

# Affordable Housing Context and Q & A

Dare County Affordable Housing Task Force

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## Brief Agenda

- Key terms and assumptions
- Who may be aided?
- Overview of strategic approaches and tools
- Q & A

## What is affordable housing?



## Affordable housing is either...

### Restricted by income

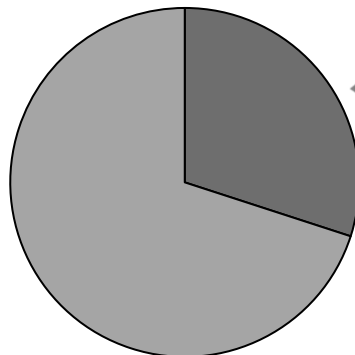
- Funding source or contract imposes restrictions:
  - Income eligibility
  - Affordability
  - Transfer controls
- Owned and managed by:
  - Government (public housing)
  - Private owner (HOME, LIHTC)

### NOT restricted by income

- Known as “naturally occurring affordable housing” (NOAH)
- No contract for price/rent control so could lose affordability
- “Naturally” affordable due to
  - Quality
  - Location
- *Does government have regulatory tools for this type?*

## Affordable means not “cost burdened”

- **Cost burdened:** Spend over 30% gross income on housing
- **Severe:** *More than 50%*



### Housing costs in federal data:

- Renters: rent plus utilities
- Owners: mortgage, utilities, HOA, insurance, and tax.

*State law imposes **no** affordability requirement except “within financial reach”*

## Household size nuance for Area Median Income (AMI) New teacher making \$40,000 annually

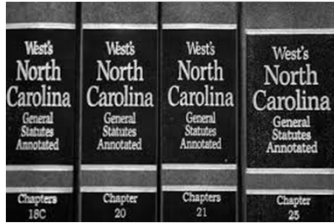
	1 Person Household	2 Person Household	3 Person Household	4 Person Household
Moderate Income <b>(80% AMI)</b>	51,450	58,750	66,150	73,450
Low Income <b>(60% AMI)</b>	38,580	44,040	49,620	55,080
Very Low Income <b>(50% AMI)</b>	32,150	36,700	41,350	45,900
Extremely Low-Income <b>(30% AMI)</b>	19,300	22,050	24,800	27,550

## NC Constitution: Who may be aided?

- No donations to developers
  - Regardless of for-profit or not-for-profit
- Housing for “low income” or “poor”
- Serves a public purpose:
  - “only when the planning, construction, and financing of decent residential housing is not otherwise available”
  - because “private enterprise is unable to meet the need”
- Moderate income “with same purpose in mind” as aiding low income (moderate income is add-on)



# NC Statutes

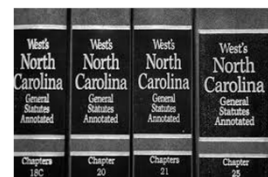
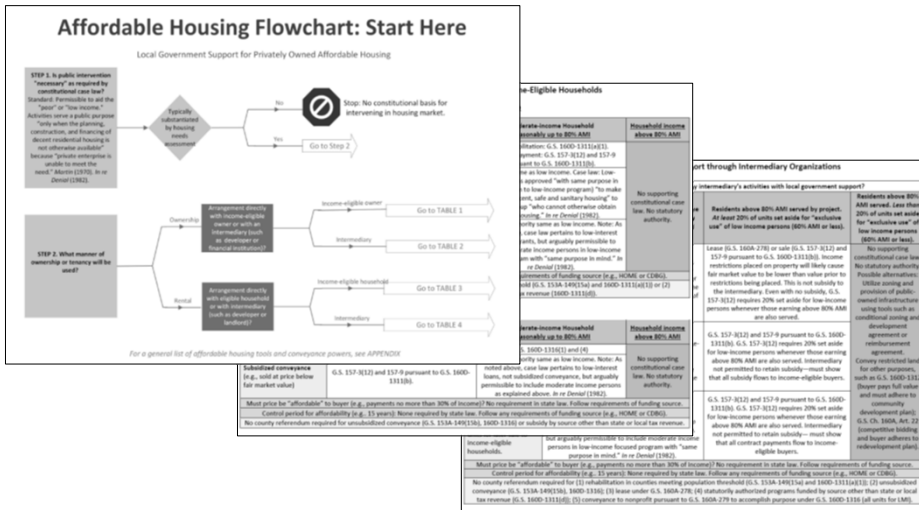


<b>NC Low Income</b>	<b>60% AMI</b>
<b>NC Mod Income</b>	<b>80% AMI</b>

<u>Income Eligibility for Units</u>	<u>Legal Authority</u>	<u>County referendum?</u>
<b>NO UNITS RESERVED FOR 80% AMI OR BELOW</b>	<b>NONE</b>	<b>N/A</b>
<b>ALL UNITS RESERVED FOR 80% AMI OR BELOW, NO LOCAL GOVT SUBSIDY</b>	160D-1316, 160A-278	No
<b>SOME UNITS ABOVE 80% AMI, FEWER THAN 20% UNITS RESERVED FOR 60% AMI OR BELOW</b>	<b>NONE</b>	<b>N/A</b>
<b>SOME UNITS ABOVE 80% AMI, AT LEAST 20% UNITS RESERVED FOR 60% AMI OR BELOW</b>	Ch. 157	Probably yes if expend state or local funds (see flowchart)
<b>SUBSIDY FOR DEVELOPMENT</b> ALL SUBSIDY MUST FLOW TO UNITS RESERVED FOR <b>80%</b> AMI OR BELOW		



