

Buncombe County's Affordable Housing Programs

The Buncombe County Board of Commissioners has recognized the area's need for affordable housing and has dedicated time, money and effort to creating better housing opportunities for low-income citizens. Regionally, the County participates with the City of Asheville and its neighboring counties in the [Asheville Buncombe Regional Housing Consortium](#). Last year, the Board supported the County-City Housing Task Force, which undertook an 11-month long study of affordable housing issues and created a series of recommendations for the governments to help encourage the creation of new affordable housing. And for over a decade, Buncombe County has been the recipient of federal and state grants that pay for several affordable housing programs. Since 2000, the County has contributed to the construction or rehabilitation of 228 dwelling units in the area.

Number of Housing Units Built or Rehabilitated with Affordable Housing Funds from 2000-2004	
Type of Program	# of Units
Owner Occupied Rehabilitation	29
Multi-Family Construction	114
Special Needs Housing	30
Senior Housing	40
Down payment Assistance	10
Single-Family Home Construction	5
Results	228

Source: Buncombe County Planning Department. 2004

Goals

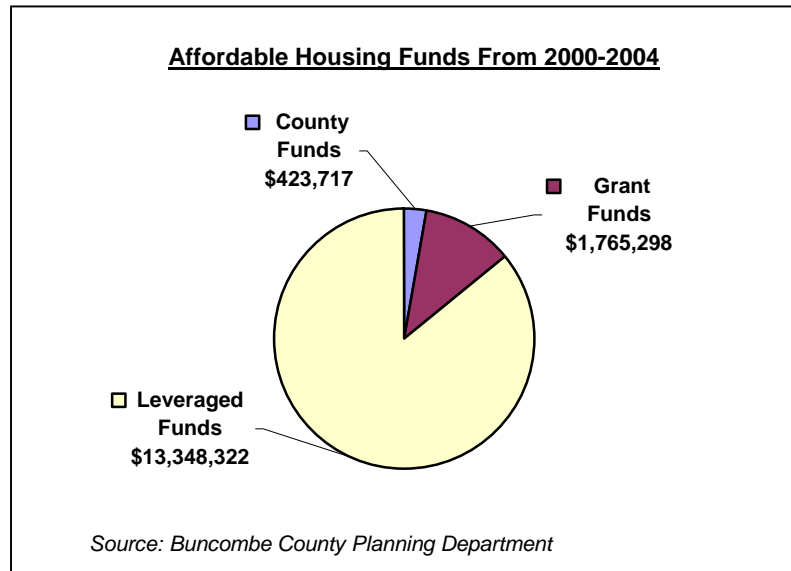
The goals of the Buncombe County Affordable Housing Programs are:

- Preserve the existing housing stock and reduce substandard housing
- Expand the supply of low and moderate income housing
- Support homeownership initiatives such as down payment assistance

Funding Sources

The County provides these affordable housing programs through leveraged funds (86%), state and federal grant programs (15%), and County funds (3%).

The state and federal grant programs include the US Dept. of Housing and Urban Development's (HUD) [HOME](#) program; Community Block Development Grants (CDBG) [Scattered Site Rehabilitation Grants](#); and the CDBG [Individual Development Account \(IDA\) Grant](#).



County funds include a Housing Trust Fund.

This Year's Activities

Buncombe Affordable Housing Services - Housing Trust Fund

On March 16, 2004 the County's Board of Commissioners approved allocating \$300,000.00 to be spent on eligible activities. These activities include the [Permit Fee Rebate Program](#) (a new pilot program to be implemented by the Planning Department and coordinated with Permits and Inspections), [Downpayment Assistance](#), and single-family [New Construction for Homeownership](#). These programs will be advertised with an RFP. The last grant cycle was in January of 2004. Applications for these programs are scored according to program guidelines' scoring method, and the selected applications will be brought before the Board of Commissioners for approval. Once the Board approves the applications, funding agreements and contracts will need to be executed, as well as loan documents, payment plans, and reporting requirements. The Board must approve the Housing Services Program annually.

