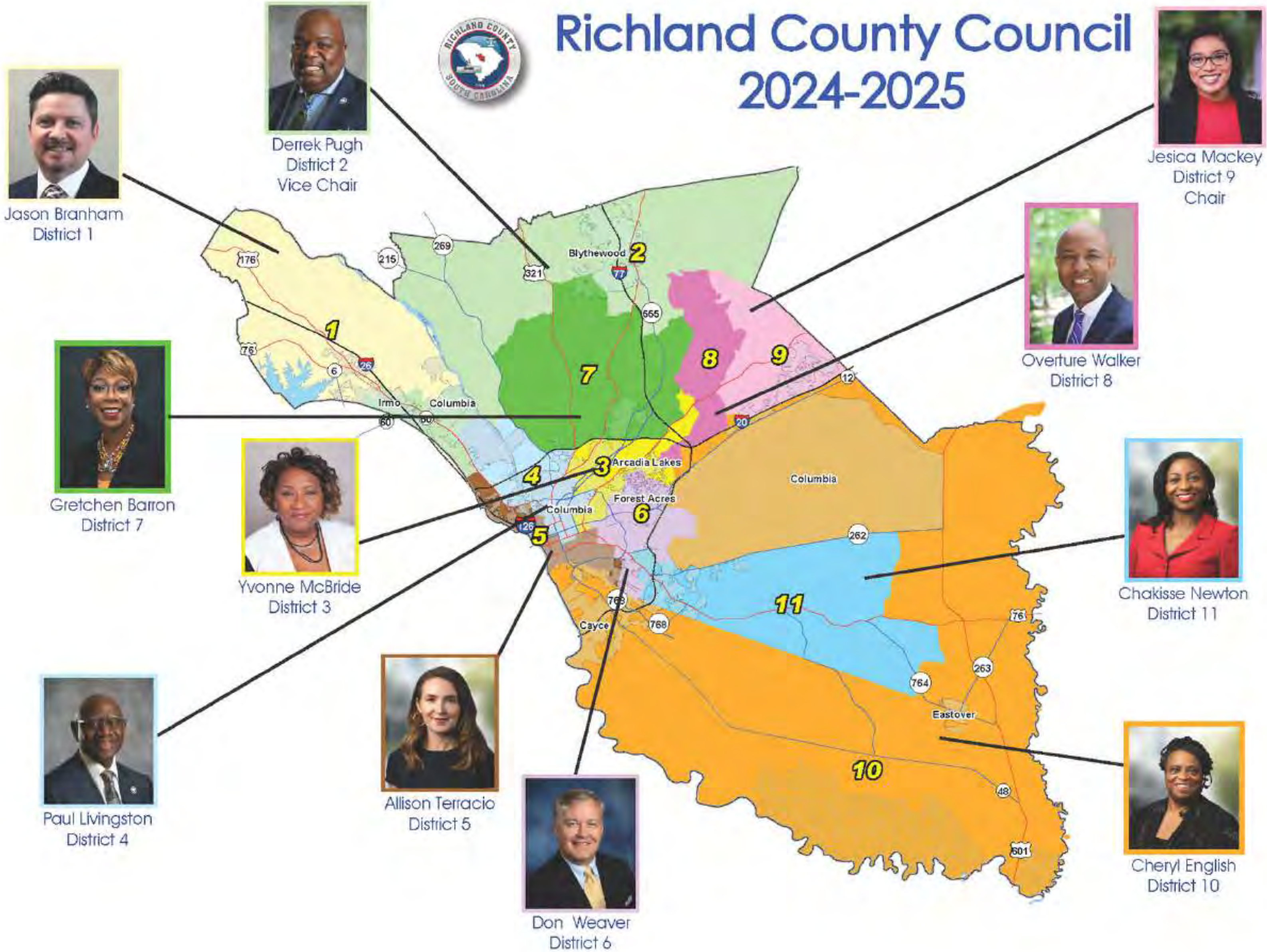
RICHLAND COUNTY
AFFORDABLE HOUSING
AD HOC COMMITTEE
AGENDA

TUESDAY MARCH 19, 2024

2:00 PM

COUNCIL CHAMBERS

Richland County Council 2024-2025



Richland County
Affordable Housing Ad Hoc Committee
AGENDA

March 19, 2024 - 2:00 PM
2020 Hampton Street, Columbia, SC 29204

The Honorable Allison Terracio	The Honorable Don Weaver	The Honorable Gretchen Barron
County Council District 5	County Council District 6	County Council District 7

1. **Call to Order** — The Honorable Allison Terracio

2. **Adoption of Agenda** — The Honorable Allison Terracio

3. **Election of Chair** — The Honorable Allison Terracio

4. **Items for Discussion/Action** [PAGES 5-47]

   a. Affordable Housing Definitions

   b. Project Scope

   c. Affordable Housing Budget

5. **Adjournment**

Special Accommodations and Interpreter Services Citizens may be present during any of the County's meetings. If requested, the agenda and backup materials will be made available in alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), as amended and the federal rules and regulations adopted in implementation thereof. Any person who requires a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in the public meeting may request such modification, accommodation, aid or service by contacting the Clerk of Council's office either in person at 2020 Hampton Street, Columbia, SC, by telephone at (803) 576-2061, or TDD at 803-576-2045 no later than 24 hours prior to the scheduled meeting.

APPENDIX D: GLOSSARY OF KEY HOUSING TERMS

Accessory Dwelling Units (ADUs): An independent residential living unit that shares the same parcel of land as a single-family home, such as an english basement, carriage-house apartment, in-law suite or similar structure.

Affordable Housing: Housing units that are income-restricted, typically based on parameters around the area median income of a jurisdiction or region, typically referred to as public housing units.

Annual Percentage Rate (APR): A measure that represents the total amount of expected interest charged on a loan, mortgage or other debt mechanism over the course of one year, including compound interest. It takes into account the interest rate and the frequency at which it is compounded.

Appraisal Gap Financing: Appraisal gap financing provides a grant or a loan to cover the gap between appraisal and market value. It is typically used for homes that need some amount of rehabilitation.

Area Median Income (AMI): The midpoint of a specific area's income distribution and is calculated yearly by the Department of Housing and Urban Development. This calculation is used to disburse many federal, state and local programs, including Housing Choice Vouchers, and analyze home-cost burdens and affordability.

Below-Market Financing: Loans that have lower annual percentage rate yields than those available in the private market. These loans lessen the debt needed to finance a particular housing development or rehabilitation project.

Building Codes: Building codes outline minimal standards for building features such as structural integrity, mechanical integrity (water supply, light, ventilation), fire prevention and control, and energy conservation. Building codes are generally determined at the state, national, and international levels.

Building Permits: An authorization that must be granted by a government or other regulatory body before construction or renovation can legally occur.

Capital Magnet Fund: A competitive grant program designed to attract private capital to the development, preservation, rehabilitation, or purchase of affordable housing for low-income families.

Community Development Block Grant (CDBG): An annual grant from the U.S. Department of Housing and Urban Development (HUD) to states, cities, and counties to develop decent and affordable housing and expand economic opportunities for low- and moderate-income persons.

Community Land Trust: Private or non-profit organizations that own land on behalf of a community, creating affordable housing units and maintaining their affordable status in the future. The community land trust owns the land and sells the housing unit to a buyer, along with a ground lease that specifies the terms under which the home may be sold to the next purchaser. Under community land trusts, purchasers own the building and lease the land from the community land trust.

Deed Restriction: Limits how an owner can use their property. In this case, it mainly refers to the deed restrictions that place a temporary – usually a few decades – limit on the subsequent sale price and eligibility of future buyers. This aims to preserve housing units' affordability into the future.

Density: Refers to the number of housing units per land unit in a given area. Low-density housing areas are typically composed of single-family homes, whereas high-density areas encompass various housing typologies, including but not limited to multi-story buildings featuring multiple units.

Density Bonus: A policy or tax incentive allowing developers to build more units than what would normally be allowed under the zoning code, in exchange for a commitment that developers include a certain number of below-market units in the development.

Department of Housing and Urban Development: The federal agency responsible for national policy and programs that address America's housing needs, improve and develop the Nation's communities, and enforce fair housing laws.

Down Payment: Capitol that the buyer pays upfront in a housing transaction. Down Payments typically range from as little as 3% of the purchase price to as much as 20% of the purchase price.

General Obligation Funds: Funds for affordable housing that are typically used for a large, one-time investment. These contrast with dedicated revenue sources, which provide smaller amount of funding over a longer period.

HOME Investment Partnerships Program: A grant from HUD to states and localities that communities use (often in partnership with local nonprofit groups) to fund affordable housing construction, acquisition, and/or rehabilitation. It is the largest federal block grant designed exclusively to create affordable housing for low-income households.

Housing Affordability: Access to reasonably priced, fair-quality housing; typically around 30 percent of an individual's total monthly income. Policymakers consider households that spend more than 30 percent of income on housing costs to be housing cost burdened.

Housing Authority: A governmental body that governs aspects of housing, often providing support services for low-income residents and administering federal housing programs such as the Fair Choice Housing Voucher program.

Housing Choice Voucher Program: HUD-administered program that helps low-income individuals and families fund affordable, safe housing in the private rental market. Participants receive a voucher that pays for a portion of their rent, helping to bridge the gap between the fair market rent and what the tenant can afford.

Impact Fees: A one-time fee levied by local governments designed to offset the additional cost a housing unit has on community infrastructure.

Inclusionary Housing: Policies that create dedicated affordable housing units by requiring, encouraging or incentivizing developers to include a specified share of below-market units as part of market-rate rental or homeowner developments.

Institutional Investors: Entities such as publicly traded corporations, LLCs, LLPs, and private equity funds or real estate investment trusts (REITs) that possess housing or land as an asset. In recent years, institutional investors have represented a growing share of the single-family housing market.

Land Value Taxation: A form of taxation based on the value of the land, rather than the housing unit. Under this system, a single-family lot would be taxed the same as a multi-family lot.

Linkage Fees: A form of impact fees that link the production of market-rate housing to affordability, charged on non-residential developments such as retail stores, industrial or manufacturing facilities, and other commercial projects.

Low-Income Housing Tax Credit (LIHTC): A tax incentive for developers to construct or rehabilitate affordable rental housing for low-income households. It has supported the construction or rehabilitation of around 110,000 affordable rental units each year.

Manufactured Homes: Homes that are pre-fabricated and transported to the desired location. These homes can be built much quicker than traditional houses, making them cheaper in comparison.

NIMBY: "Not in my backyard" is a phenomenon in which residents of a neighborhood are opposed to a new development such as affordable housing, believing that it will change their community for the worse.

Missing Middle: Range of housing typologies focusing on form and scale that fit between single-family detached homes and mid-to-high-rise apartment buildings. Some examples include townhomes, duplexes, and triplexes.