# More on NC legal authority



<b>NC Low Income</b>	<b>60% AMI</b>
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**Blog post at [ced.sog.unc.edu](http://ced.sog.unc.edu)**



# Affordable Housing Approaches



Preservation



Production

# Affordable Housing Approaches

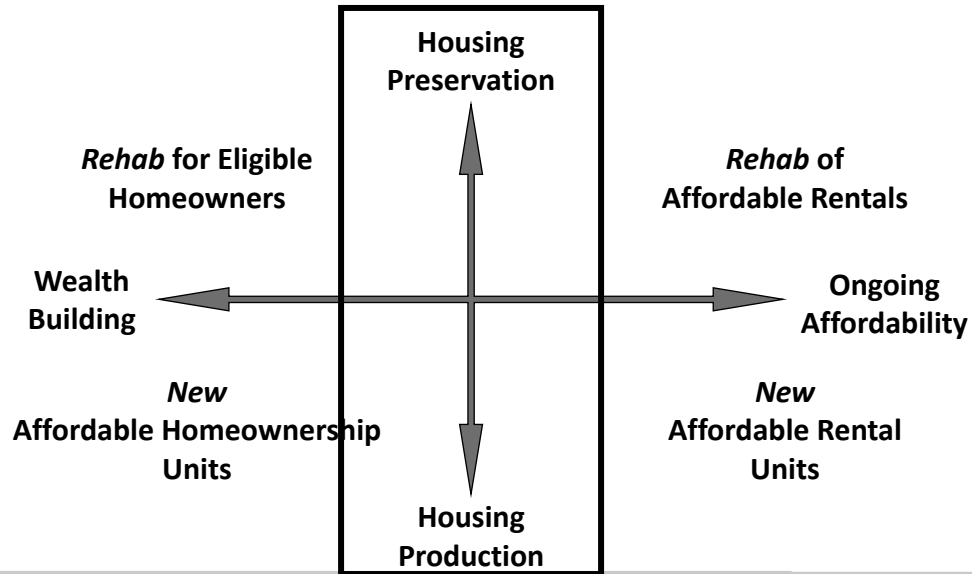


Wealth Building

Ongoing Affordability



## Affordable Housing Approaches



## Preservation Tools: High Growth

- Acquire and reconvey
  - Convey to land trust with perpetual restrictions
  - Acquire expiring LIHTC
- Low-income owners
  - Rehab and repair loans
  - Emergency mortgage assistance
  - Owner education, wills

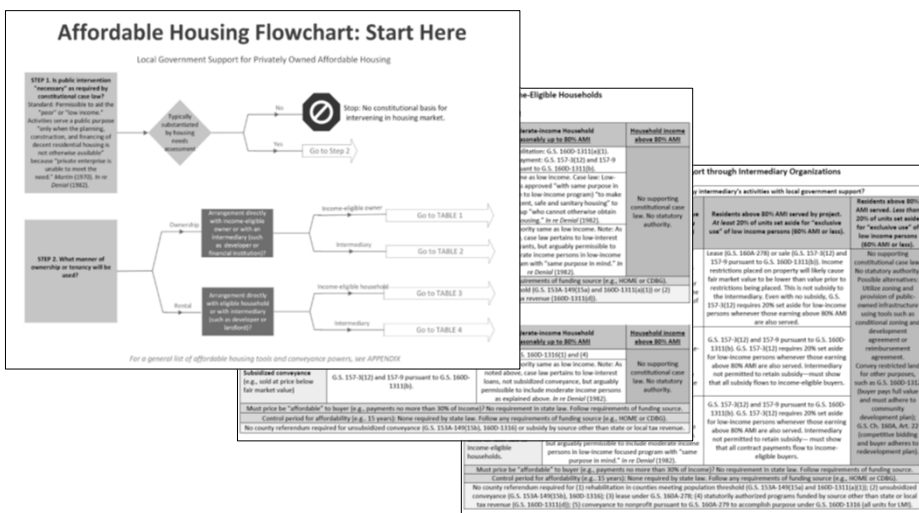


# Production Tools: *Supply Side*

- Multi-family rental
  - Support LIHTC development (4%, 9%)
  - Reserve public-owned land and zone for multi-family affordable rental
  - Acquire & lease land (restrict in perpetuity)
  - Public transportation
  - Subsidy contract (20% of units LI for 15 years)
- LMI homeownership
  - Reserve public-owned land and zone for affordable homes (ex: no STRs)
  - Subsidize housing development (subsidy must flow to LMI persons)



## Flowchart and blog posts contain more detail



West's North Carolina General Statutes Annotated	West's North Carolina General Statutes Annotated	West's North Carolina General Statutes Annotated	West's North Carolina General Statutes Annotated
Chapters 1-5	Chapter 20	Chapters 21	Chapter 26
<b>NC Low Income</b>	<b>60% AMI</b>	<b>NC Mod Income</b>	<b>80% AMI</b>

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## Q & A

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