Down Payment Assistance

The County offers down payment assistance to individuals who earn less than 80% of the area median income, and who have successfully completion of a homebuyer education course.

The program is administered by a local non-profit organization that coordinates the homebuyer education course and assists low-income persons in finding and securing housing. The County currently contracts the [Affordable Housing Coalition](#) to administer the down payment assistance.

New Construction

This program supports the construction of single-family homes for homeownership. This program can be administered by non-profit and private entities that meet our program's guidelines. The maximum loan amount is \$25,000.00 per unit. The funding is offered in the form of a loan that must be repaid within 5 years at 2% annual interest. The constructed homes must: meet state building code; be priced at \$135,000 or less; and be sold to persons within 80% of the [area median income](#).

The recipients for the 2005 funding are [Mountain Area Housing, Inc](#) and [Neighborhood Housing Services](#). Both organizations will use the money to build new housing for people of low to moderate income.

Permit Fees Rebate

This program allows for the rebate of one half (50%) of permit fees to the applicant after the completion of an affordable home. The requirements for eligibility of a new single-family home or condominium unit are that it (1) meets state building code and (2) sells for \$135,000.00 or less. Rental housing may also be eligible if the unit is developed with assistance from a state or federal program requiring it to remain affordable to tenants below 80% of the [area median income](#).

HOME

HOME grants are offered through the [Asheville Buncombe Regional Housing Consortium](#) each year. As a member government in the Housing Consortium, Buncombe County's planning level is approximately \$350,000.00. The County provides matching funds in the amount of \$75,000 each year through the general fund.

HOME is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. Each year it allocates approximately \$2

billion among the States and hundreds of localities nationwide. The program was designed to reinforce several important values and principles of community development:

- HOME's flexibility empowers us to design and implement strategies tailored to our own needs and priorities;
- HOME's emphasis on consolidated planning expands and strengthens partnerships among all levels of government and the private sector in the development of affordable housing;
- HOME's technical assistance activities and set-aside for qualified community-based nonprofit housing groups builds the capacity of these partners; and
- HOME's requirement that participating jurisdictions (PJs) match 25 cents of every dollar in program funds mobilizes community resources in support of affordable housing.

Eligible Customers

The eligibility of households for HOME assistance varies with the nature of the funded activity. For rental housing and rental assistance, at least 90 percent of benefiting families must have incomes that are no more than 60 percent of the HUD-adjusted [area median income](#). In rental projects with five or more assisted units, at least families with incomes that do not exceed 50% of the HUD-adjusted median must occupy 20% of the units. The incomes of households receiving HUD assistance must not exceed 80 percent of the [area median income](#). HUD publishes HOME income limits each year.

Eligible Activities

Eligible activities include single-family housing construction, multi-family housing construction, owner-occupied rehabilitation, special needs housing and pre-development loans. HOME-assisted rental housing must comply with certain rent limitations. HOME rent limits are published each year by HUD. The program also establishes maximum per unit subsidy limits (for multi-family projects) and maximum purchase-price limits (for single-family units):

Maximum Per Unit Subsidy Limit for Multi-Family Dwelling Units Built with HOME Monies		
Bedrooms	Non-Elevator	Elevator
0	\$38,869	\$44,849
1	43,055	50,230
2	51,426	61,592
3	63,386	77,140
4+	71,758	87,221