Real Estate Transfer Tax: A one-time tax or fee imposed by a state or local jurisdiction on the transfer (sale or purchase) of real estate property. The cost of this tax is based on the price of the property transferred to the new owner. Exact laws regarding these taxes vary by locality, in some areas the seller is responsible for payment while others may not even charge transfer taxes.

Rent Control: Laws limiting how much landlords can charge for rent to keep the property affordable.

Rent Stabilization: An evolution of rent control, rent stabilization regulates the rate at which rent levels can increase.

Setback Requirements: The required distance that a housing unit must be from the front, sides, and back of the property line.

Short-Term Rentals (STRs): A living space that is not intended for long-term occupancy, such as an Airbnb or Vrbo.

Split-Rate Taxation: Similar to land value taxation, this taxation system taxes both land and housing unit, but taxes land at a higher rate than the housing unit that is built on it.

Transit Oriented Development: Transit Oriented Development is a growing trend in creating vibrant, livable, sustainable communities. The trend aims to develop walkable, mixed-use communities around high quality public transit systems in hopes of eliminating car dependence and the various costs that arise from it.

Workforce Housing: Housing affordable to households earning between 60 and 120 percent of the area median income (AMI). This type of housing mainly targets middle-income workers such as police officers, teachers, healthcare workers, and similar professions.

YIMBY: "Yes in my backyard" is the opposite of NIMBY. The YIMBY movement is a pro-housing movement that supports increasing the supply of housing and the creation of zoning ordinances that would allow denser housing to be produced.

NATIONAL ASSOCIATION of COUNTIES NACo

ADVANCING LOCAL HOUSING AFFORDABILITY

NACo Housing Task Force Final Report

JULY 2023

“Counties are on the front lines of responding to the housing crisis. Stable, quality housing is the foundation for better health, safety, education, a strong workforce, improved financial wellness, and lower demands on the social safety net. [Counties are] committed to meeting the moment and addressing our residents’ housing needs.”

NACo President Denise Winfrey,
Will County, Illinois, Commissioner

THE NEED FOR ACCESS TO MODERATELY-PRICED, FAIR-QUALITY HOUSING IN ALL COUNTIES

For a growing number of Americans, the cost of housing is crowding out the rest of their household budget. That's forcing many families into precarious living situations that affect their safety, their health, the length of their commutes and their chance to build generational wealth or to contribute to a vibrant community where they feel like they have a stake.

In 18 percent of counties, households spend more than 3.5 times their annual income to afford a typical home. Nearly a quarter (23 percent) of households that occupy rental units are severely cost-burdened, spending more than half of their annual income on rent. There is a shortage of more than 3.8 million homes across the country, according to Freddie Mac, and it will take more than 20 years to close the housing unit gap despite the recent acceleration in development, according to the National Association of Realtors.

These statistics lend context to a problem counties know all too well: housing affordability is increasingly out of reach for residents. In Valley County, Idaho, a small resort community outside of Boise, the median home price is $650,000, while the median household income is only $75,000 – primarily driven by the influx of wealthy households. First responders, service-sector and healthcare workers, teachers and other community members face the choice of commuting several hours or living in homes not intended for long-term habitation like Recreational Vehicles (RVs). For children from the community, there is virtually no path that leads to living in the county where they've grown up.

Across the country in Franklin County, Ohio, the bustling home to the capital city of Columbus, four out of every ten renters are cost-burdened, spending more than 30 percent of their annual income on housing. The lingering impacts of decades of unjust housing policies like redlining, access to financial institutions and affordable financing still cloud the pathways to homeownership for many black and brown residents.

Stories like these are not the exception but a commonality across many counties in this country. Housing fulfills the basic human need for shelter and is the foundation for better health, consistent education, a stronger workforce, improved financial wellness, and lowered demand for the public sector safety net.

Housing experts, policymakers and data illuminate three persistent barriers for access to housing: affordability, supply and quality. In November 2022, NACo President Denise Winfrey launched a national task force of county officials to study housing affordability, charged with two goals: identify county-led policy, practice and partnership solutions to addressing America's housing affordability crisis, and explore intergovernmental partnership opportunities that support housing solutions between federal, state and local officials, along with private, nonprofit and other community organizations.

Housing policy is a highly complex, multi-layered topic requiring bipartisan partnerships, dialogue and coordination across all levels of government, private and nonprofit organizations and the community. It is not a partisan issue but one impacting residents of all political, demographic, geographic and socioeconomic stripes.

Since late 2022, the task force met with experts and policymakers, studied data and trends, and analyzed county authorities and strategies to foster housing affordability. While there is no simple solution to housing affordability, counties can work within our policy, financial, convening, educational and administrative levers to be a part of the effort to generate and preserve housing so our neighbors, communities and the next generation can have a better future.

Kevin L. Boyce

HON. KEVIN BOYCE
Commissioner, Franklin County, Ohio
NACo Housing Task Force Co-Chair

Sherry Maupin

HON. SHERRY MAUPIN
Commissioner, Valley County, Idaho
NACo Housing Task Force Co-Chair

THE PERFECT STORM FOR A HOUSING AFFORDABILITY CRISIS

Many colliding factors contribute to the current housing affordability crisis.

Housing costs have been steadily rising, often outpacing inflation or wage growth. Roughly half (46 percent) of renters and over one in three homeowners (35.1 percent) were cost-burdened in 2021, including 23 percent of renters and 9 percent of homeowners who spent at least half of their household income on housing throughout the year.[1] Compounding these burdens, the median price of a home surged by more than $107,000 between Q1 2020 and Q1 2023.[2] Furthermore, rents have increased by 16 percent between January 2020 and March 2023, with additional rent increases expected in the coming months.[3] With wages increases struggling to keep pace for many in the workforce over the last several decades, the increase in the costs of housing are straining renters and homeowners alike.

Not only are Americans facing higher housing costs, but the stock available for renting or owning is also increasingly limited and, too often, in disrepair. The number of active housing listings in June 2023 was at one of the lowest levels since 2016 and 34 percent lower than the number of listings in February 2020.[4] Moreover, the number of available rental units has been cut nearly in half over the past decade (10 percent in 2010 vs. 5.2 percent at the end of 2021 vacancy rates).[5]

For the available homes, the Philadelphia Federal Reserve concluded roughly one-third had significant non-cosmetic deficiencies in 2022, conveying an estimated price tag of $149.3 billion for repairs.[6] Increased repair costs are, in part, a byproduct of older housing stock. The Median age of homes increased to 43 years old in 2021.[7] Plus, soaring construction costs (materials and labor) during the pandemic exacerbated the challenge.[8]

As the population demographics continue to shift, approximately 40 percent of housing stock lacks accessibility like an entry-level bedroom and bathroom necessary to serve older generations and those with reduced mobility issues.[9] Moreover, the increasing frequency of natural disasters significantly threatens the existing housing stock. Throughout 2022, there were 18 unique billion-dollar natural disasters; when combined with the past seven years, the total price tag exceeds $1 trillion, constituting more than one-third of the entire disaster cost over the past 42 years.[10]

Though housing has been a critical discussion point in the body politic for decades, the problem has grown in scope. During the pandemic, a sample of landlords reporting collection rates above 90 percent fell from 89 percent in 2019 to 62 percent in 2020.[11] Those experiencing particular hardship during the pandemic tended to be low-income or of Hispanic origin.[12] Additionally, as flexible work options become more mainstream anecdotes of individuals seeking a different environment to work from – in a lower cost-of-living area – have skyrocketed and, in some cases, are pricing locals out of their home communities.[13]

HOUSING AFFORDABILITY IS A COMPLEX ISSUE REQUIRING STRONG PARTNERSHIPS, DIALOGUE AND COORDINATION

Counties face significant headwinds when it comes to housing affordability. Across federal, state, local, private and community sectors, authority and responsibility to impact housing affordability varies. All of these intersections weave a complex system to navigate. As such, it is critical for counties to engage in dialogue and coordination to build strong relationships with the stakeholders impacting housing. Below is a sample of the continuum of factors impacting housing supply and affordability.

GLOBAL AND NATIONAL

- Housing materials supply chains
- Housing investments and programs
- Monetary policy and interest rates
- Tax policy and housing laws
- Labor laws

STATE GOVERNMENTS

- Tax policies and incentives
- Disaster mitigation
- Building codes & local housing law preemption
- Land use and zoning framework

SUB-STATE REGIONAL AND LOCAL GOVERNMENTS

- Tax policies and incentives – particularly county property taxes
- Local building codes, ordinances and land use
- Programs, investments and services in housing, workforce, infrastructure and transportation
- Disaster and emergency preparedness and mitigation

PRIVATE MARKETS

- Global and national investors, lenders and insurers
- Technology disrupters such as shared service providers
- Housing developers and financial institutions
- Rental markets and landlord practices
- Skilled labor shortages and wages

COMMUNITY MEMBERS AND PUBLIC INTERESTS

- Historically designated areas
- Community land use interests
- Nonprofit and community-based organizations delivering housing services
- Neighborhood associations, community groups and local advocates

“Government is not the solution for local housing issues but needs to be a part of the conversations surrounding how we can and should find common goals and solutions for a growing problem.”

NACo Housing Task Force Co-Chair Sherry Maupin, Valley County, Idaho, Commissioner

THE COUNTY HOUSING ECOSYSTEM

Housing spans a wide range of touchpoints in many counties. Though county authorities vary, each county can play a role in the solution. There are five key areas in which counties may possess the authority to foster housing affordability.

COMMUNITY ENGAGEMENT, PARTNERSHIPS AND EDUCATION

Much of the work required to increase housing stock depends on engagement with the community. Not only can counties partner with other governments, private sector officials and community organizations to advance housing, but local leaders can also serve as an educational body to inform residents.

FEDERAL-COUNTY INTERGOVERNMENTAL NEXUS

Federal funding – such as the U.S. Department of Housing and Urban Development (HUD) – is often used by counties to administer housing programs, build infrastructure that supports new development and provide assistance for low-income residents.

LAND USE, ZONING, INFRASTRUCTURE AND COMMUNITY PLANNING

Zoning is important to designate how a parcel of land is used within a community, and a community land use plan seeks to properly map out the land within a county jurisdiction. Further, to build housing requires infrastructure like roads, utilities and broadband, some of which counties build, maintain, regulate or otherwise support.

FINANCE, LENDING AND COUNTY TAX POLICY

Property taxes are the primary driver of most county finances and can play a significant role in the use of land. Additionally, some counties work with financial institutions or leverage federal programs to provide direct support to individuals or incentives for new developments, homeownership and other housing programs.

REGULATION, CODES AND ASSOCIATED FEES

Developing a property for housing requires following a set of codes and regulations to ensure safety. Counties often issue permits and conduct code enforcement, and some developments require studies or carry other special fees associated with construction.

