

Wake County Affordable Housing

Public Land Disposition Policy Review

August 2018

Presentation Context

- Public Land Disposition for Affordable Housing was recommended as a strategy in the Affordable Housing Plan
- Uses existing County resources to subsidize development of affordable housing
- Complements other housing investments, including new commitment of additional \$15 million annually
- Advances two Board initiatives related preserving and increasing our affordable housing inventory, and coordinating housing and transit investments
 - SEV1.1 and GS5.3

Presentation Context

- Policy and Parcel Evaluation began in Winter of 2017 with multidisciplinary, cross-departmental team



Wake County Affordable Housing Plan

Final Briefing Book
October 2017

Today's Goal: Present criteria for evaluating County property that inform the administrative policy and share the initial parcels to consider for housing

Policy Review Goals

- I. Understand legal authority enabling County to enact a public land disposition policy for affordable housing**
- II. Develop administrative processes for disposition of sites with the highest opportunity for realizing new affordable housing development**
- III. Identify parcels that can physically accommodate affordable housing and align with County priorities and policy goals**

Public Land Disposition Policy Review

I. Legal Authority

II. Affordability Standards & Evaluation Criteria

III. Parcel Evaluation – Applying the Criteria

Statutory Authority for Disposition Policy

- North Carolina state law gives counties statutory authority to dispose of real property through **GS 153 A-376(b) and GS 153A-378(3)** to support affordable housing programs when there is a demonstrated need.
 - Via a private sale
 - To a public or private entity
 - Must impose affordability requirements:
 - At least 20% of units set aside for low-income residents (60% AMI and below)
 - Set aside units require a minimum 15 year affordability restriction
- Counties are also authorized to lease property for the construction of affordable housing (**GS 153A-176 and GS 153A-165**).

Precedent Jurisdictions in North Carolina

Town of Chapel Hill

- Town Council set aside a site for a proposed mixed-income residential community, and a developer submitted a concept plan application for the site in March 2018

City of Charlotte

- Staff evaluated City-owned sites most suitable for multifamily development in September 2017
- City released a RFQ to solicit developer interest for new affordable housing projects on nine sites

Mecklenburg County

- County adopted policy in September 2017 to prioritize affordable housing whenever disposing of County-owned surplus real estate
- Empowers County to lease or sell surplus real estate and impose minimum affordability requirements via an RFQ and RFP process

Durham County

- County is exploring potential for a public-private partnership to develop a mix of uses on two sites in Downtown Durham, including affordable housing, and using a competitive process to identify partners

City of Raleigh

- In April 2018, the City issued a RFP for the purchase and development of approximately 5.72 acres on multiple City-owned properties with the priority of maximizing the number of affordable rental units

Public Land Disposition Policy Review

I. Legal Authority

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Developing a Public Land Disposition Policy

- Staff convened a Public Land Disposition Working Group, consisting of representatives from four County departments:
 - Human Services
 - Community Services: Planning, Development and Inspections
 - Facilities, Design and Construction
 - Attorney's Office
- The Working Group's primary responsibilities included:
 - Identify criteria to be used for site evaluation; and
 - Develop administrative and implementation processes for disposition
 - Develop affordability and applicability standards;

Affordability Requirements

- **Level of Affordability:** The public land disposition policy for affordable housing will prioritize the following target levels of affordability based on area median income (AMI):
 1. **Rental units:** 30-40% AMI
 2. **Rental units:** 40-60% AMI
 3. **For-sale units:** \leq 80% AMI
- **Length of Affordability:** At least **30 years** for both rental and for-sale units
 - Exceeds state minimum affordability period of 15 years (GS 157-9.4)

Applicability

- The Public Land Disposition Policy is intended to **supplement County policies** regarding disposition of property for development of **Multifamily or Single Family** Affordable Housing. All real estate decisions will continue to be presented to the Board of Commissioners.
- Before presenting recommendations on the disposition of County-owned properties, staff will include an **evaluation of the property's potential to support new affordable housing**, based on established physical criteria and market suitability criteria.
- Staff will **maintain an inventory of County-owned sites, provide site assessments, and update evaluation criteria as necessary.**

Physical Feasibility Criteria

- **Flood Risk:** Is majority of parcel in a floodplain?
- **Topography:** Does site have steep slope that would make development difficult?
- **Utilities:** Does site have existing connections to utilities?
- **Access:** Does site have existing paved road connection?
- **Incompatible Use:** Is site in close proximity to incompatible uses, such as an airport, landfill, or swamp?

