Connecting Workforce Affordable Housing and Light Rail in North Carolina’s Triangle Region

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Executive Summary

Workforce housing is defined as housing that is affordable to households earning 60 to 120 percent of the area median income. In many metropolitan regions across the country, higher housing costs around urban cores, job centers, and public transit are forcing lower-wage workers, including teachers, nurses, and police personnel, to move farther away to find affording housing. The link between public transportation and affordable workforce housing is especially important to the Research Triangle region in North Carolina due to the proposed rail investments, which could raise housing values near the stations.

Therefore in order to mitigate gentrification and displacement in the region, this report analyzes 15 policy tools related to the Triangle’s housing infrastructure. The policy tools are grants, non-grant financial incentives, and zoning stipulations. Each of the 15 tools is evaluated against a set of evaluation criteria in order to create a ranking system. The ranked list of the 15 tools is on Table 1.

However, more important than a ranked list, determining the best combination of policy tools for workforce housing preservation and creation is needed. Developers use multiple incentives to complete a single housing project. Therefore, a recommended set of policy tools is listed for each type of workforce housing: •New Construction: Multi-family rental homes •New Construction: Multi-family home ownership •Preservation: Multi-family, rental homes •Preservation: Multi-family home ownership •New Construction: Single family rental housing •New Construction: Single family home ownership •Preservation: Single family rental housing •Preservation: Single family home ownership. A proposed applicable light rail stop(s) is recommended in each of the eight housing types. See example below on Table 2.

The results of this report are intended to serve as a management and policy guide for client organization, policy-makers, and housing developers to cope with the possible displacement expected from rising housing costs near the built light rail stops.
# Table 1: The chart below is the ranking of the 15 policy tools:

<table>
<thead>
<tr>
<th>Policy Tool</th>
<th>Score</th>
<th>Rank</th>
<th>Key Attributes</th>
</tr>
</thead>
</table>
| Low Income Housing Tax Credit (LIHTC)            | 91    | 1    | • Highly Prevalent in NC  
• Not Politically Controversial  
• Short Implementation Timing  
• Credits allocated per year not dependant on economic conditions |
| NC Housing Trust Fund                            | 83    | 2    | • Highly Prevalent in NC  
• Short Implementation Timing |
| Home Investment Partnership Program (HOME)       | 81    | 3    | • Subject to economic conditions  
• Short Implementation Timing |
| Community Development Block Grant (CDBG)         | 81    | 4    | • Subject to economic conditions  
• Short Implementation Timing |
| Neighborhood Stabilization Program (NSP)         | 75    | 5    | • Final Implementation Timing can take more than 1 year  
• Highly dependent on economic conditions |
| Tax Exempt Bond + 4% LIHTC                       | 70    | 6    | • Only a few instances per year in NC  
• Tool best utilized in large-scale developments (ex: > $10 Million) |
| Revolving Loan Fund                              | 58    | 7    | • Local policy change may be required, depending on source of capital  
• Implementing Timing: 1-2 years  
• Efficacy is not consistently high |
| Expedited Review and Permitting                  | 53    | 8    | • Local policy change required  
• Few instance in NC for housing purposes  
• May be politically controversial |
| Impact Fee Waiver/Deduction                      | 53    | 9    | • Local policy change required  
• May be politically controversial |
| Early warning system                             | 45    | 10   | • Can take 2+ years to implement as database collection and organization is a lengthy process involving multiple organizations and agencies  
• May require local policy change  
• Zero savings for developers |
| Density bonus                                     | 43    | 11   | • Requires local policy change  
• 2+ years to implement  
• Few instances in NC |
| Housing Trust Fund                               | 40    | 12   | • Can be politically controversial depending on source of capital  
• Implementation Timing: 2+ years  
• Can be highly dependent on economic conditions |
| Tax Increment Financing (TIF)                    | 39    | 13   | • Financially risky  
• Zero savings for developers |
| Land Banking                                     | 33    | 14   | • Requires state policy change  
• Implementation Timing: 2+ years |
| Inclusionary zoning                              | 28    | 15   | • Requires local policy change  
• Politically Controversial  
• Zero savings for developers |
Table 2: Example Housing Characterization: New Construction: Multi-family rental homes (Ex: Apartments)

<table>
<thead>
<tr>
<th>New Construction: Multi-family rental homes (Ex: Apartments)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants:</td>
</tr>
<tr>
<td>Home Investment Partnership Program (HOME)</td>
</tr>
<tr>
<td>NC Housing Trust Fund (NC HTF)</td>
</tr>
<tr>
<td>Non-Grant Financial Tools:</td>
</tr>
<tr>
<td>Revolving Loan Fund</td>
</tr>
<tr>
<td>Tax-Exempt Bond with 4% LIHTC</td>
</tr>
<tr>
<td>* For projects &gt; $10 Million</td>
</tr>
<tr>
<td>Local Housing Trust Fund</td>
</tr>
<tr>
<td>Low Income Housing Tax Credit (LIHTC)</td>
</tr>
<tr>
<td>Impact Fee Waiver</td>
</tr>
<tr>
<td>Other:</td>
</tr>
<tr>
<td>Expedited Permit Review</td>
</tr>
</tbody>
</table>

*Possible Light Rail Stop(s): Durham-Orange 9th street; Durham Orange Patterson Place*
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I. Introduction

Workforce housing is defined as housing that is affordable to households earning 60 to 120 percent of the area median income.¹ Workforce housing fills the gap between market-rate housing that is increasingly unaffordable to live in and affordable housing that is supported by public sector subsidy programs.² However, in many metropolitan regions across the country, higher housing costs around urban cores, job centers, and public transit are forcing lower-wage workers, including teachers, nurses, and police personnel to move farther away to find affordable housing.³ This lack of workforce housing near public transit options results in longer commute times, decreased quality of life as longer travel time leave less time with family and friends, traffic congestion, affordable housing distribution issues, and greater air pollution.

For illustrative purposes, 6% of Durham’s labor composition is from the following sectors – construction, nursing, residential care facilities and elementary and secondary schools.⁴ Replacing the workforce population is extremely costly as first, these jobs are necessary for a functioning region. Secondly, the cost to train another person in the workforce employment sector is itself very expense. And third, it is this workforce population that will benefit from living near public transit as car ownership is costly. Therefore, ensuring this population lives in an affordable area, in terms of housing and transportation costs, to prevent these workers from moving to another area is vital to the operating procedures of a locality.

The link between public transportation and affordable workforce housing is especially important to the Research Triangle region in North Carolina due to the proposed rail investments, including light rail. For instance, the Center for Neighborhood Technology, a “think-and-do-tank” for urban development strategy, developed a housing and transportation affordability index, offering the true affordability of a location based on how much residents spend not only on housing, but on transportation as well. Locations where residents are spending greater than 45 percent of household income on housing and transportation costs are deemed ‘unaffordable.’ See Figure 1 of the housing and transit affordability analysis around the proposed 9th street station- most locations are only a few percentages below the 45% affordability cutoff (in yellow; teal areas are >45%). The percentages are expected to increase as the transit investment will most likely increase housing prices. The blue area approximately 1.5 miles from the station is already ‘unaffordable.’

Figure 1 (left): CNT’s Housing and Transportation Affordability Index around the proposed 9th street light rail stop

Additionally, in order for A. cities and counties B. regional public transportation authorities, or C. state agencies and railroads to receive state grants “for public transportation purposes, which includes planning and engineering,” potential projects must meet certain eligible criteria established by the 2009 “Congestion Relief and Intermodal Transportation 21st Century Fund” portion of North Carolina’s Department of Transportation’s Mobility Fund.⁵ Under Article 19 of Chapter

¹ “About the Terwilliger Center”
² Ibid
⁴ Durham Longitudinal Employer-Household Dynamic (LEHD)
136 of the General Statues, cities, counties, and authorities can only receive this grant if all of the following conditions are met:

1. Local Metropolitan Planning Organizations (MPOs) approve the project
2. The applicant’s transit plan includes:
   a. Relief of anticipated traffic congestion
   b. Improvement of air quality
   c. Reduction in anticipated energy consumption
   d. Promotion of a pedestrian and bike-friendly environment around and connected to transit stations
   e. Promotion of mixed-use and transit-oriented developments and other land-use tools that encourage multimodal mobility
   f. Coordination with the housing needs assessment and plan described below
   g. Promotion of access to public transportation for individuals who reside in areas with a disproportionate number of households below the area median income level
   h. Coordination and planning with local education agencies to reduce transportation costs
   i. Coordination with local governments with zoning jurisdiction
3. A housing needs assessment plan is included that addresses:
   a. A housing inventory of market rate, assisted housing units, and vacant residential parcels
   b. An analysis of existing housing conditions, affordable housing needs, and housing needs for specific population groups
   c. A catalogue of available resources to address housing needs
   d. Identification of potential resources and a strategy to provide replace housing displaced by transit development and to create incentives for the purpose of increasing the stock of affordable housing to at least 15% within a one-half mile radius of each transit station and bus hub to be affordable to families with income less than 60% of area median income
   e. Goals, strategies, and actions to address housing needs over a 5-year period

Triangle J Council of Governments is especially interested in the italicized conditions above. These italicized conditions describe affordable housing stipulations that must be met in order to receive state transportation funding. The Triangle region is especially interested in funding light rail. However, although a half-cent sales tax increase was approved in November 2011, funding for the light rail project is still dependent on the above conditions.

Therefore given this background, this report will analyze the policy options that best address housing preservation and creating rental and owner affordable workforce housing when light rail is implemented in the Triangle. The analysis is catered to the Triangle area’s operating procedures. More specifically, this project will examine a discrete set of policy tools, ranging from grants to zoning incentives, against a set of evaluation criteria in order to prioritize the best combination of policy tools for housing preservation and new construction.

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\[ N.C. \text{ Gen. Stat. } \S 136-150 (2009) \]
II. Methodology

Part IA: Defining the Policy Tools

An extensive literature review was conducted on the following topics in order to determine the most commonly-cited policy tools linking workforce housing along light rail: workforce housing preservation, replacement workforce housing for residents displaced by transit development, and promotion of access to public transportation for individuals who reside in areas with a disproportionate number of households below the area median income level. Academic and journal articles, newspaper articles, case studies, regional/city plans, government agencies, and transportation agencies references were researched. A list of 15 tools was developed, including grants, non-grant financial tools, zoning tools, and ‘Other.’ The list was further validated by the client, John Hodges-Copple.