NACo HOUSING TASK FORCE: ABBREVIATED BEST PRACTICES AND POLICY RECOMMENDATIONS

Housing affordability is complex, multifaceted and interdependent. So too are county authorities and resources on local housing policy, financing and regulation. Because of the varied authorities, each county's approach to addressing the challenge is different. Recognizing the acute need for housing affordability, the county housing ecosystem and associated recommendations seek to provide local leaders an opportunity for best practices and policy that reflects the diverse tools of county governments.

It is also important to recognize that each policy or ecosystem pillar does not exist independently, but are pieces of a whole. The land use and zoning plans in a community ultimately impact the county tax base and services; the partnerships established within a community can inform state and federal advocacy efforts; use of federal funds can reflect financing of new developments; and local regulations can have significant implications on community engagement. Recognizing this interconnection is important to understanding the levers and opportunities available to counties to foster affordability and quality.

Regardless of the county approach, the process of creating solutions for housing affordability at the local level is often slow, contentious and grueling. This recommendation framework does not intend to provide a prescriptive implementation guide. Rather, this document provides a broad set of tools and examples county leaders may use to develop a local housing action plan that reflects each community's unique needs, values and priorities and considers the varied relationships and resources available.

Check out the NACo Housing Task Force's county solutions for housing affordability.

1. Land Use, Zoning, Infrastructure And Community Planning				
a. Evaluate Current Zoning Plans and Practices	**b.** Identify Potential Infrastructure Barriers to New Development	**c.** Understand the Inventory of Additional Land	**d.** Develop a Long-Term Housing and Land Use Plan	**e.** Assess Existing Housing Stock for Potential Opportunities
2. Local Regulation, Permitting And Fees				
a. Evaluate County Permitting and Inspections to Improve Processes and Workflow	**b.** Provide Pre-Approved Templates for Common Housing Designs	**c.** Conduct a Cost-Benefit Analysis for County Impact, Development, and General Fee Pricing	**d.** Analyze Local Regulations Impact on Affordability	**e.** Make County Systems Consistent, Convenient, and Easier to Navigate
3. Federal-County Intergovernmental Nexus				
a. Invest Additional Federal Resources to Support Housing	**b.** Engage in NACo Policy Resolution Process to Advocate for Counties	**c.** Educate Federal and State Partners on Local Housing Needs and Simplify Programs and Compliance	**d.** Seek Additional Funding Opportunities as Resources Allow	**e.** Combine Resources for Maximum Impact
4. Community Engagement, Partnerships And Education				
a. Collaborate with Intergovernmental Partners	**b.** Establish an Office or Department to Streamline Housing Projects	**c.** Foster a Healthy Dialogue with Community Organizations	**d.** Conduct a Robust Outreach and Education Initiative	**e.** Measure Success and Clearly Communicate Milestones
5. Finance, Lending And County Tax Policy				
a. Identify Opportunities for Tax Incentives or Policy Updates	**b.** Analyze the County Assessment Process	**c.** Administer Supportive Programs That Prioritize Underserved Communities	**d.** Partner with Local Organizations to Provide Innovative Financing Mechanisms for New Development	**e.** Source New Revenue Streams for County Housing Priorities

NACo HOUSING TASK FORCE PROCESS

In November 2022, NACo President Denise Winfrey launched the Housing Task Force, a group of 33 elected and professional county housing experts. President Winfrey charged the task force with two goals: to elevate county-led solutions to address the housing affordability crisis confronting America's counties and identify intergovernmental opportunities for partnership on housing issues.

The task force work began in earnest in November 2022, with an in-person convening to explore the county's role in housing. Led by co-chairs Sherry Maupin and Kevin Boyce, Commissioners from Valley County, Idaho and Franklin County, Ohio, respectively, task force members engaged in discussion with experts from the Harvard Joint Center for Housing, the U.S. Department of Housing and Urban Development, and the Aspen Institute – the task force partner – on county authority, challenges and solutions to housing affordability.

Five core focus areas emerged from these conversations to form the County Housing Ecosystem.

1. The federal-county intergovernmental nexus
2. Local regulations, codes and fees
3. Finance, lending and county tax policy
4. Land use, zoning, infrastructure and community planning
5. Community engagement, partnerships and education

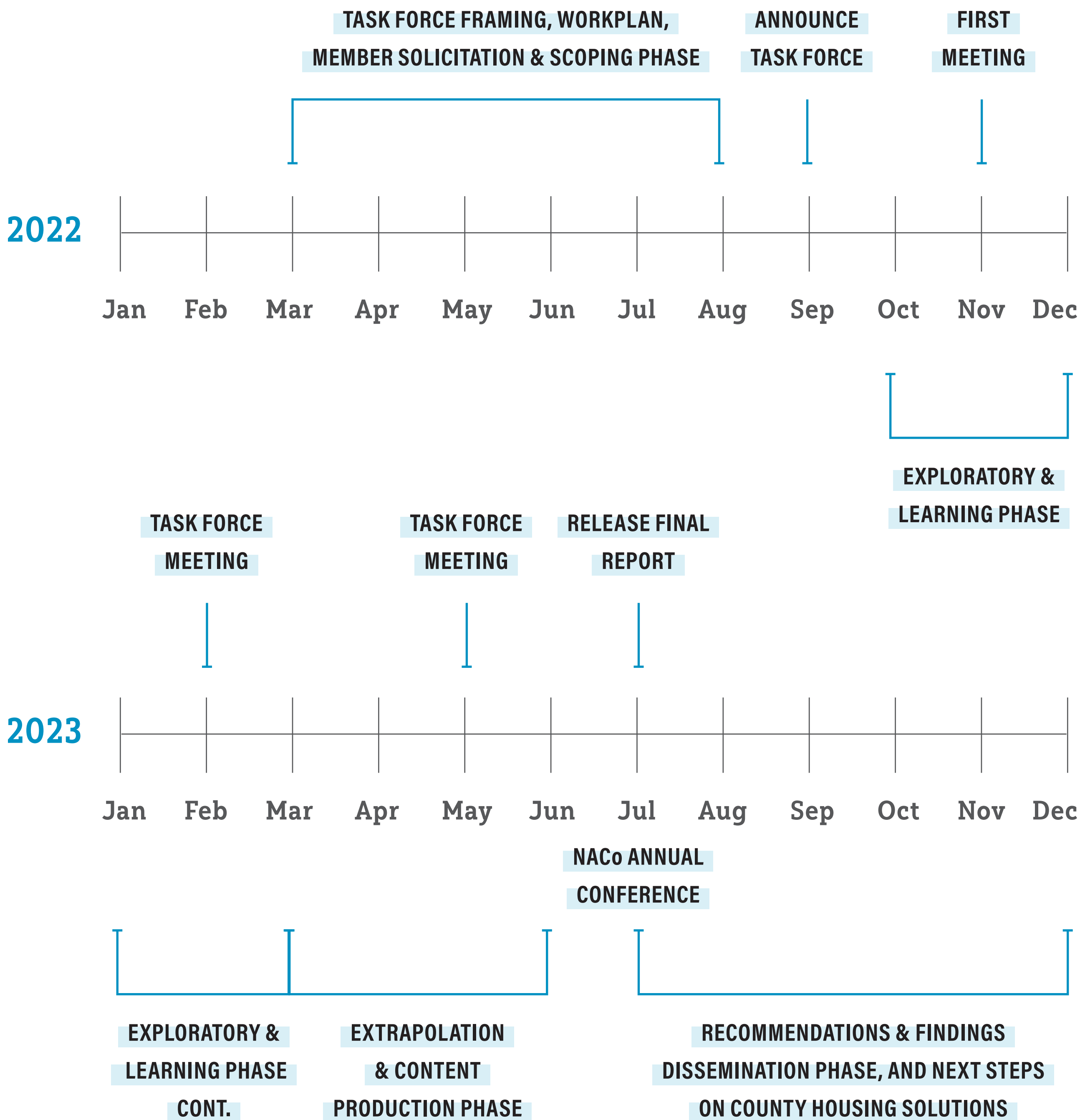
Meeting again in February 2023 during the NACo Legislative Conference in Washington, D.C., the task force explored these areas with in-depth conversations on homeownership, rental housing and technology solutions. The task force also participated in an open discussion with White House senior leadership on the federal-to-county nexus and areas for intergovernmental collaboration.

Over the following months, the task force met virtually with experts from around the country to discuss the financial, administrative and policy levers counties can employ to affect change. During the final in-person meeting in May 2023 in Dallas County, Texas, task force members explored some of these solutions in action.

From the task force work, a recommendation guide for local leaders seeking to advance housing affordability has been born. The framework is not a silver bullet solution, and housing affordability does not come to fruition overnight. However, the framework provides a guide – a point of origin – for leaders seeking change, wherever they may be starting the housing affordability journey. Though county authority on housing is complex and varied, the task force guide aims to be another tool in the county toolbox from which local leaders can draw ideas, inspiration, projects and solutions that can be tailored to fit the unique needs of each community.

Though the work of counties on advancing housing affordability is not done, the release of the recommendation framework marks a milestone in the county effort to build strong communities and ensure equitable access to safe, quality and reasonably priced housing for every resident in every county across the country.

NACo HOUSING TASK FORCE TIMELINE



“Our nation is facing a perfect storm of factors that contribute to the housing crisis. We are focused on addressing challenges and expanding opportunities for our residents to achieve the American dream of housing security.”

NACo Housing Task Force Co-Chair Kevin Boyce, Franklin County, Ohio, Commissioner

APPENDIX A: ACKNOWLEDGEMENTS

Recommendations in the Advancing Local Housing Affordability document were developed by members of NACo's task force on housing affordability; recommendations may not necessarily reflect individual task force members' views. NACo thanks the task force members – particularly co-chairs Commissioner Kevin Boyce of Franklin County and Commissioner Sherry Maupin of Valley County – for their tireless dedication to advocating for local solutions to housing affordability.

NACo's task force on housing affordability was generously funded in part by the Aspen Institute Financial Security Program (Aspen FSP). Any findings, recommendations or anecdotes reflected in the report do not necessarily reflect the views of Aspen FSP.

This report was compiled by Kevin Shrawder, NACo's Senior Analyst for Economics and Government Studies, with support from Jesse Priddy, NACo's Housing Policy Fellow. They would like to thank NACo colleagues including Mike Matthews, Legislative Director for Community, Economic and Workforce Development; Julia Cortina, Legislative Associate; Jonathan Harris, Associate Director, Research; Ricardo Aguilar, Associate Director, Data Analytics; and Stacy Nakintu, Sr. Analyst for Research and Data Analytics for their contributions to the task force work.

APPENDIX B: TASK FORCE MEMBERS

Launched in November 2022, the NACo Housing Task Force convened county government officials nationwide to illuminate the most critical housing challenges and opportunities from the county government perspective.

TASK FORCE MEMBERS REPRESENT COUNTIES ACROSS THE COUNTRY

Hon. Monique Baker McCormick
Commissioner
Wayne County, Mich.

Hon. Rod Beck
Commissioner
Ada County, Idaho

Hon. Mack Bernard
Commissioner
Palm Beach County, Fla.

