/selfhelp_casestudy_0310.pdf>.

17. "North Carolina Preservation Tax Credits." *Preservation North Carolina*. Winter 2014. Num. 145.

<https://www.presnc.org/files/2013/10/NCpreservation_tax_credits_2014.pdf>.

18. "With Tax Credits." *Preservation North Carolina*. <https://www.presnc.org/files/2013/10/NCpreservation_tax_credits_2014.pdf>.

4. Reserved Land for Affordable Housing

There are many different techniques being implemented across the country that use reserved land for affordable housing development, including land banking, public land conversion, and private land conversion.

Despite the name, land banks are not financial institutions. They are public or community-owned entities created to acquire, manage, maintain, and repurpose vacant, abandoned, and foreclosed properties. Land banks give communities the opportunity to repurpose properties in a manner consistent with the communities' values and needs. Land bank programs can increase the variety of mixed-income housing offered and provide more opportunities for affordable housing. Land banks may prioritize returning the properties to productive use (generating tax revenue) while others may target neighborhood revitalization or the creation of affordable housing.¹⁹ For example, in Michigan, the Genesee County Land Bank was established in 2004 and since then has accepted nearly fifteen thousand tax-foreclosed properties. Since day one, the Land Bank has prioritized affordable housing and homeownership - selling over 2,000 homes, mostly through Land Contracts, at affordable rates to members of the community and to non-profit developers.²⁰

Many communities across the nation are creating affordable housing on available public land. In Annapolis, MD an old high school that had been sitting vacant for over 20 years has been repurposed into 71 affordable housing units and an activity center for senior citizens earning between 40 and 50 percent of the area median income (pictured below). In Portland, OR the 2nd floor of a library has been converted into mixed-income apartments, providing housing at both affordable and market-rates.²¹



Wiley H. Bates Heritage Park Residences in Annapolis, MD.²¹

The Buncombe County Board of Commissioners has recently approved the transfer of a Buncombe County property to the newly formed Asheville Buncombe Educational Housing, LLC for the production of 24 affordable housing units for teachers. Buncombe County will be leasing the property for \$1 per year to the Eblen Center for Social Enterprise and The State Employees' Credit Union Foundation is providing a no-interest loan.²²

The City of Asheville will issue a Request for Proposals this winter for the development of affordable housing at the current Parks Maintenance facility on Hilliard Avenue. The City has also entered into an agreement to sell a 16 acre city-owned property to the Asheville Area Habitat for Humanity. The City will provide long-term financing to new homeowners there, on the condition that the houses remain affordable to low and moderate income families.

19. "Land Banking 101: What is a Land Bank." *Center for Community Progress*. HUD Exchange. <<https://www.hudexchange.info/resources/documents/LandBankingBasics.pdf>>.

20. "Celebrating the First Ten Years: 2004-2014." *Genesee County Land Bank Authority*. <http://www.thelandbank.org/downloads/gclb_10th_anniversary_booklet.pdf>.

21. "Ten Principles for Developing Affordable Housing." *Urban Land Institute*. 2007. Pg. 8, 18. <[http://uli.org/wp-content/uploads/2012/07/TP_AffordableHousing.ashx .pdf](http://uli.org/wp-content/uploads/2012/07/TP_AffordableHousing.ashx.pdf)>.

22. "Williams-Baldwin Teacher Campus Announces Unique Partnership." *Eblen Charities*. July 5, 2015. <<http://www.eblencharities.org/2015/07/williams-baldwin-teacher-campus-announces-unique-partnership/>>.

5. Permanent Affordability

Permanently affordable housing refers to all types of housing with lasting affordability. These types include rental or homeownership units created by nonprofits (e.g. community land trusts, community development corporations) or public entities (e.g. inclusionary housing programs) that utilize various legal mechanisms to ensure the units remain permanently affordable.

Boulder, CO has a permanently affordable program. As part of their Housing Boulder initiative, the Division of Housing created the Homeworks program to ensure that a supply of homes in Boulder will always be affordable to those with low or moderate incomes. Under this program, homes are sold at below market-rate prices to income eligible buyers. Homes are permanently affordable and governed by an Affordability Covenant that limits the resale price and places other restrictions on the home.²³

Another way to secure permanently affordable housing is through community land trusts. A community land trust (CLT) is a private, non-profit organization created to acquire and hold land for the benefit of a community and provide secure affordable access to land and housing for community residents.²⁴ Local governments commonly provide operating support for local community land trusts. Foundations or corporations also provide start-up funds.