Table 3: The 15 policy tools

<table>
<thead>
<tr>
<th>GRANTS</th>
<th>NON-GRANT FINANCIAL TOOLS</th>
<th>ZONING</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Community Development Block Grant (CDBG)</td>
<td>7. Land Banking</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>9. Low Income Housing Tax Credit (LIHTC)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>10. Tax-exempt Bond + 4% LIHTC</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>11. Tax Increment Financing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Part IB: Defining the Evaluation Criteria

The above policy tools were each evaluated on criteria most appropriate in determining the success rate and utility of each policy tool. These criteria were established by an extensive literature review and with consultation with client, John Hodges-Copple. See below.
Table 4: Evaluation Criteria Defined

<table>
<thead>
<tr>
<th>Evaluation Criteria Defined</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Developer Savings:</strong> How much will the policy tool save developers in terms of total cost?</td>
</tr>
<tr>
<td><strong>2. Positive Efficacy:</strong> How successful is this tool in actually producing affordable workforce housing?</td>
</tr>
<tr>
<td><strong>3. Timing to Access Funds from Source:</strong> Only applicable to ‘Grants’ Category, LIHTC, and Tax-exempt bond with 4% LIHTC (finance mechanism already established in Triangle area); Approximate time span from application deadline to receiving the financial award</td>
</tr>
<tr>
<td><strong>4. Implementation Timing:</strong> ‘Grants’ Category, LIHTC, and Tax-exempt bond with 4% LIHTC: Once receive notification of financial award, how long does it take to actually start using the award? All other Categories: Timing to establish an active policy tool</td>
</tr>
<tr>
<td><strong>5. Ease of Implementation:</strong> Implementation feasibility</td>
</tr>
<tr>
<td><strong>6. Politically Acceptable:</strong> How feasible it is for the local jurisdiction to accept this policy tool? Is this tool controversial?</td>
</tr>
<tr>
<td><strong>7. Economic Volatility:</strong> Is the tool susceptible to market conditions? For instance, national grants for affordable housing may decrease in years of economic downturn</td>
</tr>
<tr>
<td><strong>8. Occurrence in other NC Locations:</strong> How frequently is this policy tool implemented in North Carolina?</td>
</tr>
</tbody>
</table>

**Part IC: Defining the Evaluation Criteria’s Attributes**
Each criteria contained 3-6 attributes. These attributes were also established in consultation with John Hodges-Copple (client) and Peter Zambito (Research Associate, UNC-Chapel Hill’s Center for Urban and Regional Studies). See below:

Table 5: Evaluation Criteria Attributes

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative Savings</td>
<td>Low</td>
<td>2+ years</td>
<td>2+ years</td>
</tr>
<tr>
<td>0 Percent</td>
<td>Dependent on local specific factors</td>
<td>1-2 years</td>
<td>1-2 years</td>
</tr>
<tr>
<td>1-24 Percent</td>
<td>High</td>
<td>7 months-1 year</td>
<td>7 months – 1 year</td>
</tr>
<tr>
<td>25-49 Percent</td>
<td></td>
<td>4-6 months</td>
<td>4-6 months</td>
</tr>
<tr>
<td>50-74 Percent</td>
<td></td>
<td>0-3 months</td>
<td>0-3 months</td>
</tr>
<tr>
<td>75-99 Percent</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Requires state policy changes before implementation</td>
<td>0% chance of government acceptability</td>
<td>Success rate highly dependent on market forces</td>
<td>Used in few locations</td>
</tr>
<tr>
<td>Requires local policy changes before implementation</td>
<td>1-49% chance of government acceptability</td>
<td>Success rate slightly dependent on market forces</td>
<td>Prevalent</td>
</tr>
</tbody>
</table>
Part II: Use of Multi-attribute Utility Analysis (MAUA)

Multi-attribute utility analysis (MAUA) was used to rank the 15 policy tools according to the evaluation criteria and attributes of each criterion. MAUA is a mathematical tool for evaluating and comparing alternatives in a decision-making process. Chiefly developed by Howard Raiffa and Ralph Keeney in the 1970s, this tool allows users to assign scores to alternative choices in a decision situation where the alternatives can be analyzed.\(^7\) The MAUA additive formula is listed below and the method used to rank the policy tools is described in Part II B, C, D and E\(^8\).

\[
    u(x_1, x_2 \ldots x_i) = \sum_{i=1}^{n} (k_i u_i(x_i)) \\
    0 \leq k_i \leq 1 \quad 0 \leq u_i \leq 1 \\
    \sum_{i=1}^{n} k_i = 1
\]

\(k_i\) = weight assigned to the eight evaluation criteria that should sum to 1 (or 100 in this study).

So, this is asking for instance, “How much more important is ‘Ease of Implementation’ versus ‘Positive Efficacy’? Lower scores are ranked lower than criteria with higher scores. (See Part IIB for obtaining scores.)

\(x_i\) = criteria’s attribute. (Example: “Low,” “Dependent on Local Specific Factors,” and “High” for “Positive Efficacy”)

\(u_i\) = weight assigned to each criteria’s attribute going from 0 to 100 in this study. So, this is asking for instance, “how much more important is a ‘Low’ Positive Efficacy versus a ‘Dependent on Local Specific Factors’ Positive Efficacy?” However, unlike above, these weights do not sum to 100 because they are normalized relative to the best attribute (which receives a weight of 100). (See Part IIC for obtaining scores.)

Part II Step 1: Ranking the evaluation criteria according to MAUA

Thirty-one professionals considered experts in the field of affordable housing &/or transit were asked to distribute 100 points across the 8 evaluation criteria in order to assess the relative importance of these criteria based on his/her organization’s operating procedures on the local level. These scores were averaged together to obtain the final weights. See Appendix A for MAUA score sheet.

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7 Clemen p. 530
8 Chirayath, Sunil
Part II Step 2: Ranking the attributes within each evaluation criterion according to MAUA
Given a scale from 0 to 100 (0=worse; 100=best) twenty-six professionals considered experts in the field of affordable housing &/or transit were asked to weigh the relative desirability of each criteria’s attribute based on his/her organization’s operating procedures on the local level. Clemen’s method for assessing scores on the basis of a ratio comparison was utilized. These scores were averaged together to obtain the final weighted score in order to determine a ratio comparison. According to MAUA, these scores were then normalized to be a [0,100] scale as step 1 accounts for evaluation criteria weights. See Appendix A for MAUA score sheet.

Part II Step 3: Researching each Policy Tool
Through literature reviews and expert consultations, each of the 15 policy tools was evaluated across the 8 criteria based on operating procedures in the Triangle area. For instance, evaluating Neighborhood Stabilization Program under the “Ease of Implementation” criteria: does this grant require North Carolina state policy change, or is only one agency already responsible for implementation?

Part II Step 4: Determining the Final Score and Ranking for each Policy Tool
In order for a policy tool to receive a score for one of the eight criteria, the criterion’s weight will be multiplied against the tool’s criteria attribute. As an example, ‘Ease of Implementation’ weighted criteria score is 12.9, and the individual policy tool requires local policy changes before implementation, receiving a score of 25, then the policy tool will receive a score of 322.5 just for ‘Ease of Implementation.’ See Table below. Again, tool scoring is based on the Triangle area’s operating procedures.

<table>
<thead>
<tr>
<th>Ease of Implementation (Score: 12.9)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 Requires state policy changes before implementation</td>
</tr>
<tr>
<td>25 Requires local policy changes before implementation</td>
</tr>
<tr>
<td>50 3+ local agencies responsible for implementation</td>
</tr>
<tr>
<td>75 Two local agencies responsible for implementation</td>
</tr>
<tr>
<td>100 One local agency responsible for implementation</td>
</tr>
</tbody>
</table>

A policy tool’s final score will be the aggregate of its scores across the eight evaluated criteria.

Part III: Policy Tool Ranking: A summarized ranking of the policy tools
A policy tool’s final rank will be determined by dividing its final score by its total achievable points, so a proportion will be calculated. So, each of the 15 tool’s score proportions will be compared to determine a final ranking.

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9 Clemen p. 446
10 Ibid
11 Ibid and p. 437
Part IV: Determining the best combination of policy options for housing types (Policy Tool Matrix Characterization)

It is important to note there is no ‘one answer’ to link workforce affordable workforce housing near rail investments. Instead, multiple tools are paired together to create a housing development. Therefore, knowing how each tool operates in the Triangle Region, a recommended combination of policy tools is listed for each type of workforce housing:

1) New Construction: Multi-family Rental Homes (Ex: apartments)
2) New Construction: Multi-family Home Ownership (Ex: condominiums)
3) Preservation: Multi-family Rental Homes
4) Preservation: Multi-family Home Ownership
5) New Construction: Single family Rental Housing
6) New Construction: Single Family Home Ownership
7) Preservation: Single family Rental Housing
8) Preservation: Single Family Home Ownership

Appendix B shows the housing matrix characterization for each of the 15 policy tools.

Lastly, possible effective light rail stop(s) for each of the eight categories above will be determined by analyzing two documents: “Transit-Oriented Development in the Triangle: Developing a more sustainable, equitable, and accessible future” by the Department of City and Regional Planning at University of North Carolina at Chapel Hill and the preliminary TOD assessment reports by Charlotte design firm, Shook Kelly. The former details development suitability within a half-mile radius of the proposed stations; the latter details the same type of information except on a much more refined scale. For instance, specific Phase I TOD-development parcels are highlighted. Appendix E lists the possible effective light rail stop(s).

Appendix C shows a pictorial summary of the project methodology.

III. Results

Part IA: Scoring Results for Evaluation Criteria

The average of the 31 scores with rank is below:

<table>
<thead>
<tr>
<th>Developer Financial Savings</th>
<th>Positive Efficacy</th>
<th>Timing to access funds from source</th>
<th>Implementation Timing</th>
<th>Ease of Implementation</th>
<th>Politically acceptable</th>
<th>Economic Volatility</th>
<th>Occurrence in other NC locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>AVG</td>
<td>13.1</td>
<td>19.1</td>
<td>11.4</td>
<td>11.2</td>
<td>12.9</td>
<td>15.0</td>
<td>11.6</td>
</tr>
<tr>
<td>RANK</td>
<td>3</td>
<td>1</td>
<td>6</td>
<td>7</td>
<td>4</td>
<td>2</td>
<td>5</td>
</tr>
</tbody>
</table>

Part IB: Results for each Evaluation Criterion’s Attributes

The average and normalized scores with rank are below for each of the 8 evaluation criterion’s attributes:
DEVELOPER FINANCIAL SAVINGS (Score 13.1):

<table>
<thead>
<tr>
<th>DEVELOPER FINANCIAL SAVINGS</th>
<th>AVG</th>
<th>AVG Whole #</th>
<th>RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative savings</td>
<td>4.78</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>0 percent</td>
<td>14.13</td>
<td>14</td>
<td>5</td>
</tr>
<tr>
<td>1-24 percent</td>
<td>49.57</td>
<td>50</td>
<td>1</td>
</tr>
<tr>
<td>25-49 percent</td>
<td>45.65</td>
<td>46</td>
<td>3</td>
</tr>
<tr>
<td>50-74 percent</td>
<td>41.52</td>
<td>42</td>
<td>4</td>
</tr>
<tr>
<td>75-99 percent</td>
<td>47.39</td>
<td>47</td>
<td>2</td>
</tr>
</tbody>
</table>

Now we know:

- "1-24%" is 1.05 times better than "75-99%"
- "75-99%" is 1.04 times better than "25-49%"
- "25-49%" is 1.1 times better than "50-74%"
- "50-74%" is 2.9 times better than "0%"
- "0%" is 3.0 times better than "Negative savings"

Taking these ratio comparisons, the normalized scores used for the MAUA calculation are as follows:

<table>
<thead>
<tr>
<th>Normalized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative savings</td>
</tr>
<tr>
<td>0 percent</td>
</tr>
<tr>
<td>1-24 percent</td>
</tr>
<tr>
<td>25-49 percent</td>
</tr>
<tr>
<td>50-74 percent</td>
</tr>
<tr>
<td>75-99 percent</td>
</tr>
</tbody>
</table>
POSITIVE EFFICACY (Score 19.1):

<table>
<thead>
<tr>
<th>POSITIVE EFFICACY</th>
<th>AVG</th>
<th>AVG Whole #</th>
<th>RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>12.4</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Dependent on local specific factors</td>
<td>52.8</td>
<td>53</td>
<td>2</td>
</tr>
<tr>
<td>High</td>
<td>78.8</td>
<td>79</td>
<td>1</td>
</tr>
</tbody>
</table>

Now we know:

"High" is **1.5** times better than "Dependent on local specific factors"

"Dependent on local spec. factors" is **4.3** times better than "low"

Taking these ratio comparisons, the normalized scores used for the MAUA calculation are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Normalized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>0</td>
</tr>
<tr>
<td>Dependent on local specific factors</td>
<td>61</td>
</tr>
<tr>
<td>High</td>
<td>100</td>
</tr>
</tbody>
</table>
TIMING TO ACCESS FUNDS FROM SOURCE (Score 11.4):

