

Information Item

Date: August 11, 2020

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

From: Tasha Logan Ford, Assistant City Manager
Marla Y. Newman, Community Development Director

Subject:

Update on the Coalition's progress in Addressing the Challenges Facing our Community as it Relates to Affordable Housing

Strategic Focus Area: Livable Neighborhoods

Strategic Objective: Expand Housing Assistance Programs

Strategic Plan Action Item: No

Key Work Item: No



The purpose of the Affordable Housing Coalition (AHC) is to identify and recommend strategies that:

- expand affordable housing opportunities;
- engage supporters of and advocates for affordable housing;
- coordinate and secure sustainable resources for affordable housing; and
- advise the Winston-Salem City Council on the use of City funds to support affordable housing development.

While the Coalition will bring policy recommendations and guidance on funding allocations to the Mayor and Council by the end of this year, given the COVID-19 pandemic and increased need for affordable housing in its wake, a brief update at this juncture is timely.

Two priorities identified by the Coalition are:

1. Revisiting the Accessory Dwelling Unit (ADU) ordinance in an effort to increase their usage as a vehicle to create more affordable housing in response to the projected deficit of over 15,000 available and affordable units; and
2. Deploying new state or federal funding made available to the City for COVID-19 response to reduce evictions and/or foreclosures to the extent permissible by the funding source(s).

Accessory Dwelling Units (ADU) serve both a short and longer-term need for affordable housing units. The current ADU ordinance, amended in 2017, requires Special Use District rezoning for each proposed accessory dwelling in the City. Since its 2017 adoption, there has not been one ADU created; it appears to be too restrictive and costly for property owners to utilize. Relaxing the restrictions within the ADU ordinance presents the City with an affordable housing option where there is no public subsidy needed. The City of Raleigh, which previously followed a similarly restrictive path on ADU's as Winston-Salem, has recently made significant updates to their ordinance. Attached, is a copy of the new Raleigh ADU ordinance, which now allows ADUs by right in single-family zoning districts with specific limitations.

One of the many responses to the COVID-19 pandemic has been enactment of Federal and State legislation prohibiting residential evictions and foreclosures during the economy's shut down. Unfortunately, those protections will likely end in the near future. The AHC recommends a significant portion of any new State or Federal funds received by the City to address COVID-19 should be, in large part, allocated to eviction/foreclosure prevention work. A group of housing advocates from across the state developed a framework for how a rental assistance/foreclosure prevention program could work at the state level. Utilizing the framework of NC HB 1200, with modifications, is possible on the local level, but will require significant resources. The details of NC HB 1200 is attached for your reference.

In addition to the Coalition's immediate recommendations, below is a summary of the areas of focus of each working group, which reflects the continuing work of the Coalition.

Long Term Planning:

The long term planning group focuses on longer range, big picture items that address a more systemic approach to addressing affordable housing. The main focus of this group has been on:

- Re-establishing an "Investor Roundtable" to bring more resources to potential affordable housing projects throughout the community. Given the financial situation with COVID-19, the group has delayed a potential roll-out event to engage potential participants to the Roundtable;
- Finding alternative financing options for affordable housing projects, such as private activity bonds, limited obligations bonds and/or community reinvestment act resources through local banking institutions; and
- Reviewing and possibly modifying incentivizes for voluntary participation by developers to create affordable units/homes in new developments throughout the city.

Housing Stock:

The housing stock group focuses on how to create new housing stock, diversify the types of housing offered and preserve existing affordable housing in the community. The efforts have been concentrated on:

- Evaluating the current Accessory Dwelling Unit (ADU) ordinance and possible changes to create more affordable housing;
- Reviewing feasibility of land trusts and/or land banks for use in Winston-Salem;
- Considering possible ordinance and/or policy changes to make affordable housing more financially feasible for developers; and
- Finding options to make mixed-use developments more feasible, especially in areas where commercial opportunities are lacking.

Housing Access & Services:

The housing access and services group focuses on increasing access to quality affordable housing for persons unable to compete in the housing market without subsidy support and/or wraparound services. To date the housing access and services group has focused their efforts on:

- Establishing an employer-assisted housing pilot program;
- Completing an inventory of housing and financial education resources to disseminate to the community; and
- Finding ways to better connecting people to the resources that we have.

A proposed Employer Assisted Housing pilot program is one strategy showing promise. The healthcare sector has been identified as a target employer given the diversity of their workforce, the vast amount of employees in need of affordable housing and the financial resources to partner with the City on a pilot initiative. Meetings were scheduled for early Spring 2020 to meet with potential partners, but were delayed due to the COVID-19 pandemic. While contact has been maintained, and the goal is to continue moving forward with the pilot program, progress has been slowed.

Although the COVID-19 pandemic has required the Coalition to shift its approach to certain efforts, the work has remained relatively unchanged and progress has continued. With an update to the ADU ordinance, an employer-assisted housing pilot program launch within this fiscal year and the other work highlighted above, the Coalition is confident it can begin making meaningful progress towards addressing our various affordable housing needs.