**To date, only sites suitable for multifamily housing (at least 1 acre in size) have been evaluated using the above physical feasibility criteria.*

Example of Physically Feasible Site

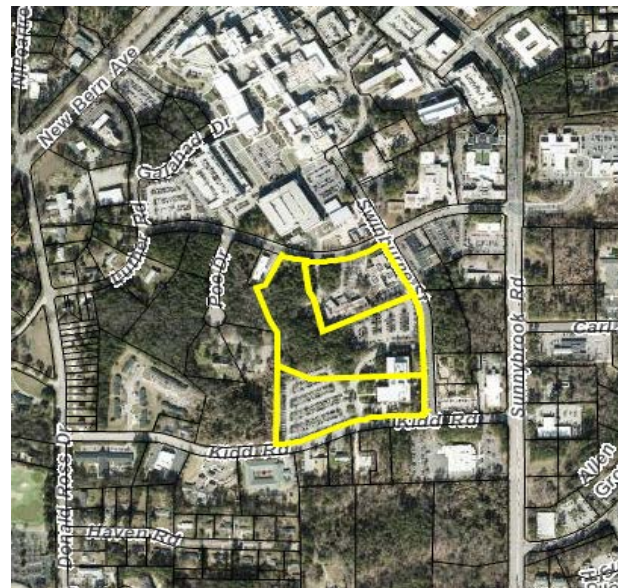
Site: Swinburne St. & Falstaff Rd.

Size: 19 Acres

Jurisdiction: Raleigh

Zoning: OX-5

Site Overview: Three parcel assemblage proximate to WakeMed. Partially occupied by Human Services buildings.



Checklist for Evaluating Multifamily Site Feasibility	
Criteria	Site Condition
Floodplain	✓ Not in floodplain
Topography	✓ Sloped, slight
Utilities	✓ Existing utility connection
Access	✓ Existing paved road access to parcel
Incompatible Use	✓ No incompatible use within 0.5 mile (e.g. landfill, airport, manufacturing)

Examples of Physically Infeasible Sites



Site: 6512 Old Smithfield Rd.

Size: 162 Acres

Jurisdiction: Holly Springs

Physical Infeasibility:

Adjacent to South Wake Landfill, portion of parcel within floodplain



Site: 0 Adam Lane

Size: 32 Acres

Jurisdiction: County

Physical Infeasibility:

Partially in floodplain, no paved road access



Site: 3705 Old Holly Springs Apex Rd.

Size: 20 Acres

Jurisdiction: Holly Springs

Physical Infeasibility:

Adjacent to firearms facility, proximate to South Wake Landfill

Market Suitability Criteria

- **Encumbrances:** Does the site have existing deed restrictions/encumbrances preventing housing?
- **Proximity to Existing Residential and Commercial:** Is the site located in a residential neighborhood with nearby commercial?
- **Connectivity:** Is the site connected to existing or planned public transit? Is the site proximate to existing sidewalks?
- **Zoning:** Is the site currently zoned to allow multifamily residential?
- **Proximity to Basic Services:** Is this site proximate to basic needs (e.g., grocery stores, pharmacies)?

Market Suitability Criteria

- **LIHTC Eligibility:** Is the site able to meet criteria for Low-Income Housing Tax Credit development deals? For 9% deals, does the site score high enough? For 4% deals, is the site large enough?
- **Market Strength:** Is the site located in an active market with new development ? Is the surrounding market strong enough to support mixed-income housing? Is the site located in a community likely to support affordable housing?

Example of Market Suitable Site

Site: Swinburne St. & Falstaff Rd.



Checklist for Evaluating Site Suitability	
Criteria	Desired Characteristics
Encumbrances	✓ No known legal title issues
Proximity to Existing Residential and Commercial	✓ Over 400 multifamily units within 0.5 mile radius
Connectivity	✓ Within 0.25 mile from planned high-frequency bus line ✓ Within 0.25 mile of existing sidewalk
Zoning	✓ Mixed-Use
Proximity to Basic Services	✓ Within 1 mile of grocery store and pharmacy
LIHTC Eligibility	✓ LIHTC score of 58/60 for eligibility for 9% credits
Market Strength	✓ Pipeline multifamily project in the area

Disposition Process

Multifamily

- **Competitive RFP process:**
 - Staff will draft, issue, and manage the **RFP process**, with assistance from other County departments as needed
 - Each property will be **analyzed to determine the desired site concept**
 - Developers to submit detailed financial projections
 - County staff will **evaluate:**
 - **Level of discount necessary** to achieve affordability
 - The proposal that **maximizes County priorities**