<table>
<thead>
<tr>
<th>TIMING TO ACCESS FUNDS FROM SOURCE</th>
<th>AVG</th>
<th>AVG Whole #</th>
<th>RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>2+ years</td>
<td>8.8</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>1-2 years</td>
<td>25.2</td>
<td>25</td>
<td>4</td>
</tr>
<tr>
<td>7 months-1 year</td>
<td>47.4</td>
<td>47</td>
<td>3</td>
</tr>
<tr>
<td>4-6 months</td>
<td>63.2</td>
<td>63</td>
<td>2</td>
</tr>
<tr>
<td>0-3 months</td>
<td>76</td>
<td>76</td>
<td>1</td>
</tr>
</tbody>
</table>

Now we know:

- "0-3" is 1.2 times better than "4-6 months"
- "4-6 months" is 1.3 times better than "7 months-1 year"
- "7 months-1 year" is 1.9 times better than "1-2 years"
- "1-2 years" is 2.8 times better than "2+ years"

Taking these ratio comparisons, the normalized scores used for the MAUA calculation are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Normalized</th>
</tr>
</thead>
<tbody>
<tr>
<td>2+ years</td>
<td>0</td>
</tr>
<tr>
<td>1-2 years</td>
<td>24</td>
</tr>
<tr>
<td>7 months-1 year</td>
<td>57</td>
</tr>
<tr>
<td>4-6 months</td>
<td>81</td>
</tr>
<tr>
<td>0-3 months</td>
<td>100</td>
</tr>
</tbody>
</table>
IMPLEMENTATION TIMING (Score 11.2):

<table>
<thead>
<tr>
<th>IMPLEMENTATION TIMING</th>
<th>AVG</th>
<th>AVG Whole #</th>
<th>RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>2+ years</td>
<td>12.6</td>
<td>13</td>
<td>5</td>
</tr>
<tr>
<td>1-2 years</td>
<td>29.2</td>
<td>29</td>
<td>4</td>
</tr>
<tr>
<td>7 months-1 year</td>
<td>50.4</td>
<td>50</td>
<td>3</td>
</tr>
<tr>
<td>4-6 months</td>
<td>59</td>
<td>59</td>
<td>2</td>
</tr>
<tr>
<td>0-3 months</td>
<td>68.8</td>
<td>69</td>
<td>1</td>
</tr>
</tbody>
</table>

Now we know:

- "0-3" is 1.2 times better than "4-6 months"
- "4-6 months" is 1.2 times better than "7 months-1 year"
- "7 months-1 year" is 1.7 times better than "1-2 years"
- "1-2 years" is 2.2 times better than "2+ years"

Taking these ratio comparisons, the normalized scores used for the MAUA calculation are as follows:

<table>
<thead>
<tr>
<th>Normalized</th>
</tr>
</thead>
<tbody>
<tr>
<td>2+ years</td>
</tr>
<tr>
<td>1-2 years</td>
</tr>
<tr>
<td>7 months-1 year</td>
</tr>
<tr>
<td>4-6 months</td>
</tr>
<tr>
<td>0-3 months</td>
</tr>
</tbody>
</table>

Bar chart showing the normalized scores for different implementation timing periods.
EASE OF IMPLEMENTATION (Score 12.9):

<table>
<thead>
<tr>
<th>EASE OF IMPLEMENTATION</th>
<th>AVG</th>
<th>AVG Whole #</th>
<th>RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requires state policy changes before implementation</td>
<td>19.17</td>
<td>19</td>
<td>5</td>
</tr>
<tr>
<td>Requires local policy changes before implementation</td>
<td>34.58</td>
<td>35</td>
<td>3</td>
</tr>
<tr>
<td>3+ local agencies responsible for implementation</td>
<td>25.00</td>
<td>25</td>
<td>4</td>
</tr>
<tr>
<td>Two local agencies responsible for implementation</td>
<td>39.58</td>
<td>40</td>
<td>2</td>
</tr>
<tr>
<td>One local agency responsible for implementation</td>
<td>82.08</td>
<td>82</td>
<td>1</td>
</tr>
</tbody>
</table>

Now we know:

<table>
<thead>
<tr>
<th>Description</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;one agency&quot; is</td>
<td>2.1 times better than &quot;two agencies&quot;</td>
</tr>
<tr>
<td>&quot;two agencies&quot; is</td>
<td>1.1 times better than &quot;local policy change&quot;</td>
</tr>
<tr>
<td>&quot;local policy change&quot; is</td>
<td>1.4 times better than &quot;3+ local agencies&quot;</td>
</tr>
<tr>
<td>&quot;3+ local agencies is&quot;</td>
<td>1.3 times better than &quot;state policy change&quot;</td>
</tr>
</tbody>
</table>

Taking these ratio comparisons, the normalized scores used for the MAUA calculation are as follows:

<table>
<thead>
<tr>
<th>EASE OF IMPLEMENTATION</th>
<th>Normalized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requires state policy changes before implementation</td>
<td>0</td>
</tr>
<tr>
<td>Requires local policy changes before implementation</td>
<td>25</td>
</tr>
<tr>
<td>3+ local agencies responsible for implementation</td>
<td>9.5</td>
</tr>
<tr>
<td>Two local agencies responsible for implementation</td>
<td>33</td>
</tr>
<tr>
<td>One local agency responsible for implementation</td>
<td>100</td>
</tr>
</tbody>
</table>
POLITICALLY ACCEPTABLE (Score 15.0):

<table>
<thead>
<tr>
<th>POLITICAL ACCEPTABILITY</th>
<th>AVG</th>
<th>AVG Whole #</th>
<th>RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 percent chance of government acceptability</td>
<td>5.00</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>1-49 percent chance of government acceptability</td>
<td>30.42</td>
<td>30</td>
<td>3</td>
</tr>
<tr>
<td>50-99 percent chance of government acceptability</td>
<td>63.13</td>
<td>63</td>
<td>2</td>
</tr>
<tr>
<td>100 percent chance of government acceptability</td>
<td>87.08</td>
<td>87</td>
<td>1</td>
</tr>
</tbody>
</table>

Now we know:

- "100 % chance" is $1.4$ times better than "50-99% chance"
- "50-99% chance" is $2.1$ times better than "1-49% chance"
- "1-49% chance" is $6$ times better than "0% chance"

Taking these ratio comparisons, the normalized scores used for the MAUA calculation are as follows:

<table>
<thead>
<tr>
<th>normalized</th>
<th>0 percent chance of government acceptability</th>
<th>1-49 percent chance of government acceptability</th>
<th>50-99 percent chance of government acceptability</th>
<th>100 percent chance of government acceptability</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>30</td>
<td>70</td>
<td>100</td>
</tr>
</tbody>
</table>

![Graph showing normalized scores for different ranges of government acceptability]
ECONOMIC VOLATILITY (Score 11.6):

<table>
<thead>
<tr>
<th>ECONOMIC VOLATILITY</th>
<th>AVG</th>
<th>AVG Whole #</th>
<th>RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Success rate highly dependent on market forces</td>
<td>18.54</td>
<td>19</td>
<td>3</td>
</tr>
<tr>
<td>Success rate slightly dependent on market forces</td>
<td>52.50</td>
<td>53</td>
<td>2</td>
</tr>
<tr>
<td>Success rate not dependent on current market forces</td>
<td>85.83</td>
<td>86</td>
<td>1</td>
</tr>
</tbody>
</table>

Now we know:

"Not dependent" is **1.6** times better than "slightly dependent"

"slightly dependent" is **2.8** times better than "highly dependent"

Taking these ratio comparisons, the normalized scores used for the MAUA calculation are as follows:

<table>
<thead>
<tr>
<th>ECONOMIC VOLATILITY</th>
<th>Normalized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Success rate highly dependent on market forces</td>
<td>0</td>
</tr>
<tr>
<td>Success rate slightly dependent on market forces</td>
<td>60</td>
</tr>
<tr>
<td>Success rate not dependent on current market forces</td>
<td>100</td>
</tr>
</tbody>
</table>
OCCURRENCE IN OTHER NC LOCATIONS (Score 5.6):

<table>
<thead>
<tr>
<th>OCCURRENCE IN OTHER NC LOCATIONS</th>
<th>AVG</th>
<th>AVG Whole #</th>
<th>RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used in few locations</td>
<td>24.4</td>
<td>24</td>
<td>3</td>
</tr>
<tr>
<td>Prevalent</td>
<td>55.4</td>
<td>55</td>
<td>2</td>
</tr>
<tr>
<td>Highly prevalent</td>
<td>86.8</td>
<td>87</td>
<td>1</td>
</tr>
</tbody>
</table>

Now we know:

<table>
<thead>
<tr>
<th>Comparison</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Highly Prevalent&quot; is</td>
<td>1.6</td>
</tr>
<tr>
<td>&quot;Prevalent&quot; is</td>
<td>2.3</td>
</tr>
</tbody>
</table>

"Prevalent" is 2.3 times better than "Used in few locations"

Taking these ratio comparisons, the normalized scores used for the MAUA calculation are as follows:

<table>
<thead>
<tr>
<th>OCCURRENCE IN OTHER NC LOCATIONS</th>
<th>Normalized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used in few locations</td>
<td>0</td>
</tr>
<tr>
<td>Prevalent</td>
<td>49</td>
</tr>
<tr>
<td>Highly prevalent</td>
<td>100</td>
</tr>
</tbody>
</table>
Part II: Detailed Analysis of Each Policy Tool

Now, each of the 15 policy tools is analyzed against the 8 evaluation criteria, with each evaluation criteria represented by its most applicable attribute. As stated in the Methodology section, selection of the most applicable attribute was based on expert consultation and literature review so as to incorporate operational reality in the Triangle region.

GRANTS

Policy Tool 1:
North Carolina Housing Trust Fund

The NC HTF is the state’s “largest source of funds to finance supportive housing and emergency repairs/accessibility modifications.”12 The NC HTF has multiple programs. The programs most applicable to this analysis are the Rental Production Program and the Home Buyer program.

This tool is used for:
- Rental and ownership properties
- Preservation and New Construction

DEVELOPER FINANCIAL SAVINGS: 1-24% = attribute score of 100

According to Larry Jarvis, Assistant Director of Community Development for the City of Durham, and Spencer Cowan, former Senior Research Associate at UNC’s Center for Urban and Regional Studies, savings will most likely not exceed more than a quarter of the expected project costs. Grants, in general, are only meant to supply a portion of total development costs — savings from one source greater than 25% savings are rare. As additional evidence, from 1987 to 2010, this fund has contributed to $188.5 million to affordable housing, and the financed properties have had values totaling $819 million.13 Therefore, NC HTF has contributed to 23% of financing.

POSITIVE EFFICACY: High = attribute score of 100

There is no question regarding the efficacy of this grant. Once a grant is awarded, the allocation can only be used for its designated housing purpose(s). It is illogical for a grantee to not use the funds for housing purposes once the grantee receives an award. NC HTF has been a tool utilized for local community development projects since 1987.

TIMING TO ACCESS FUNDS FROM SOURCE14: 7 months-1 year = attribute score of 57

This fund is typically used for gap financing. For instance, applications for the Rental Production Program are due in January each year. In January, the developer already has commitment from, for instance, a bank for a construction finance loan commitment. However, it is not until about July developers know if they receive HTF funds in order to start construction to later pay back the loan from the bank. January to July is seven months.

IMPLEMENTATION TIMING15: 0-3 months = attribute score of 100

Construction may begin as soon as funds/gap financing is secured from HTF.

---

12 “Where the Financing Comes From: North Carolina Housing Trust Fund”
13 Crossfield
14 Ibid
15 Ibid
EASE OF IMPLEMENTATION: *One local agency responsible for implementation = attribute score of 100*
Only one agency is responsible for implementing the fund: The NC Housing Finance Agency.