Hon. Kevin Boyce*
Commissioner
Franklin County, Ohio

Hon. Matt Calabria
Commissioner
Wake County, N.C.

Hon. Reuben Collins
Commissioner President
Charles County, Md.

Brantley Day
Community Development Director
Cherokee County, Ga.

Hon. Richard Desmond
Supervisor
Sacramento County, Calif.

David Dunn
Executive Director, Housing Redevelopment Authority
Olmsted County, Minn.

Hon. Richard Elsner
Commissioner
Park County, Colo.

Hon. Bill Gravell
Judge
Williamson County, Texas

Hon. George Hartwick
Commissioner
Dauphin County, Pa.

Hon. Carlotta Harrell
Chair of the Board of Commissioners
Henry County, Ga.

Hon. Deb Hays
Commissioner
New Hanover County, N.C.

Terry Hickey
Director of Housing and Community Development
Baltimore County, Md.

Hon. Eileen Higgins
Commissioner
Miami-Dade County, Fla.

Hon. Ann Howard
Commissioner
Travis County, Texas

Hon. Alicia Hughes-Skandjis
Assembly Member
City and Borough of Juneau, Alaska

Mary Keating
Director of Community Services
DuPage County, Ill.

Hon. Marilyn Kirkpatrick
Commissioner
Clark County, Nev.

Graham Knaus
Executive Director
California State Association of Counties

Hon. Jennifer Kreitz
Supervisor
Mono County, Calif.

Hon. Sherry Maupin*
Commissioner
Valley County, Idaho

Hon. Barry Moehring
Judge
Benton County, Ark.

Hon. Ken Hughes
Supervisor
Essex County, N.Y.

Hon. Larry Nelson
Supervisor
Waukesha County, Wis.

April Norton
Housing Director
Teton County, Wyo.

Patrick Alesandrini
Chief Information Officer
Hillsborough County, Fla.

Hon. Renee Robinson-Flowers
Commissioner
Pinellas County, Fla.

Hon. Josh Schoemann
County Executive
Washington County, Wis.

Hon. Lisa Schuette
Supervisor
Carson City, Nev.

Hon. Bill Truex
Commissioner
Charlotte County, Fla.

Hon. Nora Vargas
Supervisor
San Diego County, Calif.

*** NACo Housing Task Force Co-Chair**

APPENDIX C: SUBJECT MATTER EXPERTS

Throughout the work of the task force, several experts from across state, federal, local, private and nonprofit partners provided knowledge and insights on local housing policy. The following is a non-exhaustive list of the housing experts that engaged with, advised or otherwise were involved in task force activities.

Intergovernmental Partners

The White House
Dan Hornung, Special Assistant to the President
https://www.whitehouse.gov/

U.S. Department of Housing and Urban Development
Sarah Brundage, Senior Advisor for Housing Supply and Infrastructure
https://www.hud.gov/

Federal Reserve Bank of Minneapolis
Alene Tchourmoff, Senior Vice President for Community Development and Engagement
https://www.minneapolisfed.org/

Dallas County
Jonathan Bazan, Assistant County Manager
Elizabeth Allen, Assistant Director of Planning & Dev.
https://www.dallascounty.org/

City of Dallas
Lawrence Agu, Chief Planner
https://dallascityhall.com/

Private Industry

Builders of Hope Community Development Corporation – Dallas
James Armstrong III, President & CEO
https://www.bohcdc.com/

Catholic Housing Initiative - Dallas
Shannon Ortleb, COO
https://www.chidallas.org/

International Business Machines (IBM)
Ken Wolsey, Partner for Health and Human Services
Dan Chenok, Executive Director, Center for The Business of Government
https://businessofgovernment.org/

National Association of Home Builders
Karl Eckhart, Vice President, Intergovernmental Affairs
https://www.nahb.org/

Key Banc Capital Markets
Sam Adams, Managing Director
https://www.key.com/businesses-institutions/industry-expertise/keybank-capital-markets.html

National Housing Policy Experts

American Enterprise Institute (AEI)
Howard Husock, Senior Fellow for Domestic Policy Studies
https://www.aei.org/

Aspen Institute
Tim Shaw, Policy Director
Katherine McKay, Associate Director
https://www.aspeninstitute.org/

Brookings Metro
Jenny Scheutz, Senior Fellow
https://www.brookings.edu/program/brookings-metro/

Harvard Joint Center for Housing
Dr. Chris Hebert, Managing Director
https://www.jchs.harvard.edu/

Niskanen Center
Alex Armlovich, Senior Housing Policy Analyst
Andrew Justus, Housing Policy Analyst
https://www.niskanencenter.org/

The Terner Center for Housing Innovation
Ben Metcalf, Managing Director
https://ternercenter.berkeley.edu/

The Urban Institute
Yonah Freemark, Research Associate Madeline Brown, Senior Policy Associate
https://www.urban.org/

APPENDIX D: GLOSSARY OF KEY HOUSING TERMS

Accessory Dwelling Units (ADUs): An independent residential living unit that shares the same parcel of land as a single-family home, such as an english basement, carriage-house apartment, in-law suite or similar structure.

Affordable Housing: Housing units that are income-restricted, typically based on parameters around the area median income of a jurisdiction or region, typically referred to as public housing units.

Annual Percentage Rate (APR): A measure that represents the total amount of expected interest charged on a loan, mortgage or other debt mechanism over the course of one year, including compound interest. It takes into account the interest rate and the frequency at which it is compounded.

Appraisal Gap Financing: Appraisal gap financing provides a grant or a loan to cover the gap between appraisal and market value. It is typically used for homes that need some amount of rehabilitation.

Area Median Income (AMI): The midpoint of a specific area's income distribution and is calculated yearly by the Department of Housing and Urban Development. This calculation is used to disburse many federal, state and local programs, including Housing Choice Vouchers, and analyze home-cost burdens and affordability.

Below-Market Financing: Loans that have lower annual percentage rate yields than those available in the private market. These loans lessen the debt needed to finance a particular housing development or rehabilitation project.

Building Codes: Building codes outline minimal standards for building features such as structural integrity, mechanical integrity (water supply, light, ventilation), fire prevention and control, and energy conservation. Building codes are generally determined at the state, national, and international levels.

Building Permits: An authorization that must be granted by a government or other regulatory body before construction or renovation can legally occur.

Capital Magnet Fund: A competitive grant program designed to attract private capital to the development, preservation, rehabilitation, or purchase of affordable housing for low-income families.

Community Development Block Grant (CDBG): An annual grant from the U.S. Department of Housing and Urban Development (HUD) to states, cities, and counties to develop decent and affordable housing and expand economic opportunities for low- and moderate-income persons.

Community Land Trust: Private or non-profit organizations that own land on behalf of a community, creating affordable housing units and maintaining their affordable status in the future. The community land trust owns the land and sells the housing unit to a buyer, along with a ground lease that specifies the terms under which the home may be sold to the next purchaser. Under community land trusts, purchasers own the building and lease the land from the community land trust.

Deed Restriction: Limits how an owner can use their property. In this case, it mainly refers to the deed restrictions that place a temporary – usually a few decades – limit on the subsequent sale price and eligibility of future buyers. This aims to preserve housing units' affordability into the future.

Density: Refers to the number of housing units per land unit in a given area. Low-density housing areas are typically composed of single-family homes, whereas high-density areas encompass various housing typologies, including but not limited to multi-story buildings featuring multiple units.

Density Bonus: A policy or tax incentive allowing developers to build more units than what would normally be allowed under the zoning code, in exchange for a commitment that developers include a certain number of below-market units in the development.

Department of Housing and Urban Development: The federal agency responsible for national policy and programs that address America's housing needs, improve and develop the Nation's communities, and enforce fair housing laws.

Down Payment: Capitol that the buyer pays upfront in a housing transaction. Down Payments typically range from as little as 3% of the purchase price to as much as 20% of the purchase price.

General Obligation Funds: Funds for affordable housing that are typically used for a large, one-time investment. These contrast with dedicated revenue sources, which provide smaller amount of funding over a longer period.

HOME Investment Partnerships Program: A grant from HUD to states and localities that communities use (often in partnership with local nonprofit groups) to fund affordable housing construction, acquisition, and/or rehabilitation. It is the largest federal block grant designed exclusively to create affordable housing for low-income households.

Housing Affordability: Access to reasonably priced, fair-quality housing; typically around 30 percent of an individual's total monthly income. Policymakers consider households that spend more than 30 percent of income on housing costs to be housing cost burdened.

Housing Authority: A governmental body that governs aspects of housing, often providing support services for low-income residents and administering federal housing programs such as the Fair Choice Housing Voucher program.

Housing Choice Voucher Program: HUD-administered program that helps low-income individuals and families fund affordable, safe housing in the private rental market. Participants receive a voucher that pays for a portion of their rent, helping to bridge the gap between the fair market rent and what the tenant can afford.

Impact Fees: A one-time fee levied by local governments designed to offset the additional cost a housing unit has on community infrastructure.

Inclusionary Housing: Policies that create dedicated affordable housing units by requiring, encouraging or incentivizing developers to include a specified share of below-market units as part of market-rate rental or homeowner developments.

Institutional Investors: Entities such as publicly traded corporations, LLCs, LLPs, and private equity funds or real estate investment trusts (REITs) that possess housing or land as an asset. In recent years, institutional investors have represented a growing share of the single-family housing market.

Land Value Taxation: A form of taxation based on the value of the land, rather than the housing unit. Under this system, a single-family lot would be taxed the same as a multi-family lot.

Linkage Fees: A form of impact fees that link the production of market-rate housing to affordability, charged on non-residential developments such as retail stores, industrial or manufacturing facilities, and other commercial projects.

Low-Income Housing Tax Credit (LIHTC): A tax incentive for developers to construct or rehabilitate affordable rental housing for low-income households. It has supported the construction or rehabilitation of around 110,000 affordable rental units each year.

Manufactured Homes: Homes that are pre-fabricated and transported to the desired location. These homes can be built much quicker than traditional houses, making them cheaper in comparison.

NIMBY: "Not in my backyard" is a phenomenon in which residents of a neighborhood are opposed to a new development such as affordable housing, believing that it will change their community for the worse.

Missing Middle: Range of housing typologies focusing on form and scale that fit between single-family detached homes and mid-to-high-rise apartment buildings. Some examples include townhomes, duplexes, and triplexes.

Real Estate Transfer Tax: A one-time tax or fee imposed by a state or local jurisdiction on the transfer (sale or purchase) of real estate property. The cost of this tax is based on the price of the property transferred to the new owner. Exact laws regarding these taxes vary by locality, in some areas the seller is responsible for payment while others may not even charge transfer taxes.

Rent Control: Laws limiting how much landlords can charge for rent to keep the property affordable.

Rent Stabilization: An evolution of rent control, rent stabilization regulates the rate at which rent levels can increase.