- **Competitive Offer process:**
 - Staff will solicit offers through a **list-serve** of single family investors, developers, partners and other interested parties
 - Staff, with assistance from other County departments **will review offers, including financial projections and site concepts provided by the applicant**, to evaluate the level of discount to land necessary

Single Family

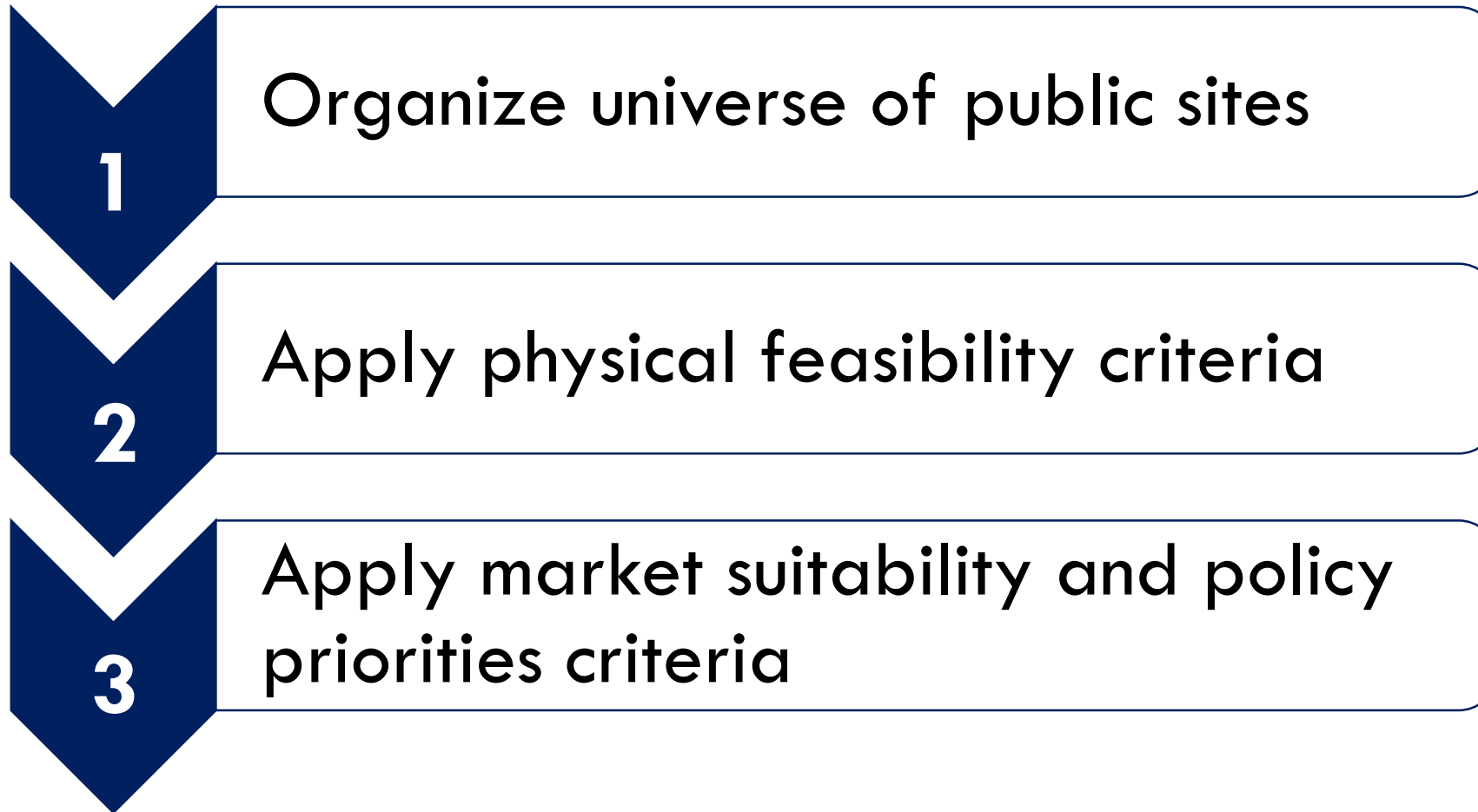
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Process for Identifying Suitable Sites