POLITICALLY ACCEPTABLE: *100% chance of government acceptability = attribute score of 100*
This tool is not controversial and applying for this grant does not require any sort of voter or council approval.\(^{16}\)

ECONOMIC VOLATILITY\(^{17}\): *Success Rate Highly Dependent on Market Forces = attribute score of 0*
This national grant is susceptible to economic conditions as the state legislature decides allocation amounts to the NC Housing Finance Agency each year. Figure 2 depicts the HTF appropriation history. Is it clear that appropriation is not stable year to year; allocation has dropped from about $19 million to $8 million since 2007.

![N.C. Housing Trust Fund Appropriation History](image)

Figure 2: HTF appropriation history shows appropriation amount highly fluctuates each year.

OCCURRENCE IN OTHER NC LOCATIONS: *Highly Prevalent = attribute score of 100*
The NC HTF funds are used in all NC counties.\(^{18}\)

\[
\text{SCORE} = \sum (\text{EVALUATION CRITERIA SCORE} \times \text{ATTRIBUTE SCORE})
\]
\[
\text{TOTAL SCORE} = 8,340
\]
\[
\text{TOTAL POSSIBLE POINTS} = 10,000
\]
\[
\text{PERCENT OF TOTAL POSSIBLE POINTS} \sim 83.4
\]

---

\(^{16}\) Larry & Bloebaum
\(^{17}\) Crossfield
\(^{18}\) “Facts on the NC Housing Trust Fund.”
HOME provides formula-based grants to states and localities to fund a wide-range of projects, including building, buying, &/or rehabilitating affordable housing, site acquisition activities, and rental assistance. HOME program beneficiaries must have a household income that does not exceed 80% of the area median income. HOME does have a matching stipulation—this matching amount varies depending if the project is a non-construction or construction activity.

This tool is used for:
- Rental and ownership properties
- Preservation and New Construction

**DEVELOPER FINANCIAL SAVINGS:** 1-24 % = attribute score of 100
According to Larry Jarvis and Spencer Cowan, savings will most likely not exceed more than a quarter of the expected project costs. Grants, in general, are only meant to supply a portion of total development costs – savings from one source greater than 25% savings are rare. For instance, according to the North Carolina HOME 2010 report to the General Assembly, HOME and state matching funds (HOME Match) comprised $21.1 million of the $109 million in affordable housing being developed, meaning HOME funds contributed to 19.3% of project costs in the state. (The $109 million in affordable housing development only refers to projects that include HOME funds.)

**POSITIVE EFFICACY:** High = attribute score of 100
There is no question regarding the efficacy of this grant. Once a grant is awarded, the allocation can only be used for its designated housing purpose(s). It is illogical for a grantee to not use the funds for housing purposes once the grantee receives an award. For instance, as stated above, just in 2010, HOME helped leverage $109 million in affordable housing development in NC, helping finance 950 units, consistent of rental assistant, multifamily development, and homeowner rehabilitation.

**TIMING TO ACCESS FUNDS FROM SOURCE**21: 7 months-1 year = attribute score of 57
In accordance with the city of Durham’s application timeline, this year the city’s annual action plans for HOME funds are due by December 19th, 2011. Applications are usually due by the end of the year/beginning of the new year. HUD allocates awards by approximately June. December to June is seven months.

**IMPLEMENTATION TIMING**22: 4-6 months = attribute score of 82
Once, for instance, the city of Durham is granted an allocation from HUD by approximately June, it may be as late as October until the city has actual access to these funds, as the city manager must obtain the city funds from Greensboro. June to October is five months.

**EASE OF IMPLEMENTATION:** One local agency responsible for implementation = attribute score of 100
Only one local agency is responsible for implementing the fund. An example of such an entity is the City of Durham (see example above).

---

19 Crossfield
20 Ibid
21 Conyers
22 Ibid
POLITICALLY ACCEPTABLE: 100% chance of government acceptability = attribute score of 100
This tool is not controversial and applying for this grant does not require any sort of voter or council approval.

ECONOMIC VOLATILITY: Success Rate Highly Dependent on Market Forces = attribute score of 0
This national grant is susceptible to national economic conditions. For instance, the City of Durham has been notified of reductions in HOME funds by 13 percent for the 2012 allocation.23

OCCURRENCE IN OTHER NC LOCATIONS: Highly Prevalent = attribute score of 100
HOME is the “largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.”24 HOME funds are allocated to numerous localities every year; as stated above, HOME funds contributed to at least 950 affordable units in NC in 2010. Additionally, Larry Jarvis and Nancy Bloebaum, Senior Program and Policy Analyst at the NC Housing Finance Agency, confirmed that the HOME grant is a highly prevalent affordable workforce housing policy tool in NC.

SCORE = Σ (EVALUATION CRITERIA SCORE * ATTRIBUTE SCORE)
TOTAL SCORE = 8,138
TOTAL POSSIBLE POINTS = 10,000
PERCENT OF TOTAL POSSIBLE POINTS ~ 81.4

23 Annual Funding Documents FY 2011-2012
24 Home Investment Partnerships Program
Policy Tool 3:
Community Development Block Grant (CDBG)

CDBG provides formula-based grants to entitled cities and counties to fund a wide-range of projects, including housing rehabilitation, real estate acquisition, and even job creation/retention activities. One of the project requirements to be eligible for CDBG funds is that "at least 51 percent of the beneficiaries must be low and moderate income persons (total family income is at or below 80% of the area’s median income)." CDBG does have a matching stipulation- this matching amount varies depending if the project is a non-construction or construction activity.

This tool is used for:
- Rental and ownership properties
- Preservation

DEVELOPER FINANCIAL SAVINGS: 1-24 = attribute score of 100
According to Larry Jarvis and Spencer Cowan, savings will most likely not exceed more than a quarter of the expected project costs. Grants, in general, are only meant to supply a portion of total development costs – savings from one source greater than 25% savings are rare.

POSITIVE EFFICACY: High = attribute score of 100
There is no question regarding the efficacy of this grant. Once a grant is awarded, the allocation can only be used for its designated housing purpose(s). It is illogical for a grantee to not use the funds for housing purpose(s) once the grantee receives an award. CDBG has been a tool utilized for local community development projects for the past 30 years.

TIMING TO ACCESS FUNDS FROM SOURCE: 7 months-1 year = attribute score of 57
In accordance with the city of Durham’s application timeline, this year the city’s annual action plans for CDBG funds are due by December 19th, 2011. Applications are usually due by the end of the year/beginning of the new year. HUD allocates awards by approximately June. December to June is seven months.

IMPLEMENTATION TIMING: 4-6 months = attribute score of 82
Once, for instance, the city of Durham is granted an allocation from HUD by approximately June, it may be as late as October until the city has actual access to these funds, as the city manager must obtain the city funds from Greensboro.

EASE OF IMPLEMENTATION: One local agency responsible for implementation = attribute score of 100
Only one local agency is responsible for implementing the fund. An example of such an entity is the City of Durham (see example above).

---

25 Community Development Block Grant Entitlement Communities Grants
26 Meeting a National Objective: State Community Development Block Grant Program
27 Home Investment Partnerships Program
28 Application for Funding: FY 2012-2013: CDBG, HOME, and General Funds
29 Conyers
30 Jarvis and Bloebaum
POLITICALLY ACCEPTABLE: *100% chance of government acceptability = attribute score of 100*
This tool is not controversial and applying for this grant does not require any sort of voter or council approval.\(^{31}\)

ECONOMIC VOLATILITY: *Success Rate Highly Dependent on Market Forces = attribute score of 0*
This national grant is susceptible to national economic conditions. For instance, the City of Durham has been notified of reductions in CDBG funds by 17 percent for the 2012 allocation.\(^{32}\)

OCCURRENCE IN OTHER NC LOCATIONS: *Highly Prevalent = attribute score of 100*
Larry Jarvis and Vicky Miller, Director of Community Investment and Assistance at the NC Department of Commerce, confirmed that the CDBG grant is a highly prevalent affordable workforce housing policy tool in NC. Twenty-five communities in NC received direct CDBG funding from HUD.\(^{33}\)

\[
\text{SCORE} = \sum (\text{EVALUATION CRITERIA SCORE} \times \text{ATTRIBUTE SCORE})
\]
TOTAL SCORE = 8,138
TOTAL POSSIBLE POINTS = 10,000
PERCENT OF TOTAL POSSIBLE POINTS ~ 81.4

\(^{31}\) Ibid
\(^{32}\) Annual Funding Documents Fy 2011-2012
\(^{33}\) Section 7: Community Development Block Grant
Congress enacted the Neighborhood Stabilization Program in 2008 to help cities and states stabilize and revitalize neighborhoods. NSP is especially geared toward foreclosed and vacant properties. Funds cannot be used to purchase properties not abandoned or foreclosed. Housing and Urban Development Agency (HUD) allocates funds on a formula basis. NSP1 funds were allocated in 2008; NSP2 funds were allocated in 2009, and NSP3 funds were allocated in 2010. The differences between these three funds are slight chances in eligible uses, methodology of awards, and source of funding.

This tool is used for:

- Rental and ownership properties
- Preservation

DEVELOPER FINANCIAL SAVINGS: 1-24 % = attribute score of 100
According to Larry Jarvis and Spencer Cowan savings will most likely not exceed more than a quarter of the expected project costs. Grants, in general, are only meant to supply a portion of total development costs – savings from one source greater than 25% savings are rare. For instance, the City of Durham received $2.8 million in NSP1 funds to acquire and renovate two vacant multi-family rental properties in Southwest Central Durham and Northeast Central Durham. This fund allocation did not exceed more than a quarter of total project costs.

POSITIVE EFFICACY: High = attribute score of 100
There is no question regarding the efficacy of this grant. Once a grant is awarded, the allocation can only be used for its designated housing purpose(s). In fact, 100% of NSP3 funds must be expended in three years from allocation. It is illogical for a grantee to not use the funds for housing purposes once the grantee receives an award.

TIMING TO ACCESS FUNDS FROM SOURCE: 4-6 months = attribute score of 81
In accordance with the city of Durham’s 2009 NSP application timeline, the city submitted an application in February 2009 to the NC Department of Commerce/Division of Community Assistance (DCA) and was awarded funds. The grant agreement was signed in June 2009. February to June is five months.

It is important to note that in 2011, Durham City applied for NSP3 funds in April to the NC DCA and a grant agreement was reached in June 2011 – only a three month lag. However, to be conservative, a “4-6 month” time period is used for the NSP evaluation.

IMPLEMENTATION TIMING: 1-2 years = attribute score of 29
Again, in accordance with Durham city’s 2009 NSP application timeline, although the city of Durham itself could start using these funds immediately, it was not until mid- 2010 sub-recipients were allowed to use the funds for actual housing purposes. Therefore, to be conservative, a 1-2 year Implementation Timing category was chosen.
as a portion of the original 2009 allocated funds to the city of Durham could not be accessed until about a year after the June 2009 award.

**EASE OF IMPLEMENTATION:** *One local agency responsible for implementation = attribute score of 100*

Only one local agency is responsible for implementing the fund.⁴⁰ An example of such an entity is the City of Durham; the city applied for NSP1, 2, and 3.

**POLITICALLY ACCEPTABLE:** *100% chance of government acceptability = attribute score of 100*

The tool alone is not controversial and applying for this grant does not require any sort of voter or council approval.⁴¹

**ECONOMIC VOLATILITY:** *Success Rate Highly Dependent on Market Forces = attribute score of 0*

This national grant is susceptible to national economic conditions. For instance, in 2008 the funding source for NSP1 was through Division B, Title III of the Housing and Economic Recovery Act-HERA, providing $3.92 Billion. In 2009, the funding source stemmed from the Title XII of the Division A of the American Recover and Reinvestment Act of 2009, providing only $2 Billion. And in 2010, NSP3 funds stemmed from the Dodd-Frank Wall Street Reform and Consumer Protection Act and only $1 Billion was provided. Each year, total allocation has decreased.