Setback Requirements: The required distance that a housing unit must be from the front, sides, and back of the property line.

Short-Term Rentals (STRs): A living space that is not intended for long-term occupancy, such as an Airbnb or Vrbo.

Split-Rate Taxation: Similar to land value taxation, this taxation system taxes both land and housing unit, but taxes land at a higher rate than the housing unit that is built on it.

Transit Oriented Development: Transit Oriented Development is a growing trend in creating vibrant, livable, sustainable communities. The trend aims to develop walkable, mixed-use communities around high quality public transit systems in hopes of eliminating car dependence and the various costs that arise from it.

Workforce Housing: Housing affordable to households earning between 60 and 120 percent of the area median income (AMI). This type of housing mainly targets middle-income workers such as police officers, teachers, healthcare workers, and similar professions.

YIMBY: "Yes in my backyard" is the opposite of NIMBY. The YIMBY movement is a pro-housing movement that supports increasing the supply of housing and the creation of zoning ordinances that would allow denser housing to be produced.

APPENDIX E: ENDNOTES

1. NACo Analysis of U.S. Census Bureau - American Community Survey (ACS) 5-year estimates, 2017-2021 (Tables B25091 and B25070).

2. U.S. Census Bureau and U.S. Department of Housing and Urban Development, Median Sales Price of Houses Sold for the United States [MSPUS]; 2023.

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4. Realtor.com, Housing Inventory: Active Listing Count in the United States [ACTLISCOUUS], retrieved from Federal Reserve Bank of St. Louis; 2023.

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6. Federal Reserve Bank of Philadelphia, Home Repairs Needs and Costs Estimates, 2023.

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8. RealtyNewsReport.com "Home Builders Face Delays in the Costly Supply Chain Strain" May 2, 2022.

9. U.S. Department of Housing and Urban Development, Accessibility in Housing 2019 American Housing Survey; 2022.

10. "Calculating the Cost of Weather and Climate Disasters" (National Oceanic and Atmospheric Administration, 2023).

11. Elijah De La Campa and Vincent J. Reina, "How has the Pandemic Affected Landlords?" (Joint Center for Housing Studies of Harvard University, 2021).

12. Michal Grinstein-Weiss, Brinda Gupta and others, "Housing Hardship Reach Unprecedented Heights During the COVID-19 Pandemic" (Brookings Institute, 2020).

13. Frank Morris, "The Pandemic has Sparked Rising House Prices Across the Rural U.S." (National Public Radio, 2021).

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NACo COUNTIES FUTURES LAB • MARCH 2019

Affordable Housing

Toolkit for Counties

NATIONAL ASSOCIATION of COUNTIES NACo®

Introduction

Counties of all sizes and in all regions of the country are struggling with housing affordability. In 2016, over one-third of all American households (34 percent) were burdened by housing costs, in that they spent more than 30 percent of their income on housing.[1] This challenge is most pronounced in large counties, where 34 percent of homeowners with mortgages and 53 percent of renters were burdened by housing costs in 2016.[2] That said, medium-sized and small counties are also struggling with housing cost burdens: half of renters in medium-sized counties, 46 percent of renters in small counties and 28 percent of homeowners with mortgages in both categories had housing costs that exceeded 30 percent of their household income.[3]

Although housing affordability affects counties of all sizes in every region of the U.S.,[4] each county is unique, facing its own set of obstacles and equipped with its own set of tools to navigate these obstacles. This toolkit, therefore, outlines the role of counties in addressing housing affordability, the extent of the problem and a variety of county-level solutions in four major categories: (1) inter-jurisdictional partnerships; (2) funding and financing solutions; (3) planning and zoning strategies; and (4) federal resources. Finally, the toolkit includes an appendix, which discusses common housing metrics, reviewing their characteristics and limitations. This toolkit summarizes and builds on research conducted by the NACo Counties Futures Lab throughout 2018.

Affordability Measures

Residents that spend more than **30%** of their household income on housing costs alone are cost-burdened.

Residents that spend more than **45%** of their household income on housing and transportation costs combined are cost-burdened.

The U.S. Department of Housing and Urban Development (HUD) categorizes households relative to the area median income (AMI) to determine whether they qualify for housing programs:

Extremely Low Income < 30% of AMI	**Very Low Income < 50% of AMI**	**Low Income < 80% of AMI**	**Moderate Income 80% to 120% of AMI**

Note: For more information on measuring housing affordability, see the Appendix on page 15.

The County Role in Housing Affordability

Constituents in communities nationwide are calling on county elected officials to reduce the burdens of housing costs that force residents to relocate to more affordable neighborhoods. Although housing affordability is a shared priority across the country, available options to promote affordability vary widely between counties due to differences in jurisdiction and authority under state constitutions and statutes.

Funding Sources

State law can sometimes proscribe entities that have budgeting authority within a county; therefore, the funding streams that are available and the process for approving funding varies for counties operating in different states.[5] Counties are controlled by state requirements regarding allowable property taxes, debt limits, bond issuance, special districts and more. For example, the State of Alabama enacted rules on timelines for county budgeting, budget creation and adoption procedures and a requirement that revenues cannot exceed expenditures.[6]

Zoning and Land Use

Counties deploy a broad range of zoning strategies to increase the housing stock as permitted under state laws.[7] Counties also have varying degrees in authority to acquire, hold and sell public land.[8] State laws outline planning, land use and zoning authority to provide direction to county governments on permissible types of regulations, such as mixed-use zoning, which is not allowed in every state.[9] In Pennsylvania, county governments enjoy broad authority over planning and zoning, for state law gives county officials authority over county and public lands.[10] In New York, however, county officials only have authority over county-owned properties.[11]

Partnerships and Interlocal Agreements

Since counties do not often have the resources they need to meet the growing demand for affordable housing, many have developed interlocal agreements with other counties, municipalities, developers and other organizations. State laws also provide guidelines for counties seeking to enter into these types of agreements.[12] For example, contracts made by Nebraska counties are under the Inter-local Cooperation Act, which stipulates that the county board may not enter into another contract if the cost of leased equipment or property exceeds one tenth of the county's total value of taxable property.[13]

County Operations

Housing affordability is increasingly impacting central county operations. Recruiting and retaining employees is more difficult for counties without affordable housing options, leading many workers to seek employment in more affordable areas.[14] Engaging the community on proposed developments and programs has become increasingly important as jurisdictions weigh competing priorities in resource allocation and land use decisions.[15] Finally, as the issue of housing affordability has come to the fore, access to data to help design and evaluate community-specific programs has become an imperative.

For more information on how counties are providing affordable housing for their own employees, visit www.NACo.org/AccessToHousing.

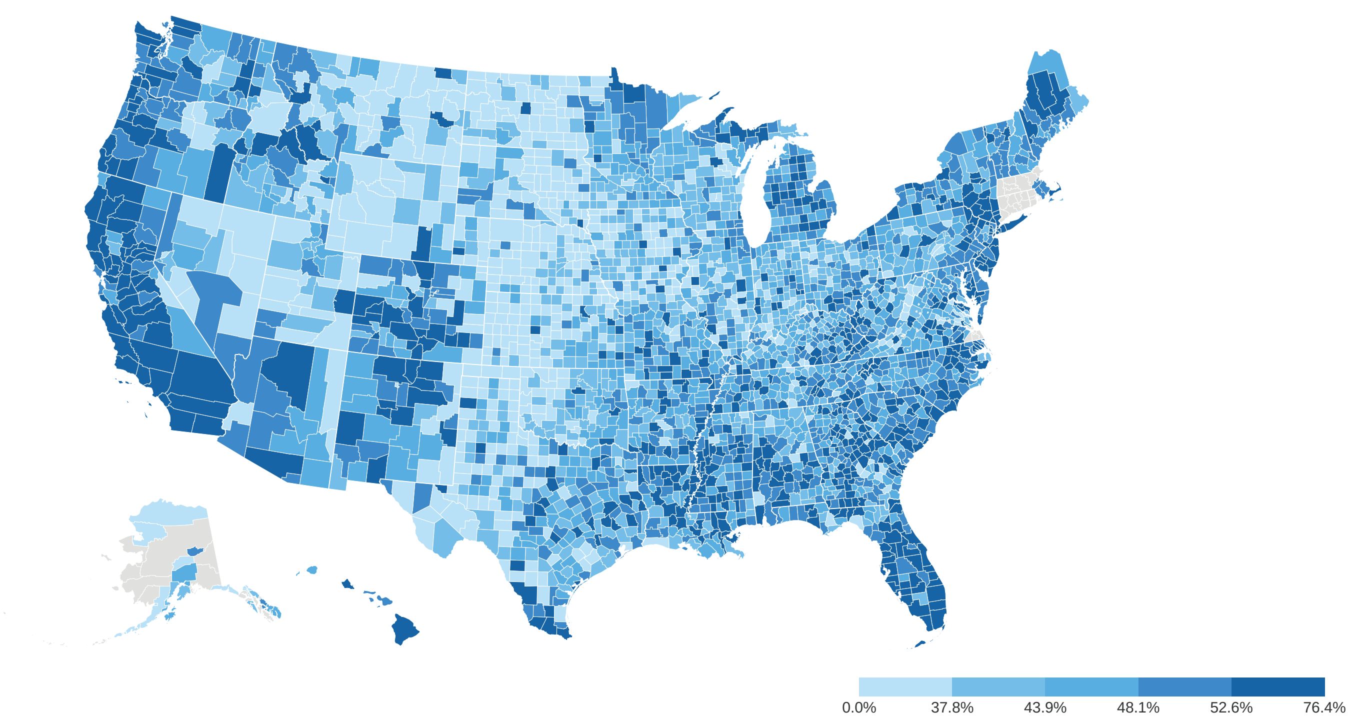
For more information on how counties can engage the community to promote housing affordability, visit www.NACo.org/HousingConnections.

Housing Affordability Across Counties

According to NACo's analysis of data from the American Community Survey, in 2016, the number of cost-burdened homeowners was lower than the number of cost-burdened renters in counties across the nation. In 2016, more than 17 million homeowners and more than 19 million renters were burdened by housing costs. This represents an increase of more than 2 million renter households and a decrease of more than 4 million owner households from 2010.[16]

From 2010 to 2016, the number of cost-burdened renters increased by 13 percent.

Map 1: **Distribution of Housing Cost Burdens for Renters Across Counties**



Source: NACo Analysis of U.S. Census Bureau - American Community Survey (ACS) 5 year estimates, 2012-2016 (Tables B25070).

Notes: Housing units where monthly owner costs cannot be computed have been excluded. This includes only counties with county governments. The dark grey areas in Conn., R.I., parts of Alaska, Mass. and Va. are counties or county-equivalents without county governments.