The Town of Chapel Hill, NC's Community Home Trust has incorporated over 230 affordable homes into its CLT since 2000. Through the CLT, homeowners can accrue limited appreciation each year, preserving affordability for future generations while allowing current homeowners to build equity. While the Home Trust retains title to each property, ownership is conveyed using a renewable 99-year ground lease. Home Trust homeowners can bequeath their home to their heirs and have almost all the privileges of homeownership with two notable exceptions: the homes must be the primary residence and owners must resell to a buyer who qualifies for homeownership through the Home Trust.²⁵



Townhomes for sale through Chapel Hill's Community Home Trust (2015).²⁵

23. *Housing Boulder*. City of Boulder. Web. <<https://bouldercolorado.gov/housing-boulder>>.

24. "Community Land Trusts." *Beyond Housing*. <<http://www.beyondhousing.org/programs/241-community-building-initiative/241-community-land-trust/community-land-trust/>>.

25. *Community Home Trust*. Web. <<http://communityhometrust.org/about-us/>>.

6. Employer Assisted Housing

Employer Assisted Housing (EAH) is a generic term to describe any number of ways an employer invests in workforce housing solutions, such as providing homebuyer education, downpayment assistance and loan guarantee programs. Many employers are now adding Employer Assisted Housing (EAH) to their employee benefits packages. An employer may custom design its plan to provide the greatest benefit to itself, its employees and its community.

Ten years ago, Mission Hospital in Asheville launched the first locally administered EAH program. Mission Hospital employees receive up to \$2,500 of match money after they work with OnTrack WNC to complete personal financial counseling, homebuyer education, and money management education. OnTrack WNC also tracks employee savings and administers the matching funds. Mission's nationally recognized program was the forerunner of employer-assisted homeownership programs in our community. Since October 2006, 38 Mission employees have realized the dream of homeownership. Mission Hospital has provided \$95,000 in match funds toward down-payment. This represents over \$6.6 million in local real estate investment.²⁶



A Mission Home Help participant with the keys to her new home.²⁸

In the summer of 2011, The Biltmore Company launched their own matched savings program for homeownership. The Biltmore Passport to Property Program offers full-time employees the opportunity to save for homeownership, learn valuable skills for purchasing and keeping a home, and earn matched savings throughout the process in partnership with OnTrackWNC.²⁶

Mountain Housing Opportunities (MHO), another local organization that offers homeownership assistance, has also partnered with OnTrack and Mission to offer additional down-payment assistance loans to participants of Mission Home Help's Individual Development Account (IDA) program. With funding from the NC Housing Finance Agency, MHO is able to offer \$25,000 deferred loans with zero percent interest through this IDA program.²⁷

The state of Illinois has a regional EAH initiative called Regional Employer-Assisted Collaboration for Housing, or REACH. Through a collaboration between the state's Metropolitan Planning Council, Housing Action Illinois (a statewide coalition dedicated to protecting and expanding affordable housing), and more than a dozen REACH partners, offering EAH programs to employees is easy and financially compelling for employers throughout the state. Participating local housing experts administer the program, provide homeownership education and financial counseling, and manage the down payment or rental assistance provided by employers. Special state incentives, including tax credits and matching funds, make REACH Illinois even more compelling. Through REACH Illinois, more than 1,800 employees have bought homes since 2000.²⁹

26. "Employer Assisted Homeownership Programs." OnTrackWNC. <<https://www.ontrackwnc.org/e-newsletter-Biltmore-passport-to-property.html>>.

27. "Mountain Housing Opportunities and OnTrack WNC Partnership Leverages Statewide Funding for Mission Hospital Employees." OnTrack WNC. Online. <<https://www.ontrackwnc.org/e-newsletter-LocalCollaborationLeveragesStateFundingforHomeownership.html>>.

28. Patricia's Story. Mission Home Help. May 20, 2015. Web. <<http://www.missionmycareplus.org/content/patricias-story-mission-home-help>>.

