

Dare Housing Task Force

Dare County Administration Building, Manteo, NC

May 28th, 2024

Approved 6.25.24

Present: Chair Donna Creef, Vice-Chair Malcolm Fearing, Robert Outten, Bob Woodard, Craig Garriss, Sherry Wickstrom, Monica Thibodeau, John Windley, Elizabeth Morey, Matt Neal, Andy Garman, Melody Clopton, Ryan Lang, Jeff Schwartzenberg, Ron Payne, Duke Geraghty, Tess Judge, Mitchell Bateman, Ronnie Sloan, Briggs McEwan, Noah Gillam

Absent: Michael Siers, Drew Havens, Melissa Dickerson, Bob Peele, Caroline Basnight, Carole Warnecki

Also Attending: Sasha Vrtunski (Virtual), Cindy Christensen (Virtual), Skyler Foley-Clerk, Susan Bothwell, Mary Ellon Balance, Jamie Wegener, Breyann Bailey, Dave Stempel, Bob Edwards, Bea Basnight

Madam Chair called the meeting to order at 8:59 a.m. and led the Pledge of Allegiance to the flag. Mitchell Bateman led the meeting in a prayer.

ITEM 1 APPROVAL OF MINUTES

MOTION

Craig Garriss made a motion to approve the 05.14.24 Minutes as corrected.

Briggs McEwan seconded the motion.

VOTE: AYES unanimous

Madam Chair announced that the Task Force will proceed as the “Dare Housing Task Force.”

ITEM 2 VIRTUAL PRESENTATIONS

Sasha Vrtunski from the City of Ashville shared a presentation on their Affordable Housing Program in the City of Ashville. She outlined the structure of the Community and Economic Development Department, which is divided into Community Development, Affordable Housing, Houseless Strategy, and Equitable Economic Development. Vrtunski explained that the Affordable Housing division deals with local funding, including the Housing Trust Fund, the Land Use Incentive Grant Program, and the Affordable Housing Bond that was approved by voters in 2016. She mentioned that the department also utilizes City owned property and operates a monitoring program to ensure affordable housing criteria are continued to be met. Vrtunski highlighted the Local Area Median Incomes, which have increased rapidly in Ashville. She detailed the purpose of the Housing Trust Fund, which was established in 2000-2001 to support affordable housing development through funding for land acquisition, construction, rehabilitation, and down payment assistance. The presentation also covered the Land Use Incentive Grant Program, which was established in 2011 to incentivize the inclusion of affordable housing in market rate developments. She then noted the success of the Affordable Housing Bond Investments, which had resulted in the construction of 407 affordable units, close to 400 units are in the pipeline to be constructed, and the purchase of 32.5 acres of land. She highlighted specific projects that are on city-owned land, such as the 360 Hillard project which provides 34 units for 50 years that serve households at or below both 60% and 80% AMI, and 319 Biltmore which has 221 units and 30% of them will be affordable. In conclusion, Vrtunski mentioned other funding programs available in Ashville, including CDBG, HOME Program, HOME-ARP, and the Strategic Partnership Fund.

Madam Chair inquired why the county is not involved in the land use incentive grant program. Vrtunski explained that the program makes attorneys apprehensive as they do not perceive a clear statutory basis for it, and there is a possibility of legal challenges. Despite this, the program has been in place for many years and has proven beneficial for developers and has not yet been challenged. Madam Chair then inquired about the locations where construction had taken place, such as 360 Hillard and 319 Baltimore, and whether the zoning regulations had permitted it. Vrtunski confirmed that the zoning regulations were already established and allowed it prior to the construction starting.

Geraghty inquired about the citizens' opinion on the matter. In response, Vrtunski mentioned that the people of Asheville support affordable housing but have concerns when it is located near their own homes. She suggested that it was easier to focus on projects that do not require zoning approval. Additionally, Vrtunski emphasized the importance of public information campaigns to help educate the community.

Thibodeau asked about the population of Asheville and whether there has been a significant increase. Vrtunski replied that there has indeed been a rise in population. During the pandemic many people that no longer had to go into an office in the city moved in with higher incomes and could pay cash for homes, which also caused an increase in the AMI. Despite the growing number of job opportunities within Asheville, wages are still lower in comparison to larger metropolitan areas.