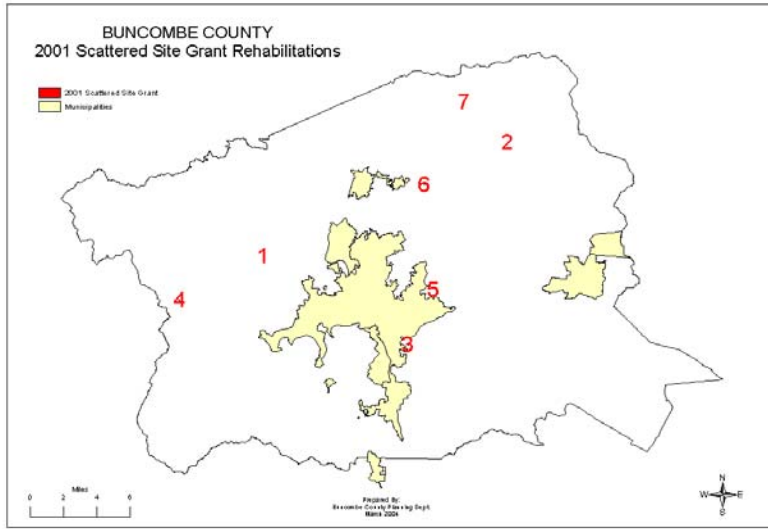
Source: HUD

Maximum Purchase Price for Single-Family Houses Built with HOME Monies	
One-family	\$290,319.00
Two-family	\$371,621.00
Three-family	\$449,181.00
Four-family	\$558,236.00

Source: HUD

CDBG Scattered Site Program

Scattered Site grants are made to approximately 33 county governments on a rotating basis to address the most critical housing needs of very low-income families throughout the county including participating municipalities. County governments receive \$400,000 every 3 years with funds targeted to very low-income homeowners for rehabilitation or relocation purposes. Counties must submit a detailed plan that includes input from all interested municipalities within the county describing how funds will be distributed to meet housing needs. Buncombe County is currently in the process of closing out the first Scattered Site grant, and receiving the second.



CDBG Individual Development Account Grant (IDA)

Originally developed in the early 1990s, Individual Development Accounts (IDAs) are targeted matched savings accounts designed to help low-income people build assets. Typically carried out by community groups in partnership with participating financial institutions, IDAs match every dollar saved by an account holder with money provided by community development organizations, community or faith-based groups, foundations, employers, and often, local governments.

In the case of Buncombe County, we received \$50,000.00 in CDBG funds through an IDA grant. The County contracted with the [Affordable Housing Coalition](#) to administer the grant and its activities. Our grant period ended, and the County recently closed the account. We are now considering applying for an additional IDA grant.

**Affordable Housing Services Program Policy:
Income Limits for Eligibility
For Buncombe and Madison County
(Including the City of Asheville)**

Income Category	Extremely Low	Very Low	Low
% AMI*	< 30%	31-50%	51-80%
1 Person	10450	17400	27800
2 Persons	11950	19900	31800
3 Persons	13400	22350	35800
4 Persons	14900	24850	39750
5 Persons	16100	26850	42950
6 Persons	17300	28850	46100
7 Persons	18500	30800	49300
8 Persons	19700	32850	52500

*AMI = Area Median Family Income
Based on HUD estimates of area median family income for FY 2004

Asheville Buncombe Regional Housing Consortium

The Asheville Regional Housing Consortium was formed in 1992. The consortium's jurisdiction is the counties of Buncombe, Henderson, Madison and Transylvania. The Land of Sky Regional Council of Governments covers the same four counties. The counties and towns involved were accustomed to working together on issues such as land use, clean water and transportation. A total of fourteen of the nineteen units of general local government within the area are members and nine are actively involved in affordable housing production.

The following factors have helped build cooperation among members:

1. Recognition of common problems. This area of Western North Carolina has experienced rapid population growth and an increasing shortage of affordable housing.
2. Continuity of Board members and staff. The consortium is fortunate that the same key staff person has been responsible for administering the HOME Program since 1992.
3. Detailed written policies were established with the formation of the consortium. This action provided members with the confidence that there is a fair structure of rules for the Consortium's operation.
4. Members are guaranteed a minimum annual level of funding based on formula calculation, provided they submit eligible, feasible projects. If various members do not apply, the funds are allocated to the best projects put forward by other members or CHDOs.
5. As lead entity for the Consortium, the City of Asheville has provided leadership, technical assistance and effective grant management.
6. The City of Asheville has never attempted to direct the use of HOME Program funds. The City Council has always accepted the Consortium Board's recommendations for the use of these funds.
7. Members can and do share pride in the whole Consortium's continuing success in achieving high levels of production of quality affordable housing.

The Asheville Regional Housing Consortium has produced 1,083 units of HOME-assisted housing from 1993 through 2003. The Housing Consortium is currently working on a [Consolidated Plan](#) for the participating governments to provide a strategic plan for regional housing issues.