29. Reach Illinois. Web. <<http://www.reachillinois.org/>>.

7. Code Review & Simplification

Certain existing land use policies and zoning restrictions, such as requirements for parking, density, and the minimum size of units, can restrict the development of affordable housing. Amending regulations to remove these impediments can encourage the construction of new housing.

In New York City, for example, the City is taking steps to revise some of its codes to facilitate the development of affordable housing, such as: reducing parking requirements for affordable housing in areas near transit; modernizing height and setback regulations to accommodate housing; easing restrictions on the conversion of non-residential buildings to residential; and identifying opportunities for new uses of transferable development rights. The city is also working to speed up the City Environmental Quality Review process and improve coordination among agencies.³⁰

Washington, DC is currently revising its zoning code. Revisions could remove some key barriers to more housing options in the area, and lower construction costs. The revised code would ease restrictions on accessory dwelling units, allowing homeowners to rent out their basement apartment, carriage house, etc., providing a less expensive rental option in the area. The zoning revisions would also reduce parking requirements in areas near transit, allowing low-income residents to save the money they normally would spend on a parking space they never use (on average about 200 dollars per month).³¹

In 2014, the City of Asheville amended its Unified Development Ordinance to increase the maximum residential density throughout many commercial zoning districts, promoting residential infill development and encouraging the construction of more affordable housing units along popular commercial corridors.³²

The City of Asheville has also recently updated its standards to make the production of accessory dwelling units (ADU's) easier by increasing the maximum allowed size, simplifying the code language, and minimizing other development restrictions. ADU's provide practical housing options for the elderly, disabled, empty nesters, and students, and can provide additional rental income for homeowners. ADUs are smaller in size, do not require the extra expense of purchasing land, can be developed by converting existing structures, and do not require the extension of city infrastructure for the additional housing units. ADUs are an inexpensive way for municipalities to increase housing supply, while also increasing the property tax base. As smaller housing units, ADUs are also typically more affordable and thereby provide housing options for low- and moderate-income residents that might otherwise be priced out of the housing market.³³



Accessory dwelling unit in Asheville, NC.³⁴

30. "Housing New York: A Five-Borough, Ten-Year Plan." The City of New York. 2014. Online. <http://www.nyc.gov/html/housing/assets/downloads/pdf/housing_plan.pdf>.

31. "Zoning for Housing Choices." *DC Affordable Housing Alliance*. <<http://www.smartergrowth.net/wp-content/uploads/2014/03/Zoning-for-choices-Election-briefing-2014.pdf>>.

32. City Council Staff Report. Changes in Residential Density in Multiple Zoning Districts. City of Asheville. December 1, 2014.

33. City Council Staff Report. Changes to Accessory apartments. City of Asheville. June 23, 2015.

34. "Proposed Change to Accessory Dwelling Units Designed to Promote Affordable Housing." City of Asheville Blog. June 9, 2015. <<http://coablog.ashevilenc.gov/2015/06/proposed-change-to-accessory-dwelling-units-designed-to-promote-affordable-housing/>>.

8. Rezoning

Some cities are rezoning, or altering their zoning ordinances, to increase opportunities for the development of affordable housing. Often, this is done by increasing the allowed density in areas and creating equitable transit-oriented developments (TOD's).

Density bonus ordinances are found throughout the country. California has a State Density Bonus Law which requires a city or county to grant a density bonus and permit an additional housing incentive for developers who agree to construct affordable housing for lower income households, unless the city can make a written finding that a density bonus or other incentive would not be necessary for the developer to provide affordable units. A project that receives a density bonus or incentive must retain affordability of the units for at least 30 years.³⁵

Transit-oriented development (TOD) is a type of community development that includes a mixture of housing, office, retail and/or other amenities integrated into a walkable neighborhood that is located within a half-mile of quality public transportation. For low-income families, the ability to live in a home near good public transportation translates into improved access to healthcare, education and employment opportunities, and reduced commuting costs. Historically, TOD's have been highly desirable and therefore created to house those with higher incomes. Creating and preserving housing in TOD's for those with low or moderate incomes can be tricky, but some cities are taking steps to ensure equitable TOD's.³⁶