**OCCURRENCE IN OTHER NC LOCATIONS:** *Prevalent = attribute score of 49*

NSP is not a rare tool.⁴³ For instance the City of Charlotte received NSP1 funds and The Community Builders received NSP2 funds. The state itself received NSP1 and 3 funds to be allocated to grantees. However, the tool is not common enough that nearly every city or county in the state has NSP funds.

**SCORE = \( \sum \) (EVALUATION CRITERIA SCORE \* ATTRIBUTE SCORE)**

TOTAL SCORE = 7,533

TOTAL POSSIBLE POINTS = 10,000

PERCENT OF TOTAL POSSIBLE POINTS \( \sim 75.3 \)

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⁴⁰ Jarvis
⁴¹ Ibid
⁴² Neighborhood Stabilization Program (NSP) Strategies
⁴³ Jarvis and Neighborhood Stabilization Program Resource Exchange: NC
NON-GRA NT FINANCIAL TOOL

Policy Tool 5:
Local Housing Trust Fund

An ongoing source of funding, such as from general obligation bonds (annual appropriations by the legislature) or taxes (a dedicated funding source), is used to create a local ‘pool of money,’ or trust fund, to finance affordable homes.

This tool is used for:
- Rental and ownership properties
- Preservation and New Construction

DEVELOPER FINANCIAL SAVINGS: 1-24 % = attribute score of 100
Depending on the amount and source of funding, developers can expect to save 0-24% of project costs. For instance, Charlotte has a housing trust fund. The city uses this fund to support housing near its light rail system. South Oak Crossing, a mixed-income housing project, includes 100 affordable and 92 market-rate two- and three-bedroom rental units. This project cost a total of $18 million and $4.3 million (or 23.8%) stemmed from the city’s housing trust fund.44

These funds are usually combined with other affordable housing programs and incentives in order to construct &/or preserve affordable housing.

POSITIVE EFFICACY: Dependent on Local Specific Factors = attribute score of 61
The success and true efficacy dependents solely how the fund is set up.45 Where is the money coming from? How much is the initial seed money? How much is allocated to fund each year? What programs will it support – new construction &/or preservation, land acquisition, etc?

TIMING TO ACCESS FUNDS FROM SOURCE: N/A

IMPLEMENTATION TIMING: 2+ years = attribute score of 0
Setting up such a dedicated source of funding is very time consuming. According to The Center for Community’s Changes, “A Workbook for Creating a Housing Trust Fund,” the average campaign takes 2-3 years.46 Questions must be answered such as, “What is the source of funding and how will it be replenished each year?” “What specific projects can apply to use these funds?” The operating procedures of the fund need to be fully established before city council can even approve to start such a fund.

EASE OF IMPLEMENTATION: Requires local policy change before implementation = attribute score of 25
Depending on the source of capitalization, such as through general obligation bonds in Charlotte, local policy change would be needed to initiate a local housing trust fund.

POLITICALLY ACCEPTABLE: 1-49% chance of government acceptability = attribute score of 30

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44 Policy Tool: Housing Trust Funds and other Acquisition Funds
45 Cowan
46 A Workbook for Creating a Housing Trust Fund p. 17
“The political issues that surround money make securing a revenue source for a housing trust fund difficult.” Therefore, this tool is controversial because determining the source of money to create the trust fund is the most challenging part of the process. A dedicated funding source is very important for HTF success, meaning “that the source of funding is committed by law to generate funds for the housing trust fund. Thus, by resolution, ordinance or legislation, a certain percentage or amount of funds is automatically deposited in the housing trust fund each year.” However, HTF funding may compete with other causes, so determining if a HTF is appropriate for linking workforce housing near transit and the amount of funding is controversial. Additionally, funds may be committed to the housing trust fund, but an elected body must still approve the funds each year, as in Charlotte (approval every two years).

Dr. William Rohe, Director for the Center of Urban and Regional Studies UNC Chapel-Hill, confirmed local housing trust funds have a 1-49% of government acceptability.

**ECONOMIC VOLATILITY: Success Rate Highly Dependent on Market Forces = attribute score of 0**

According to the Center for Community Change’s Housing Trust Fund project, “housing trust funds always describe their funds as ‘dedicated,’ but ‘dedicated’ is a fuzzy term.” For instance, in Charlotte funds are committed to a housing trust fund, but an elected body must still approve such allocation based on competing sources of money. (However, approval has never been denied in Charlotte since the inception of the tool in 2000.) Although housing trust funds can be a very reliable source of funding, there is still no 100% guarantee approval will be granted year to year based on competing sources. Using multiple sources of funding, such as from general obligation bonds, grants, privates sources, &/or taxes, means fewer fluctuations in revenue.

Spencer Cowan confirmed housing trust funds can be highly dependent on market forces depending on the source of capitalization.

**OCCURRENCE IN OTHER NC LOCATIONS: Prevalent = attribute score of 49**

The city of Charlotte is the only location in the state with a major, well known national local housing trust fund for housing. Chapel Hill, Asheville, and Buncombe County have a pool of money for housing as well. Dr. William Rohe stated that it is not uncommon for localities in the state to have a dedicated fund for housing purposes.

**SCORE = \[\sum \text{(EVALUATION CRITERIA SCORE} \times \text{ATTRIBUTE SCORE)}\]**

TOTAL SCORE = 3,522
TOTAL POSSIBLE POINTS = 8,860
PERCENT OF TOTAL POSSIBLE POINTS ~ 39.8

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47 Ibid p. 43
48 Ibid
49 Ibid
50 Ibid
51 Ibid pg. 44
52 Ibid pg. 47
Policy Tool 6:
Revolving Loan Fund

After an initial capitalization of funds, revolving loan funds provide a source of money from which loans are made to one person/business at a time, and as repayments are made, funds become available for new loans to other persons/businesses. Thus, funds “revolve” from one entity to the next. Initial funding can come from public &/or public source, such as general obligation bonds, tax set-asides, direct appropriation from the state legislature, or funds from the state lottery.52

This tool is used for:
- Rental and ownership properties
- Preservation and New Construction

DEVELOPER FINANCIAL SAVINGS: 1-24 % = attribute score of 100
According to Dr. Rohe, savings will most likely not exceed more than a quarter of the expected project costs.

POSITIVE EFFICACY: Dependent on Local Specific Factors = attribute score of 61
The success and true efficacy depends solely how the fund is set up.53 Where is the money coming from? How much is the initial seed money? What organizations are using these funds? What is the loan repayment timeline? The tool can be successful or un-successful depending on it operating procedures.

TIMING TO ACCESS FUNDS FROM SOURCE: N/A

IMPLEMENTATION TIMING: 1-2 years = attribute score of 29
According to Dr. Rohe, implementing such a fund would take 1-2 years as discussion and coordination is needed to determine 1) the amount and source of capitalization of the fund 2) the application process for those who want to use the funds 3) the exact use and purpose of the funds.

EASE OF IMPLEMENTATION: Requires local policy change before implementation = attribute score of 25
Depending on the source of capitalization, such as through general obligation bonds, local policy change would be needed to initiate a revolving loan fund.

POLITICALLY ACCEPTABLE: 50-99% chance of government acceptability = attribute score of 70
According to Cowan and Dr. Rohe, and as described above, initiating this fund can involve local policy change, which in turn involves council or voter approval. Council or voter approval hinges on purpose of funds, source of fund, and application process – there is no 100% guarantee a revolving loan fund can be initiated for linking workforce affordable housing near transit.

An example of an affordable housing revolving loan fund voted in by citizens (this bond is specifically for housing, but not housing near transit) includes the $1 million bond referendum for affordable housing established in 1992 in Greensville, NC.54

ECONOMIC VOLATILITY: Success Rate Slightly Dependent on Market Forces = attribute score of 60

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52 Revolving Loan Funds
53 Cowan and Jarvis
54 Affordable Housing Bond Program
The very nature of this tool, that it is a revolving fund “replenished” when repayments are made, implies that the tool is not completely susceptible to market forces. Of course, a strong local economy means development can happen quicker (especially affordable workforce housing versus high-rate housing) and loans will be replenished faster. Cowan confirmed that revolving loan funds are only slightly dependent on market forces for the reasons just stated.

**OCCURRENCE IN OTHER NC LOCATIONS:** *Prevalent = attribute score of 49*

Revolving loan funds *themselves are prevalent* in North Carolina.\(^5^5\) Revolving loan funds do not have to be used for affordable housing – such funds can be established for numerous community activities. For instance, the city of Carrboro established a revolving loan fund in 1986 in order to create and retain jobs for low- and moderate income persons.\(^5^6\) However, the city of Greensville and Wake County’s Habitat for Humanity do have affordable housing revolving loan funds.\(^5^7\)

**SCORE = Σ (EVALUATION CRITERIA SCORE * ATTRIBUTE SCORE)**

**TOTAL SCORE = 5,143**

**TOTAL POSSIBLE POINTS = 8,860**

**PERCENT OF TOTAL POSSIBLE POINTS ~ 58.0**

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\(^{55}\) Rohe

\(^{56}\) Carrboro Revolving Loan Fund

\(^{57}\) Affordable Housing Bond Program and Housing Resources
Land banking is the process of purchasing land and holding it for future use, such as for affordable housing implementation. Basically, a land bank “is an institution chartered by state law to convert vacant, abandoned, or tax-delinquent properties into productive use.”

Land banks acquire properties through tax foreclosure, intergovernmental transfers, nonprofits transfers, and open-market purchases (tax foreclosures are the most common type of acquisition). After acquisition occurs, land banks promote redevelopment/new construction of a site by the ability to waive taxes and clear previous ownership titles, thus making the transfer of property to another owner both cheaper and easier.

Note: Self-Help currently operate a private land banking system in Durham. It is privately funded through Duke University. The land banking system described here is not through a private entity, such as Duke University. A government land banking authority is discussed.

This tool is used for:
- Ownership properties
- Preservation and New Construction

**DEVELOPER FINANCIAL SAVINGS:** 1-24 % = attribute score of 100

No public land banks exist in NC. However, Dr. Rohe stated 1-24% savings can be expected. The cost of land itself is usually around 20% of a project, so decreasing this amount through land banking would amount to between 1-24% project savings.

**POSITIVE EFFICACY:** Dependent on Local Specific Factors = attribute score of 61

The success and true efficacy dependents solely on how the land banking stipulations are established. What types of houses are applicable for land banking acquisition and redevelopment? Abandoned homes? Homes with rising costs near transit? Tax-delinquent properties?

What incentives are available to developers to redevelop and construction housing projects on ‘land banked’ properties? For instance, will delinquent taxes be cleared? Will properties be held tax-free? Will previous ownership titles be cleared?

**TIMING TO ACCESS FUNDS FROM SOURCE:** N/A

**IMPLEMENTATION TIMING:** 2+ years = attribute score of 0

Setting up a local land bank can take 2+ years. This is because (as stated below) the state of NC has not yet passed legislation to authorize the creation of land banks. This process itself may take one to two years. Additionally, if and when land bank legislation is passed, it will take about a year in itself to determine and locate appropriate locations for land banking. For example, Self-Help took about one year doing acquisition research, looking at owner trends, pricing, and tax value.
EASE OF IMPLEMENTATION: Requires state policy change before implementation = attribute score of 0
State enabling legislature is required to create government land banking authority.62

POLITICALLY ACCEPTABLE: 1-49% chance of government acceptability = attribute score of 30
This tool can be controversial and expensive.63 The process of acquiring properties takes time and money – a land banking authority would have to be established in the local government. Therefore controversy exists due to the fact that the government plays a direct intervening role in market dynamics, using money for affordable housing development.

