



# Public Land Disposition for Affordable Housing

X	Countywide	Department:	Division:
Supersedes: N/A			Effective Date:
Authority: Board of Commissioners			
Originating Department: Housing Department			

- I. **Purpose:** Wake County will prioritize the disposition of County-owned, and other publicly-owned properties, for the development of affordable housing. Property disposition is an effective way to provide subsidy to increase affordable housing development while using existing County resources. It is also an important tool for creating mixed-income communities and supporting residents' access to opportunity.
- II. **Policy Statement:** Surplus properties will first be evaluated in terms of physical feasibility for affordable housing, followed by an evaluation for suitability and alignment with County policy priorities regarding affordable housing development. Section A of this policy details an approach to identifying opportunity sites best suited to support multifamily housing, while considerations for disposing of County-owned land for single-family housing is provided in Section B of this policy.

## A. Multifamily Disposition

### Multifamily Disposition Criteria:

Criteria	Preferred Condition	Filtered Out
<b>Ownership</b> <i>Step to be skipped if property is known to be County-owned and surplus</i>	1. County-owned 2. Wake County School Board-owned 3. Municipal-owned	<ul style="list-style-type: none"> <li>Publicly-owned, federal</li> <li>Privately-owned</li> <li>Designated open space</li> </ul>
<b>I. Site Conditions—Determining physical feasibility</b>		
<b>Lot Size</b>	1. Properties $\geq$ 1 acre	<ul style="list-style-type: none"> <li>Less than 1 acre</li> </ul>
<b>Built Area</b>	1. Vacant 2. Underutilized - ratio of heated area to total lot size is $<$ 60%	<ul style="list-style-type: none"> <li>Lots with <math>&gt;</math> 60% building coverage</li> <li>Fully built</li> </ul>
<b>Floodplain</b>	1. Not in floodplain 2. $<$ 50% of property in floodplain	<ul style="list-style-type: none"> <li>Majority of parcel is in floodplain</li> </ul>
<b>Topography</b>	1. Flat 2. Sloped, slight	<ul style="list-style-type: none"> <li>Sloped, steep</li> </ul>

<b>Utilities</b>	1. Existing utility connections	<i>Sites without existing utility infrastructure that meet other physical criteria can be considered for future development</i>
<b>Access</b>	1. Existing paved road access to parcel	<i>Sites without existing paved road access that meet other physical criteria can be considered for future development</i>
<b>Incompatible Use</b>	1. Site is not currently occupied by an incompatible use (e.g. landfill, manufacturing facility)	<i>Sites currently in use for a purpose incompatible with housing can be considered for future development if use changes</i>

<b>II. Site Suitability—Applying policy priorities to sites that are physically feasible for housing</b>	
<b>Criteria</b>	<b>Desired Characteristics</b>
<b>Encumbrances</b>	<ul style="list-style-type: none"> <li>• No existing deed restrictions</li> <li>• No encumbrances</li> <li>• County's title is free and clear of restrictions</li> </ul>
<b>Proximity to Existing Residential and Commercial</b>	<ul style="list-style-type: none"> <li>• Within 500 feet of existing residential</li> <li>• Within 0.5 mile of existing commercial</li> </ul>
<b>Connectivity</b>	<ul style="list-style-type: none"> <li>• Within 0.25 mile of existing high-frequency transit</li> <li>• Within 0.25 mile of planned high-frequency transit</li> <li>• Within 0.5 mile of existing transit</li> <li>• Within 0.5 mile of planned transit stations</li> <li>• Within 0.25 mile of existing sidewalk</li> </ul>
<b>Zoning</b>	<ul style="list-style-type: none"> <li>• Multifamily residential</li> <li>• Single-family residential</li> <li>• Mixed-use</li> </ul>
<b>Proximity to Basic Services</b>	<ul style="list-style-type: none"> <li>• Within 1 mile of a grocery store</li> <li>• Within 1 mile of a pharmacy</li> </ul>
<b>LIHTC Eligibility</b>	<ul style="list-style-type: none"> <li>• Score of at least 59 according to NC QAP scoring criteria for 9% deals</li> </ul>
<b>Market Strength</b>	<ul style="list-style-type: none"> <li>• Recent/pipeline multifamily, office, retail, and/or hotel development within 1-mile radius</li> <li>• Located in a community likely to support affordable housing</li> </ul>

Properties that are both physically feasible and suitable for multifamily affordable housing will be recommended for disposition through private sale.

**Multifamily Disposition Process:** A competitive request for proposals (RFP) process will be used to dispose of properties under the Public Land Disposition Policy for Affordable Housing. As part of the RFP, the County will require detailed financial projections of the proposed development. The County will review each project's financial projections to

evaluate the level of discount to land price necessary, and will consider which proposal maximizes public benefits.

Staff from the Housing Department will oversee the development of the RFP and manage the selection process, with assistance and review from other County departments as needed.