In San Francisco, the City has created the Bay Area Transit-Oriented Affordable Housing Fund (TOAH) to promote equitable transit-oriented development across the nine-county Bay Area. The City has recently allocated \$7.2 million from the TOAH fund for the development of the Eddy & Taylor Family Housing building - a 14-story building with over 150 affordable units and 12,000 square feet of retail space planned to attract a grocery store to this underserved community. The site is located just two blocks from the Powell Street BART station, a major transit hub in San Francisco.³⁷



South Oak Crossing Apartments in Charlotte, NC.³⁹

In Charlotte, NC when the first light rail system was opened in 2007, it was greeted with the nearly simultaneous opening of the mixed-income South Oak Crossing apartments, located just over a half mile from a light rail station. The 192 unit complex, developed by Charlotte Mecklenburg Housing Partnership (CMHP), consists of 100 affordable and 92 market-rate rental units. Looking to build its first TOD, CMHP specifically targeted the South Charlotte neighborhood since it knew that a station would be developed nearby. CMHP capitalized on a window of opportunity of low land costs, buying the 10 acre wooded site for \$480,000 nearly five years before the station opened from an out-of-state landowner. Within two years following their purchase, property values in the area had tripled.³⁸

In Asheville, NC the City has established zoning districts called the Urban Residential District (URD) and the Urban Place District (UPD) that are considered "hybrid" codes - meaning a mixture of traditional and form-based zoning codes. The URD is established to complement existing residential neighborhoods by providing an improved diversity of housing types, scale, affordability, and character and is intended to be located on significant transit corridors and/or in high growth areas. The UPD is established to foster higher density, mixed-use development that is economically viable, pedestrian oriented, and contributing to the place making character of the city with a high maximum residential density of 64 units per acre.⁴⁰

35. "Density Bonus: Implementing Regulations." City of Burbank. <<http://www.burbankca.gov/home/showdocument?id=2680>>.

36. "Preserving Affordable Housing Near Transit." *Enterprise Community Partners*. 2010. <<https://s3.amazonaws.com/KSPPProd/cache/documents/674/67410.pdf>>.

37. *Bay Area Transit-Oriented Affordable Housing Projects*. Bay Area TOAH. Web. <<http://bayareatod.com/projects/>>.

38. Zuk, Miriam and Ian Carlton. "Equitable Transit Oriented Development." PRRAC. Pg. 14-16. March 2015. <<http://www.prrac.org/pdf/EquitableTOD.pdf>>.

39. Charlotte-Mecklenburg Housing Partnership. Web. <<http://www.cmhp.org/about-us/>>.

40. "City of Asheville to Kick Off River Arts District Form-Based Code Process." City of Asheville Blog. June 5, 2015. <<http://coablog.ashevillenc.gov/2015/06/city-of-asheville-to-kick-off-river-arts-district-form-based-code-process/>>.

9. Preservation

In addition to creating affordable housing units in an area, it is also necessary to ensure the preservation of those affordable units. In addition to permanent affordability programs, there are other efforts and organizations dedicated to this endeavor.

Preservation of Affordable Housing (POAH) is a nonprofit organization whose mission is to preserve and steward affordable rental housing to provide stability, hope and economic security to low- and moderate-income individuals and families. POAH owns and operates close to 8,500 affordable homes at more than 70 properties in nine states and the District of Columbia (not including North Carolina). The POAH team has found ways to bring flexibility and innovation while balancing the interests of owner, lenders, investors, and government agencies. They preserve the use of affordable housing through refinancing transactions with strictures that keep rents affordable for the long-term (20+ years). These transactions can maintain or add rental subsidies, refinance existing debts, and/or introduce or modify income eligibility restrictions to meet preservation goals.⁴¹

An example of affordable housing preservation can be found here in Asheville, at the Battery Park Apartments. Formerly a grand hotel, this thirteen-story historic building located in downtown was converted in 1980, with the help of Section 8 rental subsidies, into low-income housing for the elderly.⁴²



Battery Park Apartment building.
Asheville, NC.⁴³

In 2001, the owner of the building announced he would be selling due to the increase in costs of operating the building and the failure of the federal government to raise reimbursements for low-income rents. A national non-profit housing organization called National Church Residences (NCR) stepped up and offered to purchase the building, guaranteeing its preservation as affordable housing in an increasingly expensive area. Another group of property owners/investors offered to purchase the building as well, for more money that NCR was offering. The building's owner declined this group's offer, for fear of the units being converted into luxury condominiums like many of the other nearby historical buildings, and accepted NCR's offer.⁴² NCR completed the restoration of the building in 2007, preserving its use for low-income seniors.