Summary of Highest Opportunity Sites for Multifamily

70 sites

50 County and 20 School Board owned sites were evaluated for physical feasibility

21 sites

14 County and 7 School Board owned sites met criteria for physical feasibility and were evaluated for market suitability

10 sites

7 County and 3 School Board owned sites identified as highest opportunities after evaluation using suitability criteria

Summary Checklist: Physical Feasibility

✓ Floodplain	✓ Access
✓ Terrain	✓ Incompatible Use
✓ Utilities	

Summary Checklist: Market Suitability

✓ Encumbrances	✓ Proximity to Basic Services
✓ Proximity to Existing Residential & Commercial	✓ LIHTC Eligibility
✓ Connectivity	✓ Market Strength
✓ Zoning	



Highest Opportunity Sites

Initial Evaluation Results: County

Site	Ownership	Strengths	Potential Challenges	Strength of Near Term Development Potential
2960 Falstaff Rd. 220 Swinburne S. 3000 Falstaff Rd. Raleigh, NC	County	<ul style="list-style-type: none"> • Proximate to transit • Adjacent to other County-owned parcels • Three parcel assemblage 	<ul style="list-style-type: none"> • Existing buildings present a challenge • Would necessitate new shared parking solutions 	High
8920 Deponie Dr. Raleigh, NC	County	<ul style="list-style-type: none"> • Close to three schools • Recent development activity • Highest score for 9% LIHTC 	<ul style="list-style-type: none"> • Surrounded by industrial uses • Proximity to landfill • Odd shaped parcel, potential challenges in MF units 	High
1317 N. Main St. Holly Springs, NC	County	<ul style="list-style-type: none"> • Close to a town center and amenities • Large parcel 	<ul style="list-style-type: none"> • Municipal vision • Proximity to landfill • Terrain & slope concerns 	Medium
0 Industrial Dr. Wendell, NC	County	<ul style="list-style-type: none"> • Close to a town center • May be most suitable for development as SF 	<ul style="list-style-type: none"> • No recent development • Low density zoning could make it hard for MF units 	Medium
400 E Holding Ave. Wake Forest, NC	County	<ul style="list-style-type: none"> • Close to town center • Zoned residential mixed-use 	<ul style="list-style-type: none"> • Parcel's vacant area is mainly surface parking 	Medium

Initial Evaluation Results: Board of Education

Site	Ownership	Strengths	Potential Challenges	Strength of Near Term Development Potential
901 E Young St. Rolesville, NC	School Board	<ul style="list-style-type: none">• Less than 2 miles to amenities of Rolesville's Main St.• Town support for affordable housing• Planned development in the area• Large parcel	<ul style="list-style-type: none">• Terrain & slope need to be investigated further• Would require coordination and willingness to collocate a school and housing	High
0 Foundation Dr. Wake Forest, NC	School Board	<ul style="list-style-type: none">• Proximity to existing school• Existing residential and commercial within walking distance	<ul style="list-style-type: none">• Irregularly shaped parcel constrained by floodplain• Difficult soil conditions, including rock	High
332 Parkside Valley Morrisville, NC	School Board	<ul style="list-style-type: none">• Large parcel surrounded by residential neighborhoods• Active market with new multifamily and retail construction	<ul style="list-style-type: none">• New elementary school, need for coordination and willingness to collocate a school and housing	Medium

Takeaways

- **State law gives counties authority** to dispose of property for the purpose of affordable housing
- **Wake County and the Board of Education have publicly owned property** that meets physical feasibility and market suitability criteria
- This policy implements one of the Affordable Housing Plan **highest priority tool recommendations**

Highest-Priority Tools

LAND USE POLICY

County & Municipal Land Use Policy, which encompasses:

Establishment of Affordable Housing Overlays

Expanded Accessory Dwelling Units

LEVERAGED PROGRAMS

Acquisition & Preservation Fund

Affordable Housing Preservation
Warning System & Annual Report

**Enhanced County Rental
Production Loan Program**

“Familiar Faces” Supportive Housing
Pilot

PSH Provider & Funder Capacity-
Building

Affordable Mortgage Program

ADDITIONAL PUBLIC RESOURCES

**New Local Funding Sources for
Affordable Housing**

**Public Land Disposition
Requirements**

Next Steps

- **Prioritize Properties for Disposition:** Given the market conditions, site challenges, geographical need, and financial feasibility, determine the priority of properties disposed
- **Analyze Property for Site Concept:** Determine the County priorities based off each site (e.g. number of units, target population, mixed-use)?
- **Develop RFP:** Issue Request For Proposal process, identify multidisciplinary review team, and award disposition

Questions?