The County-City Housing Task Force

The County-City Housing Task Force was created in November 2002 to bring together individuals in the community who were concerned about housing in Asheville and Buncombe County.

According to the resolution adopted by the County and City, the purpose of the Task Force shall be to:

- Provide the Buncombe County Commissioners and the Asheville City Council with information on current housing needs and programs;
- Recommend changes to current housing policies; and
- Help raise awareness and support throughout the community for housing issues.

The Task Force was appointed by the Buncombe County Board of Commissioners and Asheville City Council. The Task Force is a diverse group representing housing providers, private developers, housing advocates, and real estate, financial, & construction professionals.

Eight (8) recommendations were discussed and voted on by the Task Force.

These eight recommendations are grouped under three topics:

- **Housing Trust Fund**
- **Fees & Permits**
- **Zoning**

The Task Force believes that bold actions by elected officials to relax cumbersome and costly regulations, reduce fees, and remove subjective decision-making would encourage more private investment in affordable housing. With regard to our specific recommendations, zoning is the most extensive topic, with six recommendations falling under that heading.

I. Housing Trust Fund

As part of the Task Force's mission, we were to assess the potential for a joint City-County Housing Trust Fund. The City of Asheville has been operating a Housing Trust Fund for almost four years, and it has been successful. The Task Force discussed in depth the various elements of setting up a joint trust fund (City-County) as opposed to recommending that Buncombe County set up a similar, but separate, trust fund.

Although the Task Force believes that in the long run, a joint City-County Housing Trust Fund may work more beneficially for both governmental units, they do not wish to delay the opportunity to provide additional housing funds with the complexities of creating a new joint City-County entity.

Therefore, **the Task Force recommended that Buncombe County create a County Housing Trust Fund which will be initially capitalized with the equivalent of one cent per \$100 of property tax value**, or approximately \$1.7 million. The Task Force recommended that the Trust Fund be made effective in Buncombe County's 2004-2005 fiscal year budget.

II. Fees and Permits

Fees and permits account for a larger share of the construction costs in smaller homes than in larger homes. This leads to decreased affordability as these fees must be passed on to the eventual homeowners or renters. Small homes start off more affordable, and maintain their affordability as the value of real estate is generally tied to the size of the home.

The Task Force recommended that the City and the County develop a plan to reduce fees and permits on homes that are 1500 square feet or less, with greater reductions for even smaller homes. Although there may be some barriers to implementing this recommendation, the Task Force believes that the potential hurdles can be overcome and the eventual outcome will be an increase in building homes of 1500 square feet or less, and therefore an increase in affordable homes being built.

The recommendation for fee and permit reductions for smaller homes should also be implemented with the Metropolitan Sewerage District and the Asheville-Buncombe Water Authority, similar to the reduced fee plan currently in place for affordable housing. These incentives are not intended to replace or eliminate the current reduced fees for development of homes which are guaranteed to remain affordable by the developer.

III. Zoning

The Task Force made several recommendations regarding zoning considered being the most daunting of the challenges to affordable housing in our community. Although most, if not all, of the zoning recommendations are relative to the Unified Development Ordinance (UDO) of the City of Asheville, the Task Force recommends that Buncombe County incorporate similar policies in the areas that are already zoned in its jurisdiction, and in areas that may be zoned in the future. The UDO was clearly identified as a major obstacle to creating affordable housing as well as a contributing factor in increasing the construction cost of housing in general.

✓ DUPLEX, TRIPLEX, AND QUADRAPLEX DEVELOPMENT

Duplex, Triplex, and quadraplex development in areas zoned single family should be permitted and should be a use by right. We request two changes to the Duplex, Triplex, &

Quadruplex policy as **originally** proposed by the City of Asheville and these are as follows: 1) design standards must be clearly defined and limited; and 2) there should be no parking requirements.

✓ **DENSITY BONUSES**

Density bonuses should be permitted for affordable housing. **The Task Force recommends that density bonuses be provided as a use by right**, instead of a conditional use in the UDO.