Key Findings

- There were more than 129 million housing units in counties across the nation in 2016. Eighty-eight (88) percent of these housing units were occupied (whether the units were mortgaged or rented). Homeowners made up 56 percent of households and renters made up 32 percent of households.[17]

- In 2016, more than half of renters—that is, 51 percent of renter households—in counties were cost-burdened. Between 2010 and 2016, the percentage of renters who were cost burdened increased by 13 percent.[18]

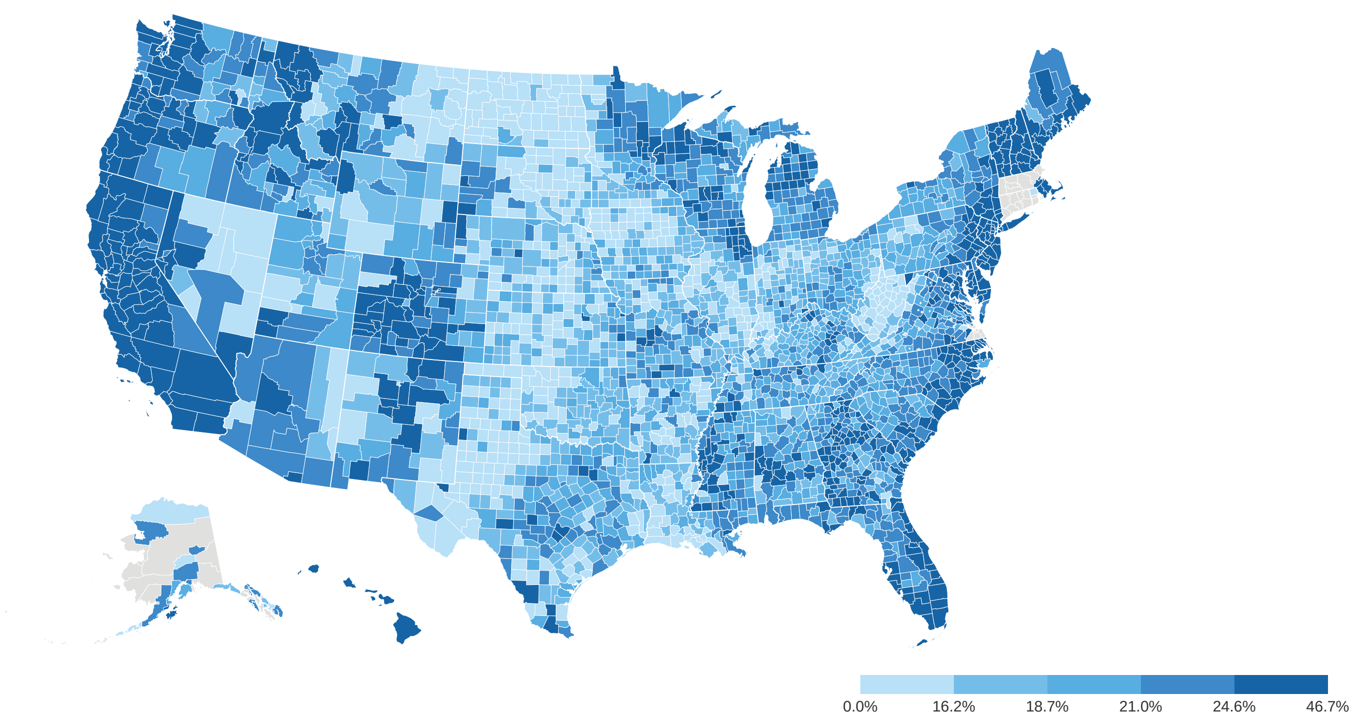
- In large counties, about 50 percent of renters were cost-burdened in 2016. That same year, in small counties and medium-sized counties, the share of cost-burdened renters were 45 percent and 46 percent respectively.[19]

- The highest number of cost-burdened homeowners was reported in the South (6.3 million households) followed by the West (4.5 million households). The highest share of cost-burdened renters was reported in the West (53 percent) followed by the Northeast (52 percent).[20]

- Nationally, 10 percent of owner households – i.e., more than 7.4 million homeowners – were severely cost-burdened in 2016, meaning that they were spending more than half of their incomes on housing.[21] The number of severely-burdened homeowners decreased by 18 percent between 2010 and 2016.[22]

- Across all regions, renters were more likely to spend at least half of their incomes on housing than homeowners, as the share of severely-burdened renters in all regions was over 20 percent.[23]

Map 2: **Distribution of Housing Cost Burdens for Homeowners Across Counties**



Source: NACo Analysis of U.S. Census Bureau - American Community Survey (ACS) 5 year estimates, 2012-2016 (Tables B25091).

Notes: Housing units where monthly owner costs cannot be computed have been excluded. This includes only counties with county governments. The dark grey areas in Conn., R.I., parts of Alaska, Mass. and Va. are counties or county-equivalents without county governments.

NACo County Explorer Housing Affordability Profiles

NACo's County Explorer Housing Affordability Profiles are a compilation of selected indicators covering housing affordability challenges, housing cost burden trends, median household income, demographics and more for the 3,069 counties with county governments. Check out NACo's County Explorer tool to find out more and compare your county across several indicators with other counties, your state, similarly sized counties or the median for the 3,069 counties.

For more information on how challenges with housing affordability are spreading across the nation, see NACo County Explorer's Affordable Housing Profiles at www.NACo.org/CountyExplorer.

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HOUSING AFFORDABILITY NATIONWIDE

POPULATION	TOTAL HOUSING UNITS	PERCENT OCCUPIED HOUSING UNITS	MEDIAN HOUSEHOLD INCOME
325.7 Mil	134 Mil	87.8%	$55.3k

HOMEOWNERS

Owner-Occupied Housing Units
74.8 Mil

Percent **Moderately-Burdened** Owners		15%
Percent **Severely-Burdened** Owners	+	10%
Total Percent **Cost-Burdened** Owners	=	**25%**

RENTERS

Renter-Occupied Housing Units
42.8 Mil

Percent **Moderately-Burdened** Renters		25.1%
Percent **Severely-Burdened** Renters	+	26.0%
Total Percent **Cost-Burdened** Renters	=	**51.1%**

*Definitions: A household is **cost-burdened** if 30 percent or more (**moderately-burdened** if between 30 and 50 percent and **severely-burdened** if over 50 percent) of household income is spent on housing costs (i.e., gross rent, mortgage or other monthly owner costs).*

Source: NACo analysis of U.S. Census Bureau - American Community Survey (ACS) 5-year estimates.

*Notes: The American Community Survey (ACS) is an ongoing national survey of more than 3.5 million households annually. Thus, the estimates produced by ACS are not exact because they are based on a sample and have a degree of uncertainty (sampling error). Profiles have been created only for counties with reliable estimates. For more on definitions, sources and reliability, please see **link**.*

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Solutions

Section I: Inter-Jurisdictional Partnerships

Inter-jurisdictional affordable housing programs are managed jointly between counties, cities and other governments. These programs, governed by inter-local or regional agreements, allow multiple organizations to more effectively tackle issues that expand beyond jurisdictional boundaries and authority.[24] Since affordable housing is often a regional issue, inter-jurisdictional programs can have a more focused and strategic approach to by enhancing coordination, sharing information and generating additional funding resources. Over the past decade, more county governments have begun recognizing these benefits and working with other jurisdictions to create affordable housing.

Developing Inter-Jurisdictional Agreements

To maximize the potential of an inter-jurisdictional agreement, county leaders can conduct research to identify partnerships, funding sources and governance structures for new programs.

- **COUNTY EXAMPLE:** Snohomish County (Wash.) conducted a feasibility study of inter-jurisdictional affordable housing programs in 2009.[25] The study outlined the proper conditions for creating an inter-jurisdictional program, including a critical mass of jurisdictions that agree to the partnership, sufficient funding, identification of a host agency to administer the program and an agreement on how the program would be governed. In 2013, an inter-local agreement established the county's Alliance for Housing Affordability with the support of the county, 12 cities and the Housing Authority of Snohomish County.[26]

Partnering at Different Levels of Governance

Since the challenges of housing affordability are by no means confined to a particular municipality or county, county leaders can form partnerships and leverage the authorities of different levels of government to increase housing affordability.

- **COUNTY EXAMPLE:** King County (Wash.) is a part of multiple alliances to create more affordable housing options for residents.[27] The Puget Sound Regional Council is a regional planning body with representatives from over 75 jurisdictions. The regional plan developed by the Council is used by another organization established by inter-local agreement between 39 governments, the Growth Management Planning Council, to develop county-wide planning policies. In 2017, the county spearheaded the creation of the Regional Affordable Housing Task Force, led by six county and six city officials.

Investing in Partnerships

The potential of inter-local initiatives to promote affordability has led public and private entities to invest in inter-jurisdictional housing programs. Between 2011 and 2015, HUD awarded 143 regional planning and community challenge grants through the Sustainable Communities Initiative – a $250 million investment that promoted regional inter-jurisdictional approaches to addressing affordability challenges.[28]

- **COUNTY EXAMPLES:** Apache County (Ariz.), City and County of Denver Community Planning and Development (Co.), Washtenaw County (Mich.), Bernalillo County (N.M.), Washington County (Ore.), Fremont County (Idaho), Erie County (Pa.), Shelby County (Tenn.), Salt Lake County (Utah) and Chittenden County Regional Planning Commission (Vt.) all received funding to build inter-jurisdictional affordable housing programs from HUD's Sustainable Communities Initiative.

Public-Private Partnerships

Despite the combined resources of the federal government and localities that participate in inter-jurisdictional housing programs, there still remain extensive gaps in funding. Partnerships that leverage private market investments have the potential to help close this gap.[29]

- **COUNTY EXAMPLE:** The Preservation Compact, a Rental Housing Strategy for Cook County (Ill.), leverages public and private market financing to increase the stock of affordable homes under a supportive regulatory environment created by a Regional Housing Initiative.[30]

Ryman Lofts is Nashville-Davidson County's first affordable housing development with a preference for people pursuing a career in the arts.

Section II: Funding and Financing

Decreasing federal and state funding to counties for housing and community development have impelled many counties to look for innovative local funding solutions. Depending on state statute, counties have a variety of local funding sources they can use to leverage resources for affordable housing.

Housing Trust Funds

There are currently over 135 county housing trust funds across 16 states, which collected over $100 million in FY2015 and, on average, returned $8.50 for every dollar invested in them.[31] The primary revenue source for the majority of county housing trust funds was a document recording fee, but many also received funding from sales taxes, developer impact fees, real estate transfer taxes, restaurant taxes, property taxes and their county's general fund.[32]

- **COUNTY EXAMPLE:** Nashville-Davidson County's (Tenn.) Barnes Housing Trust Fund
  - » **FUNDING SOURCE:** Fees on short-term rentals; proceeds from any major sale of county property; county general fund; some federal funding, grants and donations.

Service Sharing

Housing affordability is a regional problem; thus, some counties are working on regional funding solutions to reduce the burden of housing costs for residents.