ECONOMIC VOLATILITY: Success Rate Highly Dependent on Market Forces = attribute score of 0
This tool is susceptible to market forces. Land banking is a three-step process of acquisition of property, holding property, and disposition of property to developers. The disposition of property is dependent on land prices, which is very dependent on the strength of the local market. For example, the disposition of tax-delinquent properties can be difficult when the delinquent taxes are greater than the property market’s value, thus discouraging developers from acquiring the property for affordable workforce housing projects.64

OCCURRENCE IN OTHER NC LOCATIONS: Used in few locations = attribute score of 0
No public land banks exist in the state (see ‘Ease of Implementation’ above).

SCORE = ∑ (EVALUATION CRITERIA SCORE * ATTRIBUTE SCORE)
TOTAL SCORE = 2,925
TOTAL POSSIBLE POINTS = 8,860
PERCENT OF TOTAL POSSIBLE POINTS ~ 33.0

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62 Pratt
63 Rohe
64 Revitalizing Foreclosed Properties with Land Banks p. 3
Policy Tool 8: Impact Fee Waiver/Deduction

Impact fees are a type of exaction. Basically, developers must pay for public facilities, such as increased water or sewage treatment infrastructure, in order to continue with a proposed project, such as a housing project. An impact fee waiver/deduction would reduce this fee if a housing project includes affordable housing (or affordable housing near transit), thus making such development more attractive.

Additionally, impact fees may increase the cost of housing as these fees are transferred to the new residents.

Different types of impact fee waivers/deductions can be implemented:

- Adjust impact fees based on available infrastructure and service area: fees within each service area varying depending on needed infrastructure capacity
- Allow impact fees to be paid on a deferred basis: allow deferral of payment until occupancy is guaranteed or at final building inspection
- Adopt a proportionate impact fee: small homes pay smaller impact fees versus fees based on unit households constructed

This tool is used for:

- Rental and ownership properties
- New Construction

DEVELOPER FINANCIAL SAVINGS: 1-24% = attribute score of 100
Developers can expect to save 0-24% of project costs. According to Dr. Rohe, project savings will usually only be around 1% of total project costs as development can cost hundreds of thousands to millions of dollars, yet impact fees usually only represent a few thousand dollars.

POSITIVE EFFICACY: Dependent on Local Specific Factors = attribute score of 61
The success and true efficacy dependents solely on how the waiver/deduction is set up. How much is the waiver? What type of impact fee waiver is implemented in the locality (see options above)? What other housing incentives are available to be paired with the waiver?

TIMING TO ACCESS FUNDS FROM SOURCE: N/A

IMPLEMENTATION TIMING: 2+ years = attribute score of 0
According to Dr. Rohe, implementing a fee waiver/deduction can take 2+ years. Political will and coordination is needed to pass such a change in a local jurisdiction. Additionally, discussion is needed regarding waiver type and amount needed for affordable workforce housing near transit. As noted above, multiple variations of waivers exist.

EASE OF IMPLEMENTATION: Requires local policy change before implementation = attribute score of 25
Local ordinances do need to change to implement this policy tool.

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65 Legal Issues Related to Impact Fees
66 Adjust Impact Fees Based on Available Infrastructure and Service Area
67 Allow Impact Fees to Be Paid on a Deferred Basis
68 Impact Fees: Overview
**POLITICALLY ACCEPTABLE:** 1-49% chance of government acceptability = attribute score of 30

Implementing a fee waiver does require council approval. As such, the acceptability of this tool very much depends on the fiscal climate of the locality. A waiver/deduction means less money is devoted to, for instance sewage infrastructure and administrative costs. The council must ensure the local economy is strong enough to cope with lost revenue from waivers/deductions. The politically acceptability of 1-49% for this tool was confirmed with Dr. Rohe and Cowan.

**ECONOMIC VOLATILITY:** Success Rate Not Dependent on Market Forces = attribute score of 100

Implementing this tool does depend on local fiscal climate (see above). However, once this policy tool is established, it will not change yearly as seen with grant allocations.

**OCCURRENCE IN OTHER NC LOCATIONS:** Prevalent = attribute score of 49

Greensboro, Chapel Hill, Carrboro, Wilson, Asheville, and Raleigh have some sort of affordable housing fee waiver. For instance, “Orange County, North Carolina provides school construction impact fee rebates ($3,000 per unit in Chapel Hill and Carrboro, $750 elsewhere) to nonprofit groups building affordable units for first time homebuyers. Wilson, North Carolina eliminated development fees for a thirty-five unit affordable subdivision it helped develop. Asheville and Raleigh, North Carolina forgive development fees for affordable housing developments.”

\[ \text{SCORE} = \sum (\text{EVALUATION CRITERIA SCORE} \times \text{ATTRIBUTE SCORE}) \]

TOTAL SCORE = 4,682
TOTAL POSSIBLE POINTS = 8,860
PERCENT OF TOTAL POSSIBLE POINTS ~ 52.8
A developer will apply to the state finance agency (NC Housing Finance Agency) to win a competitive allocation of tax credits for affordable housing development. Allocation is based on a formula basis. The criteria are listed in the qualified allocation plans (QAP). North Carolina does award points to LIHTC applicants if property is close to transit. The recipient entity needs to be an LCC or limited partnership.

Simultaneously, an investor is found to contribute to the housing development in return for the allocated tax credit.

Federal law provides for two different types of LIHTCs, the 4 percent and the 9 percent credit. 9 percent is discussed here and refers to the approximate percentage of the eligible project costs that investors may claim on federal tax returns for a 10 year period.

This tool is used for:
- Rental properties
- New Construction and Preservation

DEVELOPER FINANCIAL SAVINGS: 1-24% = attribute score of 100
According to Cowan, developers can expect to save 1-24% of development costs. Additionally, there is no true pattern to percent savings – total savings depends on the type and size of development and QAP selection criteria. However, as an example, looking back at Charlotte’s South Oak Crossing housing project first introduced under the Housing Trust Fund analysis, this project used about $2.3 million in federal LIHTC, contributing to about 12% of total development costs.

POSITIVE EFFICACY: High = attribute score of 100
The LIHTC is a very successful program. In fact, it is labeled as the “most successful affordable-housing program” in the nation. For instance in North Carolina, there are approximately 1500 LIHTC projects, with more than 40,000 units. Each year average allocation of credits is about 40 properties/2500 units.

TIMING TO ACCESS FUNDS FROM SOURCE: 7 months-1 year = attribute score of 57
Applications are due each year in the beginning of January. Awards are made around August. January to August is 8 months.

IMPLEMENTATION TIMING: 7 months-1 year = attribute score of 66
As stated in the tool description, developers must find an investor. This is typically completed by the following spring. Only once an investor is found can construction begin. (August to the next spring is approximately 8 months.)

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70 Preserving Affordable Housing Near Transit p. 12
71 Ibid
72 What Is the 9 Percent Low-Income Housing Tax Credit?
73 Charlotte-Mecklenburg Housing Partnership, Inc
74 Anderson, et al p. 8
75 Anderson, et al p. 9
EASE OF IMPLEMENTATION: One local agencies responsible for implementation = attribute score of 100
Although a syndicator/investor is needed for LIHTC success, it is the NC Housing Finance Agency that allocates the credits.

POLITICALLY ACCEPTABLE: 100% chance of government acceptability = attribute score of 100
This tool is not controversial and applying for this credit does not require voter or council approval.

ECONOMIC VOLATILITY: Success Rate Not Dependent on Market Forces = attribute score of 100
Each state gets a fixed allocation based on its population. In North Carolina, each year the state allocates about $160 million in credits.

OCCURRENCE IN OTHER NC LOCATIONS: Highly Prevalent = attribute score of 100
This is a widely used mechanism for affordable housing both in NC and the country. As stated above, each year average allocation of credits is to about 40 properties/2500 units in the state.

SCORE = Σ (EVALUATION CRITERIA SCORE * ATTRIBUTE SCORE)
TOTAL SCORE = 9,119
TOTAL POSSIBLE POINTS = 10,000
PERCENT OF TOTAL POSSIBLE POINTS ~ 91.2

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76 LIHTC Basics
77 Anderson, et al p. 9
Policy Tool 10: Tax-Exempt Bonds with 4% Low-income Housing Tax Credits (LIHTC)

According to the Corporation for Supportive Housing, “tax-exempt bonds are debt obligations issued by state or local governments agencies for public purposes... The IRS Code (Section 103) allows the purchasers of the bonds to deduct the interest income from the bonds from their federal income taxes. Thus, the interest rate of tax-exempt bonds is lower than conventional bank financing, and these savings can promote affordable housing.”78

These bonds can be paired with 4% LIHTC. A rental development automatically qualifies for the 4% LIHTC if it receives at least 50 percent of its financing from tax-exempt bonds and meets either of the following income criteria: 1) 40% of the units are rented at an affordable rate to families making 60% or less of the AMI 2) 20% of the units are rented at an affordable rate to families making 50% or less of AMI.79

As compared to the 9% LIHTC which are competitive and limited by the state’s allocation, “there is no limit to the number of 4% credits a state may issue in conjunction with projects financed with tax-exempt multi-family bonds.”80 The recipient entity needs to be an LCC or limited partnership. Additionally, projects should be worth $10 million in activity (see ‘Positive Efficacy’).

This tool is used for:
- Rental properties
- New Construction and Preservation

DEVELOPER FINANCIAL SAVINGS81: N/A
According to Mark Shelburne, Counsel & Policy Coordinator at the NC Housing Finance Agency, trying to decipher a pattern in savings is fruitless. Only one to two projects per year use 4% LIHTC with tax-exempt bonds, every project is different, and there are many moving parts to the equation, such as changes in interest rate over time. However, tax-exempt bonds have the potential to contribute to a large percentage of development. For instance, looking again at Charlotte’s South Oak Crossing housing project, this project used about $9.2 million in tax-exempt bonds, contributing to just over 50% of total development costs.82

POSITIVE EFFICACY: High = attribute score of 100
According to Scott Farmer, director of rental investment for NCHFA, “there are only a few markets in [NC] that can support projects that are large enough to support bonds.” Tax-exempt bond issuance costs are too steep to allow bond issuance for projects needing less than about $5 million in bonds (hence why projects should be at least $10 million).83 However, if granted, 4% LIHTC and tax-exempt bonds can generate significant equity to a project. See NC example above.

TIMING TO ACCESS FUNDS FROM SOURCE: 7 months-1 year = attribute score of 57
4% tax credits are due each year in the beginning of January. Awards are made around August. January to August is 8 months. Bonds applications are due either in January or July and awards are made around November, 5 months later. To be conservative, the time frame of 7 months-1 year is used.

IMPLEMENTATION TIMING: 7 months-1 year = attribute score of 66

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78 Giber p. 2.
79 How Does the 4 Percent Low-Income Housing Tax Credit Work?
80 Lubell p. 13
81 Shelburne
82 Charlotte-Mecklenburg Housing Partnership, Inc
83 Enochs
As with 9% LIHTC, developers must find an investor. This is typically completed in less than a year. Only once an investor is found can construction begin.

**EASE OF IMPLEMENTATION:** *One local agency responsible for implementation = attribute score of 100*

In all states, the Housing Finance Agency is authorized to issue tax-exempt bonds and the tax credit for rental housing. 84

**POLITICALLY ACCEPTABLE:** *100% chance of government acceptability = attribute score of 100*

Applying for tax-exempt bonds and 4% LIHTC does not require any sort of voter approval.

**ECONOMIC VOLATILITY** 85. *Success Rate Highly Dependent on Market Forces = attribute score of 0*

Bonds for housing compete directly with infrastructure and public good projects and this competition varies year to year based on public priorities and volume caps. However, the volume cap is never fully utilized in NC. For instance, in 2007 the volume cap was more than $600 million and only one affordable housing development in the state received 4% LIHTC with tax-exempt bonds that year. 86 But, this tool is susceptible to market forces for in order to use these bonds, there must be a strong income source to cover the debt service on the bonds. Therefore, establishing upfront the ability to repay the bonds is critical in successful implementation.