### **B: Single Family Disposition**

Often, the County may own properties that are less than one acre in size. These properties will be assessed for single family, affordable housing development or preservation. Should development or acquisition be feasible for affordable housing, the property will be recommended for disposition through private sale.

Single Family Disposition Process: Housing Department staff maintain a list-serve of single family affordable housing developers, investors, partners and interested parties. Should a property be deemed eligible for single family disposition, a notification will be sent to the list-serve regarding the availability of surplus property. Housing Department staff will receive offers to purchase by the date designated in the list-serve email. Offers to purchase will be reviewed by Housing staff, along with Facilities, Design and Construction, Revenue, Finance and Legal, to evaluate each offer by analyzing the following:

- Property Features: fair market value, appraised value, and assessed tax value
- Applicant Information: financial projections or income information

These factors will allow the County to evaluate the level of discount necessary to maintain affordability, and will consider which offer maximizes public benefits according to the Housing Affordability Requirements of this policy.

**III. Housing Affordability Requirements:** Under the Public Land Disposition Policy for Affordable Housing, the County's priority is realizing the deepest level of affordability possible. As such, the Public Land Disposition Policy for Affordable Housing will prioritize the following target levels of affordability:

1. Rental units affordable at or below 30-40% Area Median Income (AMI);
2. When this level of affordability is not feasible, the County will accept rental units affordable at or below 40% - 60% AMI; and
3. For sale units affordable to populations at or below 80% AMI.

Rental units will maintain an affordability period of at least 30 years, and for-sale units will maintain an affordability period of at least 30 years.

These affordability minimums exceed levels set by State statute (GS 157-9.4), which mandates multifamily rental projects contain a minimum of 20% of all units affordable to populations at or below 60% AMI, for a minimum of 15 years.

The County may choose to require only a portion of the housing units developed on the site meet the affordability requirement, resulting in a mixed-income development. The County may sell land at a discount for a mixed-income development to support neighborhood revitalization, deconcentrate poverty, use the value of market rate housing units to further subsidize the cost of affordable housing units, or to achieve other public benefits.

If a property is sold before the end of the affordability period, it will be subject to the Resale/Recapture Provisions as stated in the Wake County Housing and Homeless Services Department Policy and Procedures Manual.

**IV. Definitions:** Include any definitions or jargon used that are not otherwise fully explained in the policy statement.

- **AFFORDABILITY PERIOD** – The minimum period of time during which a property must comply with affordability rules and regulations, including income and rent restrictions. The County may enforce terms of affordability through deed restrictions.
- **AFFORDABLE HOUSING** - In general, housing for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities.
- **AREA MEDIAN INCOME (AMI)** – Household income for the median, or middle, household in a designated region. Percentages of AMI determines income limits by household composition for program eligibility.
- **DISPOSITION** – Disposal of an asset by financial transaction or other means of exchange.
- **LOW-INCOME HOUSING TAX CREDIT (LIHTC)** – Federal government's primary program for encouraging the investment of private equity in the development of affordable rental housing for low to moderate-income households.
- **MULTIFAMILY HOUSING** – A building with more than four residential units.
- **REQUEST FOR PROPOSALS (RFP)** – A document that solicits proposals, often made through a bidding process, by an agency or company interested in procurement of a commodity, service, or valuable asset.
- **SINGLE FAMILY HOUSING** - A single-unit family residence, detached or attached to other housing structures, consisting of four or less residential units.

- **U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)** - U.S. government agency created in 1965 to support community development and homeownership.

**V. Applicability:** North Carolina recognizes the provision of affordable housing in cases of demonstrated need as fulfilling a constitutionally allowable public purpose. State law enables local government units to dispose of property at below market-value through a private sale to develop affordable housing. The reduction in fair market value cannot exceed the discount needed to make on-site affordable housing development feasible, and the conveyance of property at this reduced value must be conditional on successful delivery, and maintenance, of affordable units.

The Public Land Disposition Policy for Affordable Housing is intended to supplement existing State statute and County policies regarding disposition of property and real estate decisions presented to the County Board of Commissioners. When staff present recommendations regarding the disposition of County-owned property to the Board of Commissioners, an assessment of the property's feasibility and suitability for affordable housing will be included in the materials provided to the Board of Commissioners.

**VI. Policy Responsibility and Management:** The Housing Department will oversee implementation of this policy, including coordinating the development of the RFP, evaluating developer responses, and monitoring developments to ensure compliance with affordability requirements. This policy will be reviewed annually to ensure currency and compliance with state or federal mandates, as well as community need.

**VII. Related Policies, Procedures, and Publications:** Wake County Housing and Homeless Services Department Policy and Procedures Manual

**VIII. Appendices:**

Attachment A: Criteria for Identifying Multifamily Opportunity Sites

Attachment B: North Carolina Legal Requirements Governing Land Disposition for Affordable Housing

Attachment C: Overview of Site Evaluation Process

Attachment D: RFQ Example from the City of Charlotte

**IX. History:**

Effective Date	Version	Section(s) Revised	Author