- **COUNTY EXAMPLE:** Texas Housing Foundation (Bastrop, Blanco, Burnet, Hays, Llano and Williamson counties)
  - » **FUNDING SOURCE:** Public-private partnerships; management of various properties; percentage of developer fees; LIHTC, HOME and private activity bonds for specific projects.

Other Taxes and Fees

Some counties are using their own local authority over taxes and fees to secure funding toward affordable housing.

- **COMMERCIAL LINKAGE FEES:** Imposed on commercial construction based on the need for additional workforce housing that the construction will generate.
- **DEVELOPER IMPACT FEES:** Based on the assessed impact of new developments on the demand for housing.
- **DEMOLITION FEES:** Charged to those demolishing affordable housing units.
- **FEES ON SHORT-TERM RENTALS / HOTEL-MOTEL TAXES:** For counties with large tourism industries, so visitors to the county help pay for tourists' impact on housing costs for residents.
- **ADDITIONAL SALES AND PROPERTY TAXES**
  - **COUNTY EXAMPLE:** Hennepin County (Minn.) Housing and Redevelopment Authority
    - » **FUNDING SOURCE:** Property tax levy

Community Land Trust (CLT)

The community owns land through a nonprofit, community development corporation, and residents lease the land from the CLT in exchange for lower costs for homes. Homeowners receive a portion of the increased value of the land when they sell their home.

- **COUNTY EXAMPLE:** Nashville-Davidson County, Tenn.
  - » **FUNDING SOURCE:** Donated county-owned land; Barnes Housing Trust Fund

For more information on funding solutions for affordable housing, visit www.NACo.org/BuildingHomes.

Section III: Planning and Zoning

Counties have a wide range of authority over planning, zoning and permitting, depending on state law. Not all county governments are permitted to allocate funding to build affordable units or to provide monetary incentives to developers, but many can use their authority over planning, zoning and permitting to incentivize affordable housing development without contributing much funding of their own.

Planning for Affordable Housing

Counties typically create comprehensive plans to help guide responses to future population increases and economic development, while preserving their natural and cultural resources. Counties can include a housing element in these plans to evaluate their current housing stock – including its affordability – and predict future housing needs.

- **COUNTY EXAMPLE:** King County (Wash.)
  - **REGIONAL PLANNING:** Puget Sound Regional Council's "Vision 2040"
  - **COUNTY PLANNING:** King County Growth Management Council's "Countywide Planning Policies"; Regional Affordable Housing Task Force
  - **UNINCORPORATED AREA PLANNING:** King County Comprehensive Plan
  - **SUB-COUNTY PLANNING:** A Regional Coalition for Housing (ARCH) for municipalities in the eastern portion of King County
- **COUNTY EXAMPLE:** Grand County's (Utah) Affordable Housing Plan removed barriers to housing development and began to allow higher-density housing

Housing Needs Analysis

Counties can evaluate future housing needs alongside the state of their current housing stock, then plan the type of housing residents will need. County leaders can analyze the location, type and cost of future homes and explore possible incentives to encourage developers to meet this future demand.

- **COUNTY EXAMPLE:** Greeley County's (Neb.) "County-Wide Housing Study with Strategies for Affordable Housing – 2025"
- **COUNTY EXAMPLE:** Buncombe County (N.C.) Comprehensive Plan investigated regional housing and construction trends.

Affordable Housing Impact Statements

Counties can require affordable housing impact statements in their comprehensive plans, as well as for new developments, policies and programs. These statements can be similar to environmental or economic impact statements.[33]

- **COUNTY EXAMPLE:** Orleans Parish (La.) requires affordable housing impact statements from developers that help provide additional data that is used to better promote affordability in communities across the Parish.

Public hearing organized by the New Orleans Planning Commission.

Community Engagement and Planning

Counties that have robust community engagement infrastructure can better develop plans that will address the needs of residents who are burdened by housing costs.

- **COUNTY EXAMPLE:** Development in Nassau County (N.Y.) is governed by plans that were developed through extensive community engagement efforts that are led by civic associations and smaller townships where residents are empowered to help the county and other governments make better decisions.

Land Use Regulations for Affordable Housing

Counties can modify their comprehensive plans and land use regulations to make it easier to build and to buy cheaper houses, thus expanding housing affordability for residents.

- **COUNTY EXAMPLE:** Greeley County (Neb.) adjusted subdivision regulations in rural areas to allow one three-acre subdivision every quarter section.
- **COUNTY EXAMPLE:** Buncombe County (N.C.) reduced the lot size needed to build home and reduced setback requirements.

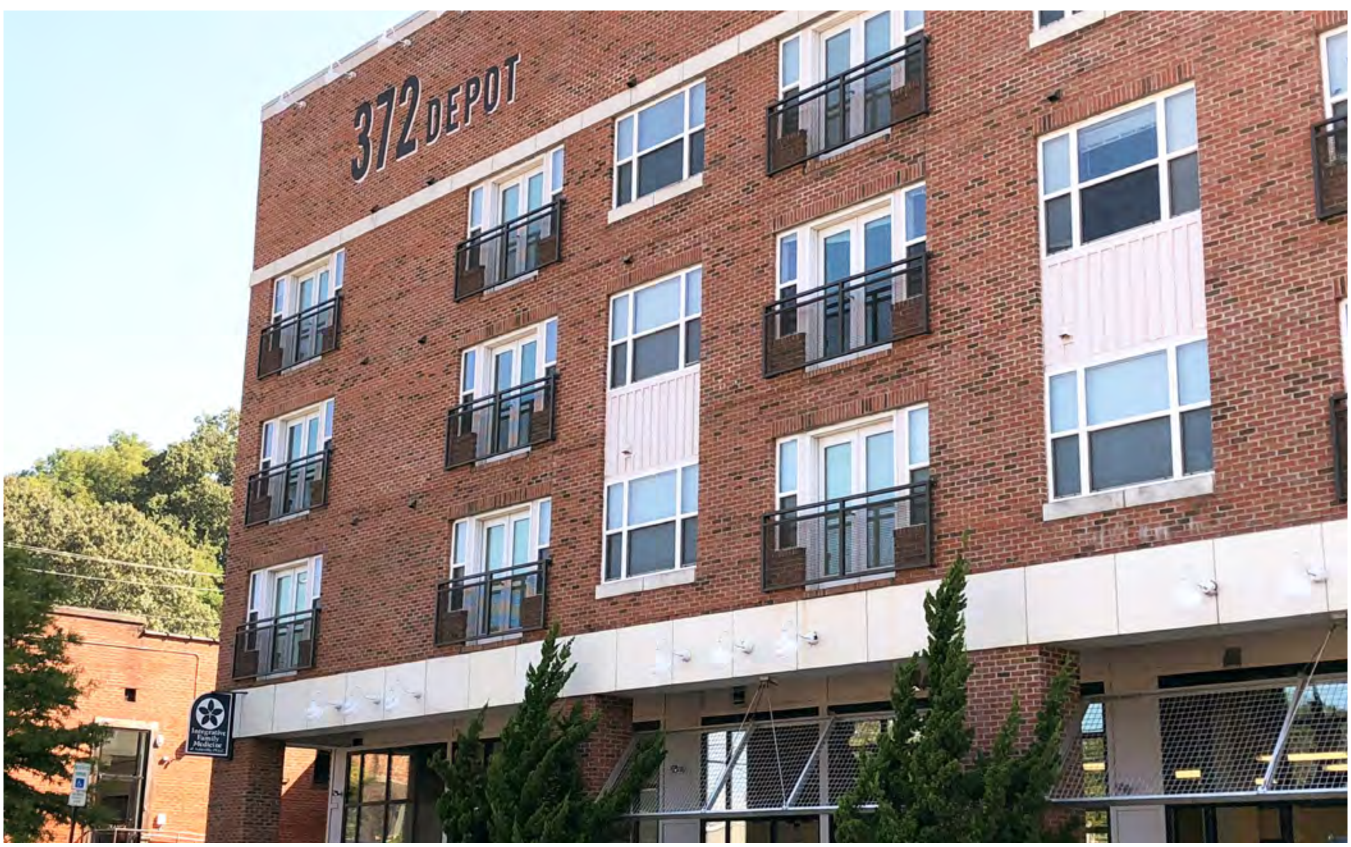
Accessory Dwelling Units (ADUs)

Counties can reduce requirements for building accessory dwelling units (ADUs). ADUs can often be a less-expensive housing option for residents who cannot afford a single-family home, as well as an easy way for a county to expand its housing stock.

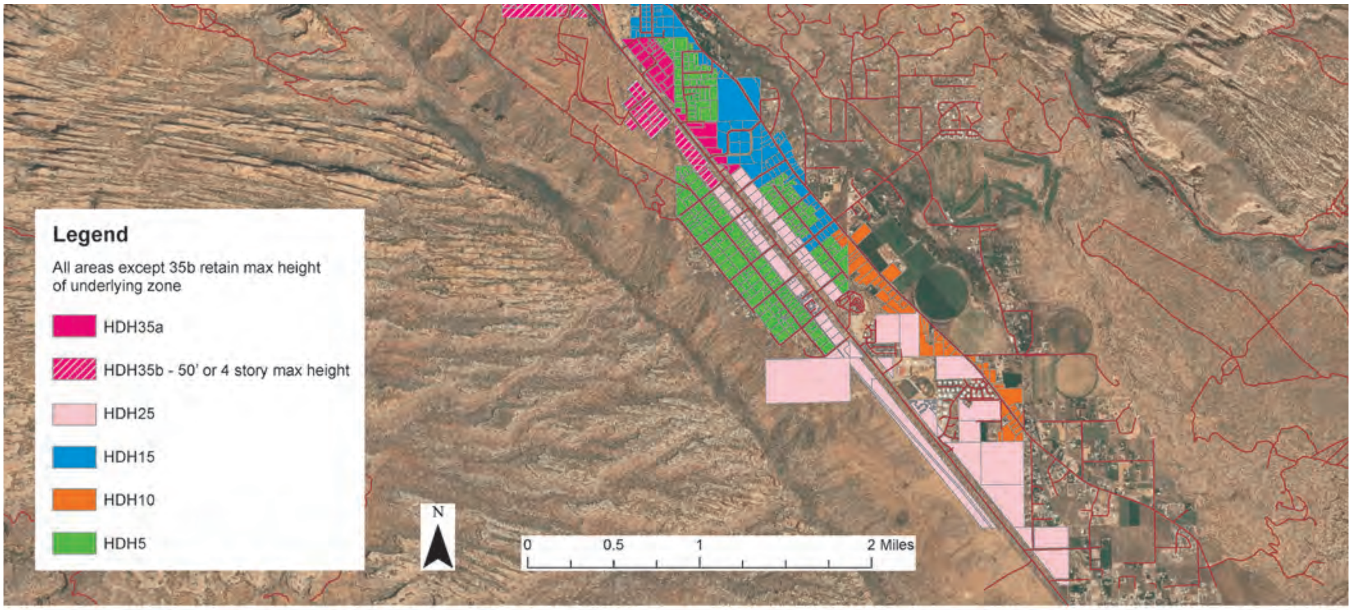
- **COUNTY EXAMPLE:** Grand County (Utah) adjusted its ADU regulations to allow ADUs to be built on smaller lots and removed a requirement that the owner must live in one of the units – allowing both units to be rented.