**OCCURRENCE IN OTHER NC LOCATIONS:** *Used in few locations = attribute score of 0*

On average, there are only one to two projects per year. 87

**SCORE = \( \sum (\text{EVALUATION CRITERIA SCORE} \times \text{ATTRIBUTE SCORE}) \)**

**TOTAL SCORE = 6,089**

**TOTAL POSSIBLE POINTS = 8,690**

**PERCENT OF TOTAL POSSIBLE POINTS \sim 70.1**

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84 Biber p. 3
85 Biber p. 5 & 8
86 How Does the 4 Percent Low-Income Housing Tax Credit Work?
87 Shelburne
Policy Tool 11: Tax Incrementing Financing (TIF)

TIF is a complex financing mechanism. Local governments use bond proceeds to make improvements, such as creating affordable workforce housing, in an established ‘TIF district.’ The new investment for improvement is expected to raise property value within the TIF district. This increased tax ‘increment’ is set aside to pay back the bonds used to pay for the public improvement.  

See Figure 3 below to see how TIF operates.

This tool is used for:
- Rental and Ownership properties
- New Construction and Preservation

DEVELOPER FINANCIAL SAVINGS: 0 percent = attribute score of 20
In TIF, a local government borrows money to pay for a public improvement. The tax increment is just to pay back this debt.

POSITIVE EFFICACY: Dependent on Local Specific Factors = attribute score of 61
The true efficacy of this tool depends on multiple, interweaving factors. For instance, “there is no guarantee that the initial public investment will spur sufficient private investment, over time, that creates enough increment to pay back the bonds” (Blocher and Morgan p. 9). Determining factors are size and cost of public improvement, size of district, and if property values will actually go up. A relatively high degree of risk is associated with this tool.

TIMING TO ACCESS FUNDS FROM SOURCE: N/A

IMPLEMENTATION TIMING: 1-2 years = attribute score of 29
Establishing a TIF district can take one to two years according to Dr. Rohe. Time is needed to determine the location and size of the TIF district, open public hearings must occur, and once the plan in finalized, the Local Government Commission in the State Treasurer’s Office must give the final approval.  

88 Blocher and Morgan p. 3
89 Blocher and Morgan p. 7
EASE OF IMPLEMENTATION: One local agency responsible for implementation = attribute score of 100
Local policy change is not needed to implement TIF, but approval is needed from the local government committee and the State Treasurer’s Office. One entity, the government unit responsible for constructing the public improvement good, is responsible for implementing a TIF district.90

POLITICALLY ACCEPTABLE: 1-49% chance of government acceptability = attribute score of 30
TIF is inherently risky – there is no certainty TIF revenue will repay bond debts. For instance, North Carolina was one of the last states to approve local government implementation of TIF districts. As such, NC was able to include safeguards intended to minimize TIF problems elsewhere in the country.91 Such safeguards include requiring cities to consult with counties of TIF projects.92 However, these safeguards require time, effort, and money. Additionally, TIF means increases in property value is specifically dedicated for paying back TIF loans, so controversy resides in the fact that the government is playing a role in the private market.

The risky nature of TIF and its subjectivity to time and money that may not pay off later lowers the political acceptability of this tool for affordable workforce housing implementation.

ECONOMIC VOLATILITY: Success Rate Highly Dependent on Market Forces = attribute score of 0
As stated above, the very success of this tool is dependent on the TIF district’s ability to generate revenue to pay back debt. Revenue generated from increases in property value is very dependent on the local state of the economy and people’s interest in this public good. For instance, in a weak economy, even a big investment in a public good, such as better streets, will not be enough to spur people to investment money in the property in that district, thus delaying debt repayment.

OCCURRENCE IN OTHER NC LOCATIONS: Used in few locations = attribute score of 0
Only three TIF projects are in NC: in Roanoke Rapids, Woodfin, and the Kannapolis area.93 None of these projects are related to affordable workforce housing near transit (or affordable housing in general).

SCORE = Σ (EVALUATION CRITERIA SCORE * ATTRIBUTE SCORE)
TOTAL SCORE = 2,327
TOTAL POSSIBLE POINTS = 8,860
PERCENT OF TOTAL POSSIBLE POINTS ~ 26.3

90 Blocher and Morgan p. 3
91 Blocher and Morgan p. 12
92 Ibid
93 Blocher and Morgan p. 11
ZONING

Policy Tool 12:
Inclusionary Zoning

A local ordinance dictating a certain share of newly constructed housing must be affordable housing for those in the low to moderate income range. In North Carolina, inclusionary zoning can be mandatory, conditional, or voluntary.

This tool is used for:
- Rental and ownership properties
- New Construction

DEVELOPER FINANCIAL SAVINGS: 0% = attribute score of 20
This tool by itself just requires developers to build a certain percentage of affordable housing. Unless paired with, for instance a density bonus or expedited permit review, no developer savings are expected.

POSITIVE EFFICACY: Dependent on Local Specific Factors = attribute score of 61
The root of this policy tool is that it is a required ordinance. However, the true efficacy of this tool depends on 1) if surrounding localities have a stricter or more lax inclusionary zoning policy &/or 2) the economic status of the locality itself. If one locality has an inclusionary zoning provision, the developer could just construct housing in a near-by locality that has no inclusionary provision. Therefore, this tool only works if it is paired with another development incentive, such as a density bonus, OR the local market is just very strong and developers are confident that they will reap profits from both their regular-priced units and affordable units.

Additionally, efficacy depends if the policy is mandatory, conditional, or voluntary.

TIMING TO ACCESS FUNDS FROM SOURCE: N/A

IMPLEMENTATION TIMING: 2+ years = attribute score of 0
As an example, Chapel Hill currently has an inclusionary zoning provision. Enacting such a provision took approximately 2.5 years from the development proposal in order to conduct rational nexus studies in order to justify the benefit of such a stipulation, and to conduct public hearings.94

EASE OF IMPLEMENTATION: Requires local policy change before implementation = attribute score of 25
Although the state’s general assembly does not directly give localities the authority to adopt such a tool, given enough political will, communities can adopt inclusionary zoning.95 See examples of inclusionary zoning programs in NC below.

Therefore, local ordinances do need to change to implement this policy tool.

POLITICALLY ACCEPTABLE: 1-49% chance of government acceptability = attribute score of 30
This tool is controversial as it can be mandatory. Developers could and do lobby against such a provision, especially in weak economic markets. Dr. Rohe confirmed 1-49% chance of government acceptability.

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94 Rohe
95 King p. 10
**ECONOMIC VOLATILITY:** *Success Rate Highly Dependent on Market Forces = attribute score of 0*

Key words in this tool’s evaluation on economic volatility are “success rate.” The tool alone is not susceptible to market forces as it is a required ordinance. However, if one locality has an inclusionary zoning provision, the developer could just construct housing in a near-by locality that has no inclusionary provision. Therefore, this tool only works if it is paired with another development incentive, such as a density bonus, OR the local market is just very strong and developers are confident that they will reap profits from both the regular-priced units and affordable units.

**OCCURRENCE IN OTHER NC LOCATIONS:** *Prevalent = attribute score of 49*

Davidson, Manteo, Chapel Hill, Kill Devil Hills, Carrboro, the City of Wilmington, Orange and Dare Counties, and the Winston-Salem/Forsyth all have some form of inclusionary zoning.²⁶

**SCORE = \( \sum (EVALUATION\ CRITERIA\ SCORE \times\ ATTRIBUTE\ SCORE)\)**

- **TOTAL SCORE = 2,474**
- **TOTAL POSSIBLE POINTS = 8,860**
- **PERCENT OF TOTAL POSSIBLE POINTS \( \sim 27.9\)**

²⁶ Mulligan, C. and Joyce, J
Policy Tool 13:
Density Bonus

An incentive based tool that permits developers to increase the max allowable development in exchange for helping localities achieve public policy goals. For instance, developers may be allowed to build more units than allowed by current code if a certain percentage of the new units are affordable.

This tool is used for:
- Rental and ownership properties
- New Construction

DEVELOPER FINANCIAL SAVINGS: 1-24% = attribute score of 100
According to Cowan, by allowing developers to build more market-rate units ‘in exchange’ for affordable housing units, developers can expect savings from the greater number of market-rate units.

POSITIVE EFFICACY: Dependent on Local Specific Factors = attribute score of 61
The true efficacy of this tool depends on the economic status of the locality itself. If developers feel the local economy is not strong and the added market-rate units will not produce enough profit to supplement the additional affordable units, density bonus incentives will be not be well utilized.

TIMING TO ACCESS FUNDS FROM SOURCE: N/A

IMPLEMENTATION TIMING: 2+ years = attribute score of 0
Designing, planning, and implementing a density bonus can take 2+ years, according to Aaron Cain, Planner at the City of Durham. Discussion and proposal iterations must include input from home builders, the planning commission, and local government board. Additionally, public hearings must occur as with inclusionary zoning. As an example, it took approximately three years for Durham to develop and adopt its compact design zoning district and small area plans, other local planning stipulations.

EASE OF IMPLEMENTATION: Requires local policy change before implementation = attribute score of 25
Local ordinances do need to change to implement this policy tool.

POLITICALLY ACCEPTABLE: 50-99% chance of government acceptability = attribute score of 70
This tool is not controversial and it is simply an incentive tool. Developers can choose whether or not to utilize a density bonus for construction purposes. Dr. Rohe confirmed 50-99% chance of government acceptability.

ECONOMIC VOLATILITY: Success Rate Highly Dependent on Market Forces = attribute score of 0
Key words in this tool’s evaluation on economic volatility are “success rate.” As stated above, the true efficacy of this tool depends on the economic status of the locality itself. If developers feel the local economic is not strong and the added market-rate units will not produce enough profit to supplement the additional affordable units, density bonus incentives will be not be well utilized. If a nearby locality has a stronger market, developers may still choose to construct housing in the locality with no density bonus as their profits may be higher in a strong local market.
OCCURRENCE IN OTHER NC LOCATIONS: *Used in few locations* = *attribute score of 0*
Durham, Henderson County, and Washington, NC all have some form of a density bonus.

\[
\text{SCORE} = \sum (\text{EVALUATION CRITERIA SCORE} \times \text{ATTRIBUTE SCORE})
\]
TOTAL SCORE = 3,848
TOTAL POSSIBLE POINTS = 8,860
PERCENT OF TOTAL POSSIBLE POINTS \(\sim 43.4\)
An early warning system would operate as an online database that would provide access to information about properties. In essence, this tool would use housing and administrative records, property tax, housing code violations, and GIS, to prevent home abandonment and enable stakeholders to recognize where housing prices are expected to rise. Nonprofit developers and jurisdictions would use data for neighborhood planning and affordable housing development.

This tool is used for:
- Rental and ownership properties
- Preservation

**DEVELOPER FINANCIAL SAVINGS:** 0% = attribute score of 20
This tool is simply for information gathering – no developer savings are associated with this tool.

**POSITIVE EFFICACY:** Dependent on Local Specific Factors = attribute score of 61
The success of this tool depends on what information is collected and how information is stored and accessed. For instance, the advanced Los Angeles’s and Philadelphia’s early warning system use GIS map overlays to display data, thus providing for easily obtaining and understandable data collection. Chicago and Minneapolis, however, do not provide online mapping tools.

Funding availability also determines the efficacy of this tool. More funding, from private or public sources, can help garner faster and better allocation of data. As an example, the Chicago system has faced a number of funding problems over the past 18 years. As such, retaining relevant and funder interest has been difficult. “No system will be useful without partners capable and interested in interpreting and acting upon the implementation.”