Cindy Christensen from the City of Aspen (Pitkin County) explained that the Aspen-Pitkin County Housing Authority was established in 1980 as a collaboration between the city and the county. They offer more than 3,000 deed restricted housing units, including rentals and ownership options. The ownership units are heavily subsidized, with market rate prices for a one- to two-bedroom unit reaching two to three million dollars, noting that this housing program is necessary to support local employees in the area. She explained that properties have recorded deed restrictions, mostly in perpetuity, to ensure they remain affordable. Christensen and her sister won a housing lottery in 1995, purchasing a three-bedroom, two-bathroom condo for \$180,000, which is now valued at \$360,000. However, if the deed restriction were to be removed, its value could increase to \$4-5 million. To qualify for this program, individuals must meet certain regulations, including living in Pitkin County nine months out of the year, working full-time (1,500 hours annually), and not owning any other residential property within the Ownership Exclusion Zone. She stated that there are various income categories, ranging from category one with an annual income of \$40,000-50,000, to resident occupied with no income limit. She explained that two to three people typically reside in a two-bedroom unit, while three-bedroom units are often reserved for families. The City also has the 150 Affordable Housing Development Fund which is funded through three taxes, including a 1% real estate transfer tax, a short-term rental tax, and a housing daycare sales tax, all of which support affordable housing initiatives. Cindy also highlighted the importance of the Land Use Code, which mandates housing mitigation for any residential or commercial development.

Madam Chair asked Christensen to provide a more detailed explanation of the mitigation requirement. Christensen replied that the specific requirement varies depending on the development. In the county, there is an impact fee for any construction over 5,000 sq. feet. The city has a Fee-In-Lieu option in their regulations, but it typically does not cover all the necessary costs for building a home, so they usually only accept it for a half of a full-time equivalent employee. Additionally, Christensen mentioned the Affordable Housing Credit Program, which aims to promote the development of affordable housing and offers a housing mitigation option to offset the impacts of free market development.

Madam Chair asked why they decided to not use federal or state funds. Christensen explained that she was unsure of the exact reasons for this decision, but speculated that it may have been due to the complexity involved. She mentioned that they have two low-income tax credit rental projects and expressed frustration with the overwhelming requirements and paperwork from the federal and state government.

Thibodeau asked Christensen to elaborate on the deed restrictions that she had previously mentioned. Christensen responded that they are getting more homes with restrictions on them and that is because you can not build anything unless you somehow mitigate something. She stated that they are sometimes getting older buildings that were apartments a long time ago and people are buying them and bringing them up to code and then they are putting deed restrictions on them, which is a huge plus. She stated that their regulations and requirements are what have really helped them have as many units as they have. She further explained that she has been with the program since 1992 and it has really grown since then, but they still do not have enough affordable housing.

Madam Chair inquired about the lottery system. Christensen explained that names are submitted to a computer system, and those who have worked in the county for a longer period of time have more chances of winning in the lottery, noting that having a four-year consecutive work history puts someone in top priority. She explained that in some lotteries, there are 70 to 80 people competing for a single unit.

Sloan questioned what happens when someone leaves the workforce, as in changing jobs or retiring? Christensen explained that as of right now you can retire in your unit as long as you worked ten years prior to your retirement, noting that you have to be receiving your full social security and you still have to live there nine months out of the year.

Judge inquired about the Housing Day Care Fund. Christensen responded that it is an additional sales tax within the City of Aspen and Pitkin County and part of it goes into the housing fund and part of it goes to help support day cares located within the area. She also discussed the short-term rental tax, stating that individuals must obtain a permit from the city to do short-term rentals. A tax is now added to the permit fee, with the proceeds going to the Affordable Housing Development Fund. She discussed a current project that the city is currently working on called the Lumber Yard near the airport. The project involves the construction of approximately 300 units in three separate phases. She mentioned the possibility of collaborating with public-private partnerships and local employers in the area. Additionally, she highlighted the significant cost associated with constructing each unit, exceeding \$1 million, and the challenges in finding contractors for the project.

ITEM 3 FOLLOW-UP DISCUSSIONS ON PRESENTATIONS

Madam Chair expressed that the presentations were helpful and that everybody seems to be doing the same thing, particularly out in Colorado and acknowledged that they had more forward-thinking people back in the 80's and 90's. She mentioned that she could arrange for more presentations if the Task Force desired, but emphasized the importance of hearing from the people in North Carolina since they are all governed by the same legislation. She then stated from her viewpoint, that the City of Asheville seems to be skirting the law sometimes in comparison to the lawsuit in Wilmington.

Outten explained that if the Task Force wanted to do what they are doing in Veil or Aspen, approximately 80% of it would necessitate obtaining some form of legislation. He expressed that if that is the path the Task Force wants to proceed with then they must start compiling a list. He also pointed out that Aspen has three different taxes that help fund affordable housing so they have a recurring funding source and the counties and the towns are all involved, it is not all funded from one entity or another.

