

Information Item

Date: November 9, 2021

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Angela I. Carmon, City Attorney and
Marla Newman, Community Development Director

Subject:

Ordinances Amending Chapter 2, Entitled “Administration” to create: (a) Section 2-9 “Sale or Lease of City Owned Property for Affordable Housing Purposes”, and (b) 2-10 “City of Winston-Salem Housing Justice Act”

Strategic Focus Area: Service Excellence

Strategic Objective: No

Strategic Plan Action Item: No

Key Work Item: No



In October 2020, staff reviewed with the Community Development/Housing/General Government Committee (“Committee”) the revised draft ordinances creating the proposed Affordable Housing Program and the Housing Justice Act. At the request of the Committee, staff presented, in January 2021, the ordinances to the City’s Affordable Housing Coalition, which was receptive to the ordinances. Since that time, the City’s local act regarding affordable housing passed the North Carolina General Assembly in June, 2021.

In further assessing the City’s need for affordable housing and the need to be more intentional about creating such, staff decided to enhance the overall percentage of affordable housing standards, when a project involves city funds and/or city property, and to create, within the definition of affordable housing, specific target levels to make sure housing is provided for all income levels within the spectrum of affordable housing. Both ordinances allow for deviation from the standards if such is necessary to make the project financially feasible.

For purposes of the Housing Justice Act, the twenty (20%) percent affordable housing set aside that was originally proposed has been changed, in the revised ordinance, to thirty-three (33%) percent with the following breakdown:

- (i) ten (10%) percent of the set aside units shall be made available for eligible households with incomes of no more than thirty (30%) percent of the area median income;
- (ii) twenty (20%) percent of the set aside units shall be made available for eligible households with incomes between 31-50% of the area median income; and
- (iii) seventy (70%) percent of the set aside units shall be made available for eligible households with incomes between 51-80% of the area median income.

The remaining sixty-seven (67%) percent of the units may be set aside for mixed income housing or a combination of workforce housing and market rate housing.

For purposes of the Affordable Housing Program, the purchaser or lessee of city owned property for the provision of multifamily rental housing will be required to set aside sixty-five (65%) percent of the units developed or renovated for affordable housing purposes. Of that sixty-five (65%) set aside:

- (i) twenty (20%) percent of the units shall be set aside for eligible households with incomes at 30% and below of the area median income,
- (ii) thirty (30%) percent of the units shall be set aside eligible households with incomes at 31-50% of the area median income and
- (iii) fifty (50%) percent of the units shall be set aside for eligible households with comes at 51-80% of the area median income.

The remaining thirty-five (35%) percent of the units may be leased to persons meeting the income requirements for either workforce housing, market rate housing or a combination thereof.

The purchaser of city owned property for the provision of single-family housing (rental and home ownership) for affordable housing purposes will be required to set aside sixty-five (65%) percent of the single-family homes built for eligible households within the income requirements of affordable and workforce housing. Fifty-five (55%) percent of the aforementioned requirement relating to single family housing (rental and home ownership) must be affordable housing and the remaining ten (10%) percent must be workforce housing. The remaining thirty-five (35%) percent of the single-family housing (rental and home ownership) may be sold or leased to persons meeting the income requirements of either workforce housing, market rate housing or a combination thereof.

The following definitions apply to both ordinances:

(i) Affordable housing-housing that is designed and constructed or renovated to serve eligible households with an income that is no more than 80% of the area median income.

(ii) Market rate housing-housing that is designed, developed and constructed or renovated to serve eligible households with an income that is 121% or more of the area median income.

(iii) Mixed income housing-housing that is designed, developed and constructed or renovated to provide housing to households with an income that meets each of the following housing categories: (i) affordable housing; at least 65% of the units must serve households that fall into this category; (ii) workforce housing and (iii) market rate housing.

(iv) Workforce housing-housing that is designed and constructed or renovated to serve eligible households with an income that is between 81-120% of the area median income.

Again, the set aside adjustments are recommended in an effort to be more intentionally about addressing the City's need for affordable housing.