To finance the redevelopment, the NCR utilized HOME funds, Section 8 subsidies, and historic tax credits. They received support from a variety of agencies, including the National Affordable Housing Trust Fund, the North Carolina Housing Finance Agency, and the City of Asheville. The building now has 122 affordable units, and all residents of the Battery Park Apartments earn 50 percent or less of the area median income (AMI).⁴²

The preservation of Battery Park Apartments reinforced the idea that low-income elderly people should live in Asheville. During the renovation of Battery Park Apartments, the owners of the Vanderbilt Apartments, another former grand hotel, approached representatives of NCR to propose a sale of the property. NCR officials agreed and went on to renovate this nine-story 123-unit building.⁴²

41. Preservation of Affordable Housing (POAH). <<http://www.poah.org>>.

42. Von Hoffman, Alexander. "Profiles in Preservation: Battery Park Apartments in Asheville, NC." *Joint Center for Housing Studies*. Harvard University. June 2014. Online. <http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/w14-5_von_hoffman_asheville.pdf>.

43. Von Hoffman, Alexander. "What is Affordable Housing and What Does it Mean to Preserve it?" *Joint Center for Housing Studies Blog*. Harvard University. August 14, 2014. <<http://housingperspectives.blogspot.com/2014/08/what-is-affordable-housing-what-does-it.html>>.

10. Innovative Trends in Public-Private Partnerships

Partnerships between local governments and the private sector - both the business sector and community-based non-profit housing providers - can help communities develop affordable housing by bringing additional resources and skills to the development process.

In Austin, TX the award-winning Casa Verde Builders, operated by the American Institute for Learning (AIL), has implemented an innovative model that combines production of new affordable housing with community service and job training for at-risk youth. By partnering with public and private-sector organizations, including Home Depot, and others, AIL has built over 40 energy-efficient homes for residents at or below 50 percent of area median income. Homebuyers received down payment and closing cost assistance from the City of Austin, the State of Texas, and, recently, Guaranty Federal Bank. At-risk youth selected to participate in the program are given construction skills, academic education, supportive services, and, in some cases, scholarships. The homes are constructed using "green building" techniques that reduce energy consumption by as much as 50 percent from conventionally built homes.⁴⁴



Park 7 Apartments in Washington, DC.⁴⁵

In Washington, DC, the Park 7 mixed-use building has proven to be a catalyst for transforming the surrounding neighborhood. 346 of the building's 376 rental units are designated affordable for residents earning 60 percent or less of the area median income. Park 7 also includes some market-rate apartments and over 20,000 square feet of retail space and is located near a major metro station and the planned Streetcar line. The project required parceling together a series of vacant and/or abandoned lots that the District of Columbia contributed to the project. It was financed with a unique structure that included federal low-income housing

tax credits, DC Housing Finance Agency bonds, a private equity loan from Bank of America, and both taxable and tax-exempt debt to capitalize on the best interest rate environment available at the time it closed. The development won an award from the National Affordable Housing Management Association in 2015 for its innovative financing.⁴⁵

In North Carolina, the Charlotte-Mecklenburg Housing Partnership is a private, non-profit housing development and financial corporation focused on expanding affordable housing in the Charlotte area by working with various partners. Public partners are city and county governments, and federal and state agencies. Private partners are financial institutions, developers, professionals, businesses and investors. Community partners are civic and religious groups, local nonprofit organizations and neighborhood residents. The Partnership was incorporated in 1988, and has since created over 2,300 rental homes and over 2,500 new homeowners, and has helped revitalize six neighborhoods.⁴⁶ In 2011, The Partnership joined forces with the City of Charlotte to more efficiently administer HouseCharlotte, a program designed to increase the supply of affordable housing, provide opportunities for homeownership and strengthen and stabilize selected neighborhoods. HouseCharlotte provides down payment, closing cost and interest rate buy-down assistance to low and moderate income families purchasing homes in eligible neighborhoods.⁴⁷

44. "Through the Roof: A Report on Affordable Homes in Austin." *Community Action Network*. July, 1999. Chapter 3. <<http://canatx.org/housing/ThroughTheRoofRpt/Chap03.html>>.