Judge discussed the housing daycare fund in Aspen, noting that they are obviously experiencing similar issues as Dare County regarding daycare. Madam Chair found it noteworthy that Aspen chose not to accept federal or state money due to the cumbersome regulations. Outten asked that even if we had a tax or a reoccurring source, how would we spend it. He noted that the county just sent \$35 million back because there was no consensus on how to spend it, so we can not ask for tax money if we do not know what to do with it.

Outten mentioned that they are not as far behind the curve as they think they are in terms of knowing what the problem is. He stated that at prior meetings they extensively discussed the need for housing, for all members of our workforce from doctors to support staff. He explained that the guest speakers' communities have faced the same thing and they are trying to keep everyone that makes the community function within the community.

Madam Chair pointed out that the information discussed in this meeting will be beneficial for the upcoming discussion with Tyler Mulligan from the UNC School of Government. He will be addressing the capabilities and limitations of local government. Outten highlighted that Asheville is offering incentives to developers that go beyond the scope of what local governments are typically able to do, such as providing tax credits. Madam Chair commented that there seem to be restrictions on that.

ITEM 4 CHAIRMAN-MEMBER – GENERAL COMMENTS

Madam Chair stated that the next Housing Task Force meeting will be on June 25th and then in July the meeting schedule will revert back to the third Tuesday of every month and in the interim, there will be multiple subcommittee meetings. She then explained that it seems that the more research she does it appears that everyone is doing the same thing, although Dare County is slightly different because there is not a lot of land to go out and build on nor is the zoning already in place for it.

Sloan discussed the construction of single-family homes and asked if there is a way to determine who is buying them and see if it is individuals in the workforce buying them versus a retired individual. He proposed the idea of acquiring funding to purchase the single-family homes and place them into a private program like Aspen did. Sloan highlighted that this arrangement would potentially prevent complaints. Madam Chair stated that she does not believe that they need to focus on what is being built as new construction, but possibly more on deed restrictions. She further explained that will require an advocacy program because you would have to convince someone that it is the right thing to do. Outten referenced the future tear downs in Avalon and Madam Chair mentioned Gap Funding which is done by most local governments in housing, noting that it is where the deed restrictions would come into play.

Geraghty stated that he previously built houses with USDA Mortgages and explained that they did not looking forward to helping Dare County out because they could go to other areas more inland and build three houses comparted to one being be built in Dare County. He expressed that the Task Force needs to look into a Housing Trust Fund and home ownership. He reiterated that Dare County does not have the land like other areas do and has had constant push back from citizens.

The Vice-Chair expressed that the two presentations were wonderful and noted the interesting differences in how housing issues are being managed in different states. He suggested that comparing Colorado to North Carolina could be helpful in conveying this information to the General Assembly. The Vice-Chair then discussed the challenges many constituents face in achieving home ownership. He mentioned the issue of land and reported that Madam Chair is compiling a report on all land parcels measuring two acres or more. He also referenced Outten's consistent statement that the majority of land is owned by the government, prompting the question who is the government? He responded that the

people are the government, so there is a lot of land but are we willing to use it for our constituents. He asked the Task Force who are they seeing apply for jobs and stated that would be an exercise that he encourages everyone to think about, and stated that employee data is beneficial. He referenced Aspen and how they have focused on home ownership and that deed restrictions on appreciation are successful there, noting that it might not be successful here. Outten explained that you run into the same issue of when you spend the local government money who's the beneficiary of that money and what is their AMI. Furthermore, how much do you spend to buy down the value of that house to get them to a place where they can borrow the difference.

The Vice-Chair mentioned that the School of Government emphasized that the powers of the Housing Authority, regardless of its structure, are vast. Outten explained that the Housing Authority has vast authority and is subject to HUD regulations and other regulations that we are not obligated to follow if we are not a Housing Authority. We intentionally chose not to become a housing authority to avoid being burdened by those regulations, allowing for a broader range of incomes. However, a Housing Authority has the ability to spend money and construct buildings that they own, as long as the income is limited to what the statute requires, which is less than 80%. The Vice-Chair then noted that the examples provided in the meeting involved partnerships with multiple entities, emphasizing the importance of focusing on collaboration since there is no one solution.

The Vice-Chair reported that both the 2016 Affordable Housing Best Practices report and the 2020 Dare County Economic Development Study by NC State contain valuable strategic information that could be beneficial to the Task Force Members as they progress.

Public Comments:

Mary Ellon Ballance expressed her belief that a one size fits all solution may not be applicable when it comes to addressing the housing problem. She emphasized the importance of considering multiple options to effectively tackle this issue.

There being no further business, the meeting ended at 10:19 a.m.