

City of Raleigh 2020 Affordable Housing Bond FAQ

The Wake Affordable Housing Coalition (WAHC) is an assembly of nonprofit organizations working together to provide housing opportunities throughout Wake County. WAHC advocates for strategies that further our shared goal of housing affordability for all. We support the passage of the \$80M Raleigh Affordable Housing Bond.

In recent weeks, members of our organizations have participated in public information sessions and have worked to educate our constituents and others about the importance of the bond and how the bond would advance affordable housing goals in Raleigh. During our engagement, we collected a series of questions that were frequently asked. We consulted with City of Raleigh staff and referred to documents presented during Raleigh City Council meetings to prepare responses to questions.

1. What is the basic background information on the bond?

Raleigh voters will consider an \$80 million bond for affordable housing in November. If passed, the bond will help fund critically-needed housing opportunities for residents with limited incomes.

2. What is affordable housing?

Housing is affordable when no more than 30% of a household's monthly income is spent on housing to include rent or mortgage, plus utilities. Affordable Housing produced or preserved by the bond funds must target households earning 80% or less of the area median income (AMI). In Raleigh, median income is \$94,100 for a family of four. Rental housing developed or preserved by the bond will primarily serve those at 60% AMI and below, to include 30% AMI households.

3. Who lives in affordable housing?

Affordable housing serves low to moderate-income households (below the area median income) who are in search of a quality, safe, and affordable place to call home, to include: seniors, families with children, individuals, persons with disabilities, and veterans. The source of income or form of payment individuals may use to pay rent include earned wages, social security, social security disability, Key Rental Assistance, and Housing Choice Vouchers. The occupations of wage earners include: cashier, teacher aide, waitress, bus driver, home health aide, receptionist, food service, sales clerk, warehouse and general laborer, security guard, just to name a few.

4. How many cost-burdened households are there in the City of Raleigh?

According to the [City of Raleigh's 2021-2025 Consolidated Plan](#), a total of 49,960 rental and homeowner households below 80% AMI in Raleigh are cost-burdened, meaning they live in housing that costs more than 30% of their monthly income (including rent and utilities). Households that are cost-burdened often have little funds left over for other necessities such as food, transportation, healthcare and childcare.

5. What will bond funds be used for?

See table on page 5 for details on how bond funds will be used.

6. How will the 30% AMI population be served through the bond?

The affordable housing bond will serve those at 30% AMI as follows:

- a. 10% of units set aside in new rental developments funded with 4% tax-credits will be required to serve those at 30% AMI
- b. 25% of units set aside in new rental developments funded with 9% tax-credits will be required to serve those at 30% AMI
- c. At least one-third of units in small-scale affordable housing developments must serve those at 30% AMI.
- d. Affordable housing developments situated along transit corridors will serve 30% AMI populations through the requirements listed above.
- e. The bond will also serve those who are experiencing chronic homelessness. The City will partner with Wake County to create permanent supportive housing to serve at least 50 individuals who are chronically homeless.
- f. Any affordable housing developments financed by the City must accept the Housing Choice Voucher as a form of payment, which will serve households earning 30% AMI. (see #6 for additional information).

7. How will Raleigh Housing Authority residents be served by the bond?

The Raleigh Housing Authority overwhelmingly serves households at or below 30% AMI. In public housing, 76.64% of all tenants are in the 30% AMI income group and among voucher holders, 83.37% have incomes at or below 30% AMI.

RHA reports a public housing waiting list of 4,196 households and a voucher waiting list of 6,572 households (1,925 households are on both waiting lists). Approximately 300 vouchers become available annually. About 30% of new eligible voucher holders actually locate an available unit.

The bond will create housing options for individuals who use the Housing Choice Voucher because developments financed by the City of Raleigh will be required to accept the Housing Choice Voucher as a form of payment. The bond does not include a specific allocation for Raleigh Housing Authority, although the Housing Authority may benefit from these funds if it seeks to build or preserve affordable housing.

8. Will market-rate housing be funded by the bond?

No, the bond will not fund market-rate housing. Market-rate housing has no rent restrictions and is not governed by affordable housing limits.

In the public-private partnership bucket, \$8M will be allocated to incentivize market rate developers to make at least 20% of their units affordable to households earning 60% of the AMI. To make use of the funds, developers must agree to a minimum 30-year affordability period and the Housing Choice Voucher must be accepted as a form of payment.

9. How many units will be created and/or preserved with the bond proceeds?

The City of Raleigh estimates that the bond proceeds will create and/or preserve a minimum of 1,766 units over the 5-7 year time period.