Incentives for Developers

Some counties enact inclusionary zoning laws that require developers to build affordable units in certain areas, while other counties provide density bonuses to allow developers to build additional units in exchange for making a portion of these units affordable.



Affordable housing units in Buncombe County, N.C., built with the help of county funding.



Grand County, Utah, zoning map of proposed high density housing (HDH) overlay districts for employed, full-time county residents. The legend refers to maximum densities per acre (e.g., HDH25 refers to a maxmium of 25 units per acre).

- **COUNTY EXAMPLE:** Buncombe County's (N.C.) Community Oriented Development (COD) program offers density bonuses for affordable housing, alongside other community benefits, such as using alternate energy sources or preserving open spaces.

Zoning Strategies for Affordable Housing

Counties can encourage the development of less expensive housing options by designating areas for medium-density zoning, where developers can build units in between the densities of single-family homes and apartment complexes, such as townhouses and duplexes. This not only introduces more affordable housing options, but also increases the overall housing stock, thereby decreases housing prices. Counties can also use form-based code to regulate the outside structure of a home, rather than its internal use. Finally, they can use overlay zones to designate specific areas for affordable housing or higher-density housing.

- **COUNTY EXAMPLE:** Grand County (Utah) implemented "high density housing" overlay districts so that developers can build medium- and high-density housing in areas of the county that have traditionally lacked affordable housing options.

County Building and Land Use

Counties sometimes have the authority to use county-owned land or existing buildings to expand the stock of affordable housing.

- **COUNTY EXAMPLE:** King County (Wash.)'s regional transit authority makes surplus, locally-owned public land from the region's light rail system expansion available for affordable housing development. The county also has a program to help provide financing for developers wishing to convert existing buildings into affordable homes.

Permitting and Review Procedures

Some counties offer an expedited review and permitting process for developments that include affordable housing, while others reduce or waive fees for developers building affordable units.

- **COUNTY EXAMPLE**: Buncombe County (N.C.) provides rebates of up to 50 percent of building permit fees for developers constructing affordable units
- **COUNTY EXAMPLE**: Grand County (Utah) streamlined its review process to the bare minimum required under state law

For more information on county planning, zoning and land use strategies for addressing housing affordability, visit www.NACo.org/PlanningAhead.

Section IV: Advocacy Resources

The National Association of Counties (NACo) advocates for policies at the federal, state and local levels that strengthen county governments. NACo members vet and adopt legislative policy compiled in a document known as "the American County Platform." Policy Steering Committees, comprised of NACo members, develop and propose policies and resolutions for consideration to be added to the platform. Each year, NACo members vote on and approve each policy steering committee's recommendations that are added to the platform. The Community, Economic and Workforce Development Policy Steering Committee has jurisdiction on housing issues and is responsible for proposing ideas to NACo members that will promote affordability.[34]

The 2018-2019 platform reflects many housing-related items that are important to NACo members.[35] Members support flexibility in administration and increased funding for the Community Development Block Grant (CDBG) Program that will allow federal, state and local priorities to be met. The platform emphasizes the need for affordable, workforce and entry-level housing, as well as more federal funding to support county efforts to comply with increased administrative requirements, such as the updated Affirmatively Furthering Fair Housing rule. Recommendations outline the roles state and county governments can adopt to better finance affordable housing programs. The platform also urges the federal government to allow stable long-term coordination and funding between federal, state and local governments to better promote affordability. In response to these priorities, NACo developed several resources on federal affordable housing programs.

NACo Resources

- Affordable Housing Federal Programs and Legislation: www.NACo.org/articles/affordable-housing-federal-programs-and-legislation
- Policy Brief: Support Local Development and Infrastructure Projects: The Community Development Block Grant (CDBG) Program: www.NACo.org/resources/support-local-development-and-infrastructure-projects-community-development-block-grant-1
- CDBG for Counties: www.NACo.org/resources/cdbg-counties
- Policy Brief: Restore Funding for HUD's Home Investment Partnerships (HOME) Program: www.NACo.org/resources/restore-funding-huds-home-investment-partnerships-home-program-3

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Conclusion

Housing affordability is a challenge that counties across the country are facing now and will continue to face in the future. Since each county is unique, there is no "one-size-fits-all" solution to housing affordability that every county can implement. Rather, county leaders will continue to work with local communities to develop solutions that best fit their situation. County governments should take advantage of the numerous tools available to them by utilizing a combination of inter-jurisdictional partnerships, community engagement, local funding solutions, planning and zoning strategies and federal grants to increase housing affordability.

NACo will continue to evaluate various strategies and solutions to address housing affordability for counties of all sizes. Housing is recognized as a key determinant in achieving positive health outcomes. High housing cost burdens, alongside poor quality of existing stock, exacerbate existing inequalities and disparities, especially in terms of individual health and wealth. By increasing housing affordability for residents, counties are also decreasing health risks and driving wealth creation for residents, especially for those who are most vulnerable.

Additional Resources

- *NACo County Explorer Affordable Housing Profiles*
  www.NACo.org/CountyExplorer

- *Building Homes: County Funding for Affordable Housing*
  www.NACo.org/BuildingHomes

- *Access to Housing: Supporting County Workers Through Affordable Homes*
  www.NACo.org/AccessToHousing

- *Planning Ahead: Planning, Land Use and Zoning Strategies for Affordable Housing*
  www.NACo.org/PlanningAhead

- *Housing Connections: Promoting Affordability Through Community Engagement*
  www.NACo.org/HousingConnections

- *County News Hot Topics: Opening the Door to Affordable Housing*
  www.NACo.org/featured-resources/county-news-hot-topics-opening-door-affordable-housing

Attendees of NACo's 2018 Affordable Housing Forum discuss potential solutions to help alleviate housing cost burdens for residents

Appendix: **Measuring Housing Affordability**

Affordability Metrics

The standard method for measuring housing affordability is the housing cost-to-income ratio approach, also known as the "30 percent of income rule." This approach assesses housing costs as a percentage of household income, designating households that spend more than 30 percent of their income on housing costs alone as cost burdened. The underlying notion of this approach is that a household's income must cover all necessities, and that cost-burdened households must make tradeoffs between housing and other necessities. As a result of spending more on housing, these households may not have enough left to meet their other needs.

Although the housing cost-to-income ratio approach has been widely adopted in academic and public policy circles, some researchers have criticized the use and validity of this traditional measure in the current housing market, namely because of variations in non-housing costs across different income levels. According to the Harvard University Joint Center for Housing Studies, the costs of necessities generally do not rise with income, so high-income households can devote a larger share of their income to housing and still meet their other needs than can low-income households.[36] For example, a household that earns $650,000 annually may be able to spend 50 percent of their income or more on housing and still have enough for other necessities, while a household that earns $30,000 annually may not have that same luxury.

Another criticism of the housing cost-to-income ratio approach is that it does not does not take into account that different households earning similar annual incomes may have different needs. For example, households with children spend more on clothing, food, and medical bills in comparison to households with single adults.[37] Thus, a household with children that spends more than 30 percent of its income on housing might be cost burdened, whereas a single adult who earns the same salary and spends the same percentage of income on housing might not be. Furthermore, the housing cost-to-income ratio approach does not consider cost-of-living differences between areas and regions of the country. For instance, a family in Los Angeles County (Calif.) that earns $30,000 annually and spends 40 percent of its income on rent may not have enough left to cover all other basic needs such as food, health care and transportation, while that income level may be sufficient for a family in a county with a lower cost of living.

Because of the limitations of the standard housing affordability metric, some researchers have proposed alternative methods for measuring affordability, such as:

1.) Measuring the maximum income that a household needs to meet non-housing necessities after paying for housing (known as "the residual income approach")

2.) Computing the share of housing that is affordable to certain groups of households by analyzing funds available for down payments, initial monthly housing-related payments and future projections of household income and costs

3.) Taking various household incomes and preferences, such as neighborhood quality, into account alongside the traditional measure

4.) Including other expenditures that take up a large share of household income—such as transportation—alongside the standard approach for measuring the affordability.

Other current affordability metrics:

- The National Association of Realtors (NAR) affordability index measures whether a median-income family could qualify for a mortgage loan on a typical home. The components of this measure include median prices for existing single-family home sales and the principal and interest related to mortgage.

- The National Association of Home Builders' (NAHB) Housing Opportunity Index looks at income and housing costs to measure the share of homes sold in an area that would have been affordable to a family earning the area median income. This measure includes property taxes and insurance costs in addition to the principal and interest payment.

- The Center for Neighborhood Technology (CNT) Housing + Transportation Index (H+T) measures housing affordability for regional typical households by considering transportation costs associated with local neighborhoods.[38] CNT developed a new benchmark of 45 percent of income which combines the 30 percent standard and a 15 percent transportation affordability threshold. CNT posited this new standard because transportation costs are the second largest expenditure for households.

- The HUD Location Affordability Index (LAI) combines housing and transportation costs to measure affordability for various income groups.

Availability of County-Level Housing Affordability Data

Researchers can obtain data on housing affordability from various sources. The HUD Office of Policy Development and Research lists numerous datasets that can facilitate housing affordability research. HUD provides a Housing Affordability Data System (HADS) of housing-unit level datasets which measure the affordability of housing units and the housing cost burdens of households relative to AMIs, poverty levels and Fair Market Rents. HADS contains data from the American Housing Survey (AHS) – a survey conducted by the U.S. Census Bureau every two years which contains a wide range of housing information, such as housing inventory, vacancies, physical condition of housing units, characteristics of occupants, neighborhood quality and other variables that impact affordability.

Among other sources, the number and share of cost-burdened households can also be computed using data from the U.S. Census Bureau's American Community Survey (ACS) or the University of Michigan's Panel Study of Income Dynamics—a nationally representative study of the source of U.S. families' income. ACS contains detailed data about housing and other socioeconomic information for a variety of geographical areas, ranging from nationwide to census block groups. ACS samples nearly three million households annually and provides one-year estimates for geographies with a population of 65,000 or more, three-year estimates for geographies with a population of 20,000 or more and five-year estimates for all geographies.

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About NACo

The National Association of Counties (NACo) unites America's 3,069 county governments. Founded in 1935, NACo brings county officials together to advocate with a collective voice on national policy, exchange ideas and build new leadership skills, pursue transformational county solutions, enrich the public's understanding of county government and exercise exemplary leadership in public service.

Counties have vast responsibilities when it comes to delivering our infrastructure. This report showcases how housing is a critical portion of the infrastructure portfolio. To learn more, visit **www.NACo.org/CountiesBuild**.

For more information:

www.NACo.org/AffordableHousingToolkit

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Endnotes

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