✓ **MULTIFAMILY HOUSING**

The City of Asheville should increase the amount of land that allows multifamily housing development as a use by right. In 1997, the UDO rezoned approximately 50% of the existing multifamily land to single-family zoning. Much of this multifamily land was zoned 16 multifamily units per acre and is now zoned single family and much less dense. **The Task Force recommends that enough land currently zoned single family should be rezoned to multifamily so that the same percent of Asheville land is zoned multifamily as it was before the UDO was passed in 1997.** The Task Force recognizes that multifamily housing is more affordable in general, and that increased density in the City will provide for homes that are in close proximity to public transit and other amenities.

✓ **LOT SIZE**

Lot size is a factor in that it influences the full development of parcels for maximum density, therefore maximum affordability. The Task Force met with City planning staff to discuss a proposed recommendation that minimum lot sizes in the UDO be altered from the current methodology of simply dividing an acre by the number of units allowed per acre. City Planning staff agreed that this UDO amendment would be beneficial, and we moved forward. This recommendation has already been considered and approved by City Council. **The Task Force recommended that the City of Asheville decrease minimum lot sizes so that additional acreage would be free to develop entry roads, provide set-backs, and allow for development standard flexibility.**

By reducing the minimum lot sizes in this manner, 3,560 sf of additional acreage is available per acre of development, thereby ensuring full density utilization on parcels. This recommendation was unanimously passed by the Asheville Planning & Zoning Commission on May 7, 2003 and was unanimously passed by Asheville City Council on June 10, 2003.

✓ **NIMBYISM (Not In My Backyard)**

Nimbyism was cited by the Task Force as a huge factor in preventing affordable Housing development. Neighborhood-developer meetings, as currently under consideration by Asheville City Council, will not solve this problem. The Task Force is concerned about the potential for institutionalized discrimination with this type of approach. As it is currently written, the UDO fuels nimbyism in that it sometimes provides a disgruntled, anti-development minority with the forum in which to derail development projects that meet UDO requirements. In light of these facts, **the Task Force recommended that City staff seek to reduce public hearing requirements considerably, and to significantly limit the types of developments that are subject to a vote of City Council and developments that are subject to petitions requiring a majority vote of City Council.**

✓ **REVIEW THRESHOLDS**

The Technical Review Committee (TRC) and planning staff should make more permitting decisions, rather than elected officials. Permit applications not denied within 90 days should be deemed approved. If the rules of the UDO are clear and succinct, then decisions should be objective, not subjective. This change will encourage affordable housing developers, as well as all developers, to move forward with their plans with more certainty and less risk. Reviews that are made by elected officials risk defeat even when those developments meet all regulations and guidelines. This risk tends to stifle all development, including affordable residential development.

Projects Completed with Funding from the County Affordable Housing Program

- **Wind Ridge** (Multi-Family)
- **Compton Place** (Elderly Housing)
- **Thom's LIFE House** (Special Needs Housing)
- **Single-family home construction**
- **Owner Occupied Rehabilitation**
- **SocialServe.com** - Socialserve.com is an Internet site for landlords and perspective tenants that provides agencies and the general public online access to affordable rental housing information.

Wind Ridge – Multi-Family Housing



Compton Place – Housing for the Elderly



Life House of Asheville – Special Needs Housing

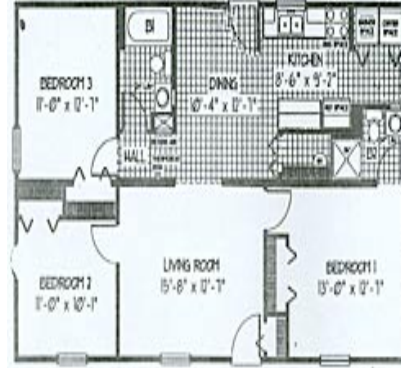


Single Family Home Construction

Size: 44 x 25

Living space: 1100 square feet. Pull down stairway leads to approximately 500 additional square feet of attic storage
3 bedroom, 2 bath

Vinyl exterior



Owner Occupied Rehabilitation



BEFORE



AFTER



BEFORE



AFTER