10. Will bond increase property taxes?

The bond will increase property tax by approximately \$20.07 per year for the average home valued at \$255,000. The increase will go into effect in July 2021.

11. When will funds be made available?

Bond proceeds will be allocated over a 5-7 year period starting in 2021.

12. How will bond help address gentrification?

- a. Bond funds will be available to create and preserve affordable rental housing options for lower income residents currently living in areas experiencing rapid appreciation.
- b. The down payment assistance program will create opportunities for individuals and families with low- to moderate- incomes to pursue first-time homeownership, which will help stabilize these neighborhoods and create wealth building opportunities.
- c. The home rehabilitation program will benefit existing homeowners, including seniors or those with a disability by providing funds to make critical repairs. This program will enable owners to remain in their homes longer. The existing program has a waitlist and bond proceeds will supplement the current fund.
- d. Affordable rental housing that is created or preserved with bond funds will require a minimum affordability period of 30 years. In addition, the Housing Choice Voucher must be accepted as a form of payment.

13. Can bond proceeds be used to provide property tax relief?

Local municipalities may offer a tax-relief program, but bond proceeds may not be used to fund the program.

Through the Wake County Tax Administration Office, North Carolina offers three property tax relief programs for elderly and disabled qualified homeowners. Please visit the following link to learn more <http://www.wakegov.com/tax/relief/Pages/default.aspx>.

14. How will the bond be used to preserve existing rental housing?

Public-private partnerships funding will allow nonprofits to create or preserve small scale developments. Preservation is a faster and often less expensive way for organizations to add to the stock of affordable housing. For example, in 2015 a local non-profit used City of Raleigh bond funding, leveraged with Wake County funding and a traditional mortgage to preserve a 42-unit community that was on the market, being advertised as an opportunity for an investor to raise rents.

This public-private partnership not only prevented the displacement of those 42 households but added affordability by including units for families at 30% of AMI and accepting rental subsidies.

Through these funds, an affordable housing developer would be able to request gap funding to help finance the purchase and rehabilitation of an aging, large-scale, multi-family rental community, including properties along transit corridors.

15. Who can vote on the bond?

Only Raleigh residents will vote on the bond. Raleigh voters can find the bond on the back of their ballots, titled “City of Raleigh Housing Bonds.”

16. What is the role of the Citizens Supporting Raleigh Committee?

The role of the Citizens Supporting Raleigh Affordable Housing Bond Committee is to run the bond campaign which includes fund raising, marketing, education and advocacy.

The Raleigh Chamber of Commerce provides staff support for the committee and is not compensated. The committee does not provide oversight of the bond.

17. Who will provide oversight for the bond?

Raleigh City Council will provide oversight and approve use of funds. The Housing and Neighborhood Department will provide staff support and track and report on outcomes.

18. What happens if the bond doesn't pass?

If the bond doesn't pass, Raleigh will miss a critical opportunity for additional resources. Without it, we are limited in our ability to further housing outside of what is currently being produced. If passed, the bond will fund greatly needed housing opportunities for City residents with limited incomes and allow nonprofits to serve more effectively.

How will the funding be spent?	How much?	Who will be served?
Land for affordable housing near public transportation	\$16M	
Future sites for affordable housing	\$12M	Households earning 80% AMI and below, to include 30% AMI households
Preserve existing affordable housing	\$4M	Households earning 60% AMI and below, to include 30% AMI households
Public/private partnerships to build small-scale affordable housing	\$28M	
Permanent supportive housing	\$10M	People experiencing chronic homelessness (30% AMI and below)
Funding for non-profit partners to create or preserve affordable units	\$10M	At least 1/3 of units serving 30% AMI and below and not more than 1/3 serving 80% AMI
Incentives for including affordable units in larger projects (rental or homeownership)	\$8M	At least 20% of units serve 60% AMI; 30 year affordability period; must accept Housing Choice Voucher
Financing for affordable rental homes (Low Income Housing Tax Credit)	\$24M	
9% and 4% tax credit projects	\$24M	Primarily serves 30% - 60% AMI; 9% projects - 25% of units target 30% AMI; 4% projects - 10% of units target 30% AMI
Down payment assistance	\$6M	
Down payment assistance for first-time homebuyers	\$6M	First time homebuyers earning 80% AMI and below
Home rehabilitation for homeowners	\$6M	
Forgivable loans to help homeowners make critical repairs to their homes	\$6M	Homeowners who are seniors and individuals with a disability earning 80% AMI and below, to include households at 30% AMI and below

Source: [Sept. 1 Raleigh City Council meeting attachments](#); [Affordable Housing Bond Funding Matrix](#)

:10/2020