45. Park 7 Apartments. Washington, DC. Web. <<http://www.nahma.org/awards-contests/vanguard-award/>>.

46. Charlotte-Mecklenburg Housing Partnership. Web. <<http://www.cmhp.org/about-us/>>.

47. HouseCharlotte Program. <<http://www.cmhp.org/homeownership/housecharlotte-program/>>.

11. Purpose Built Communities

With the goal of creating not just affordable housing, but entire communities that support it, Purpose Built Communities (PBC's) are created by an assemblage of recognized leaders, policy makers, philanthropists, developers, business leaders, nonprofits, financiers, city officials, attorneys, and many more. These “dream teams” of innovative thinkers are driven by a collective desire to transform communities, improve the lives of residents of underserved neighborhoods, end a cycle of intergenerational poverty, and set a new course for cities across the country.⁴⁸

In Atlanta, developer Tom Cousins partnered with the Atlanta Housing Authority to replace the 650-unit East Lake Meadows housing project. Simultaneously, he would secure the rights to build an independently operated public charter school. He would also attract nonprofit organizations to invest in community facilities and programs. This approach—pieced together over several years—now constitutes the “Purpose Built model.” The model is this: Create mixed-income housing, but pair it with quality schools and services like job counseling and child care to help existing residents.⁴⁹

The foundation also bought up surrounding residential and commercial properties, including the old East Lake golf course, which created 179 jobs. Then came a smaller public course and a golf academy, where young people now learn the caddy trade and golf course agronomy. East Lake Golf Club is the home of the annual PGA Tour Championship and final playoff for the FedExCup.⁵⁰ Corporate membership in the golf club is \$125,000, and there's a suggested donation of \$200,000 to the East Lake Foundation. The club funds youth mentorship programs in the community. But the cost means that not everyone can play here.⁵¹

Another highlight is the charter school located at East Lake. Drew Charter School has had a meteoric rise, and now is home to the Atlanta Public School System's top-performing elementary and a top-five middle school. The K-8 school, which opened in 2000, offered longer school days and an extended school year. It now serves 90% of the children in the East Lake neighborhood.⁵⁰

In Charlotte, NC, the Renaissance West Community Initiative, a network member of Purpose Built Communities, is currently redeveloping an area to promote a collaborative community centered on quality housing, education, health, wellness, and opportunity. When completed, the PBC will include over 200 mixed-income housing units, 110 senior housing units, a high-quality child development center, a K-8 school, and other services for families. Renaissance West's community partners include the Charlotte Housing Authority, Charlotte-Mecklenburg Schools, YMCA, The Charlotte-Mecklenburg Public Library, UNC-Charlotte Center for Urban Education, and Mecklenburg County Park and Recreation.⁵²

5 PROPERTIES OF PBC'S:

1. **A specific neighborhood with a defined geographic footprint;**
2. **Quality mixed-income housing to replace failed low-income housing and to deconcentrate poverty;**
3. **A strong cradle-to-college education pipeline to erase academic achievement gaps;**
4. **A suite of community facilities and support services to support low-income/attract middle-income families;**
5. **A dedicated, results-oriented lead organization to drive execution of complex project.**

48. Purpose Built Communities. <<http://purposebuiltcommunities.org/our-network/atlanta-east-lake/>>.

49. Franklin, Shirley and David Edwards. “It Takes a Neighborhood: Purpose Built Communities and Neighborhood Transformation.” *Investing in What Works for America*. <<http://www.whatworksforamerica.org/pdf/franklin.pdf>>.

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51. Yu, Elly. “An Atlanta Neighborhood Tries to Redefine Gentrification.” *All Things Considered*. NPR. September 23, 2015. Online. <<http://www.npr.org/sections/codeswitch/2015/09/23/435293852/an-atlanta-neighborhood-tries-to-redefine-gentrification>>.

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