**TIMING TO ACCESS FUNDS FROM SOURCE:** N/A

**IMPLEMENTATION TIMING:** 2+ years = attribute score of 0
As discussed with Dr. Rohe, 2+ years is most likely needed to implement an active early warning system. This is because mass coordination and effort is needed to gather housing data from differing sources and organizations in an accessible, user-friendly database.

**EASE OF IMPLEMENTATION:** Requires local policy change before implementation = attribute score of 25
Agency coordination is needed to gather data. Thus, developers, non-profits, community development organization, local government agencies, and even universities are all needed to gather the needed housing information to build a comprehensive early warning system.

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97 Snow, et al. p 5
98 Ibid p.. 5
99 Ibid p. 21
100 Ibid p. 5
Although not required, support for early warning systems is recommended through legislative change so data access will continue through staff and leadership changes. For instance, the DC early warning system was passed through the district council. Therefore to be conservative, local policy change is chosen for implementation feasibility.

**POLITICALLY ACCEPTABLE:** 50-99% chance of government acceptability = attribute score of 70

As stated above, legislative change is not needed for early warning systems. Governmental acceptability is expected to be in the 50-99% range as this tool is not controversial. It is simply gathering public data into an organized form. However, gathering this data is time-consuming and can be expensive.

**ECONOMIC VOLATILITY:** Success Rate Not Dependent on Market Forces = attribute score of 100

The tool itself is not dependent on market forces. Again, this tool is only used to gather and share data.

**OCCURRENCE IN OTHER NC LOCATIONS:** Used in few locations = attribute score of 0

An early warning system for housing is not utilized anywhere in North Carolina. However, the Charlotte Housing Authority has implemented a “Moving Forward Program” which determines ‘Stable,’ ‘Transitioning,’ and ‘Challenged’ neighborhoods based on certain quality of life measures, such as high school dropout rate and median household income.

\[
\text{SCORE} = \sum (\text{EVALUATION CRITERIA SCORE} \times \text{ATTRIBUTE SCORE})
\]

TOTAL SCORE = 3,960
TOTAL POSSIBLE POINTS = 8,860
PERCENT OF TOTAL POSSIBLE POINTS ~ 44.7
Policy Tool 15: Expedited Permit Review

Many communities have time-consuming procedures developers must follow before construction of homes is approved. Such procedures include obtaining building permits and checking zoning ordinances. More time spent on approval means higher carrying costs for developers. However, adopting an expedited review process of affordable workforce units can streamline the approval process, acting as an incentive for developers. Expedited review processes can apply to both new construction and preservation/renovation purposes.

This tool is used for:
- Rental and ownership properties
- New Construction and Preservation

DEVELOPER FINANCIAL SAVINGS: 1-24% = attribute score of 100
Surprisingly, an expedited review process will save developers money (1-24% according to Cowan) due to carrying costs. Carrying costs refer to costs of holding inventory. In affordable housing, this means carrying costs associated with preparing the site for affordable housing development. With increasing land values, an expedited review can ensure development begins quicker, lowering carrying costs and allowing residency/revenue to start sooner.

POSITIVE EFFICACY: Dependent on Local Specific Factors = attribute score of 61
The success of this tool depends on how the review process is established. Many codes and ordinances must be reviewed before development can begin. Will an expedited review process address all codes? Just a few?

Who exactly is eligible for the review process? What is the definition of ‘affordable’ in terms of allowing an expedited review process? Exactly how much time will be saved? The efficacy of this tool strongly depends on its stipulation and other developer incentives available in the locality.

TIMING TO ACCESS FUNDS FROM SOURCE: N/A

IMPLEMENTATION TIMING: 1-2 years = attribute score of 29
According to Dr. Rohe, implementing this tool would take 1-2 years in order to determine exactly what provisions of affordable housing qualify for an expedited review process (Ex: new construction &/or preservation projects?) and to hold public hearings. According to Dr. Rohe, implementing this policy tool would most likely take less time than inclusionary zoning, which is a mandated housing construction provision.

EASE OF IMPLEMENTATION: Requires local policy change before implementation = attribute score of 25
Local ordinances do need to change to implement this policy tool.

POLITICALLY ACCEPTABLE: 1-49% chance of government acceptability = attribute score of 30
According to Cowan and Jarvis, the chance of government acceptability of implementing such a tool is only 1-49% in the Triangle area. This is because an expedited review process competes with other locality public needs

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106 Lubell p. 5
107 Affordable Workforce Housing
that need review as well, such as sewer infrastructure. Additionally, review processes differ from locality to locality. For instance, in Chapel Hill, review processes typically take 9 months, so changing the order of the review scheme would have a big impact other projects needing review in comparison with a locality with a short average review time.

**ECONOMIC VOLATILITY:** *Success Rate Not Dependent on Market Forces = attribute score of 100*

The tool itself is not dependent on market forces. An expedited review is a pure procedural application.

**OCCURRENCE IN OTHER NC LOCATIONS:** *Used in few locations = attribute score of 0*

According to Rohe, expedited permit reviews in North Carolina are “not very typical.” In fact, none currently exist in the Triangle region.

\[
\text{SCORE} = \sum (\text{EVALUATION CRITERIA SCORE} \times \text{ATTRIBUTE SCORE})
\]

\[
\text{TOTAL SCORE} = 4,732
\]

\[
\text{TOTAL POSSIBLE POINTS} = 8,860
\]

\[
\text{PERCENT OF TOTAL POSSIBLE POINTS} \approx 53.4
\]

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108 Rohe
109 Department of City and Regional Planning University of NC-Chapel Hill p. 45
### Part III: Policy Tool Ranking
Below is the summarized policy tool rank

<table>
<thead>
<tr>
<th>Policy Tool</th>
<th>Score</th>
<th>Rank</th>
<th>Key Attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Income Housing Tax Credit (LIHTC)</td>
<td>91</td>
<td>1</td>
<td>• Highly Prevalent in NC • Not Politically Controversial • Short Implementation Timing • Credits allocated per year not dependant on economic conditions</td>
</tr>
<tr>
<td>NC Housing Trust Fund</td>
<td>83</td>
<td>2</td>
<td>• Highly Prevalent in NC • Short Implementation Timing</td>
</tr>
<tr>
<td>Home Investment Partnership Program (HOME)</td>
<td>81</td>
<td>3</td>
<td>• Subject to economic conditions • Short Implementation Timing</td>
</tr>
<tr>
<td>Community Development Block Grant (CDBG)</td>
<td>81</td>
<td>4</td>
<td>• Subject to economic conditions • Short Implementation Timing</td>
</tr>
<tr>
<td>Neighborhood Stabilization Program (NSP)</td>
<td>75</td>
<td>5</td>
<td>• Final Implementation Timing can take more than 1 year • Highly dependent on economic conditions</td>
</tr>
<tr>
<td>Tax Exempt Bond + 4% LIHTC</td>
<td>70</td>
<td>6</td>
<td>• Only a few instances per year in NC • Tool best utilized in large-scale developments (ex: &gt; $10 Million)</td>
</tr>
<tr>
<td>Revolving Loan Fund</td>
<td>58</td>
<td>7</td>
<td>• Local policy change may be required, depending on source of capital • Implementing Timing: 1-2 years • Efficacy is not consistently high</td>
</tr>
<tr>
<td>Expedited Review and Permitting</td>
<td>53</td>
<td>8</td>
<td>• Local policy change required • Few instance in NC for housing purposes • May be politically controversial</td>
</tr>
<tr>
<td>Impact Fee Waiver/Deduction</td>
<td>53</td>
<td>9</td>
<td>• Local policy change required • May be politically controversial</td>
</tr>
<tr>
<td>Early warning system</td>
<td>45</td>
<td>10</td>
<td>• Can take 2+ years to implement as database collection and organization is a lengthy process involving multiple organizations and agencies • May require local policy change • Zero savings for developers</td>
</tr>
<tr>
<td>Density bonus</td>
<td>43</td>
<td>11</td>
<td>• Can be politically controversial depending on source of capital • Implementation Timing: 2+ years • Can be highly dependent on economic conditions</td>
</tr>
<tr>
<td>Housing Trust Fund</td>
<td>40</td>
<td>12</td>
<td>• Financially risky • Zero savings for developers</td>
</tr>
<tr>
<td>Tax Increment Financing (TIF)</td>
<td>39</td>
<td>13</td>
<td>• Requires state policy change • Implementation Timing: 2+ years</td>
</tr>
<tr>
<td>Land Banking</td>
<td>33</td>
<td>14</td>
<td>• Requires local policy change • Politically Controversial</td>
</tr>
<tr>
<td>Inclusionary zoning</td>
<td>28</td>
<td>15</td>
<td>• Requires local policy change • Zero savings for developers</td>
</tr>
</tbody>
</table>
# Discussion

## Part I. Matrix Characterization of Policy Tools

Below describes the most viable combination of policy tools for the preservation and new construction of single-family and multi-family home ownership and rental units, along with potential applicable rail stops. Appendix B was used to help formulate the below combinations of tools.

<table>
<thead>
<tr>
<th>(1)</th>
<th>New Construction: Multi-family rental homes (Ex: Apartments)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants:</td>
<td>Home Investment Partnership Program (HOME)</td>
</tr>
<tr>
<td></td>
<td>NC Housing Trust Fund (NC HTF)</td>
</tr>
<tr>
<td>Non-Grant Financial Tools:</td>
<td>Revolving Loan Fund</td>
</tr>
<tr>
<td></td>
<td>Tax-Exempt Bond with 4% LIHTC</td>
</tr>
<tr>
<td></td>
<td>* For projects &gt; $10 Million</td>
</tr>
<tr>
<td></td>
<td>Local Housing Trust Fund</td>
</tr>
<tr>
<td></td>
<td>Low Income Housing Tax Credit (LIHTC)</td>
</tr>
<tr>
<td></td>
<td>Impact Fee Waiver</td>
</tr>
<tr>
<td>Other:</td>
<td>Expedited Permit Review</td>
</tr>
</tbody>
</table>

Possible Light Rail Stop(s): Durham-Orange 9th street; Durham Orange Patterson Place

<table>
<thead>
<tr>
<th>(2)</th>
<th>New Construction: Multi-family Home Ownership (Ex: Condominiums)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants:</td>
<td>Home Investment Partnership Program (HOME)</td>
</tr>
<tr>
<td></td>
<td>NC Housing Trust Fund (NC HTF)</td>
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<tr>
<td>Non-Grant Financial Tools:</td>
<td>Revolving Loan Fund</td>
</tr>
<tr>
<td></td>
<td>Local Housing Trust Fund</td>
</tr>
<tr>
<td>Zoning</td>
<td>Inclusionary Zoning</td>
</tr>
<tr>
<td></td>
<td>Density Bonus</td>
</tr>
<tr>
<td>Other:</td>
<td>Expedited Permit Review</td>
</tr>
</tbody>
</table>

Possible Light Rail Stop(s): Wake: Millbrook Station

| (3) | Preserving Multi-family Rental Homes |

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52
<table>
<thead>
<tr>
<th>Grants:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Investment Partnership Program (HOME)</td>
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<tr>
<td>Non-Grant Financial Tools:</td>
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<td>Revolving Loan Fund</td>
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<tr>
<td>Local Housing Trust Fund</td>
<td></td>
</tr>
<tr>
<td>Low Income Housing Tax Credit (LIHTC)</td>
<td></td>
</tr>
<tr>
<td>Other:</td>
<td></td>
</tr>
<tr>
<td>Expedited Permit Review</td>
<td></td>
</tr>
</tbody>
</table>

*Possible Light Rail Stop(s): Durham-Orange: LaSalle Station*

(4)

Preserving Multi-family Home Ownership

<table>
<thead>
<tr>
<th>Grants:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Investment Partnership Program (HOME)</td>
<td></td>
</tr>
<tr>
<td>NC Housing Trust Fund (NC HTF)</td>
<td></td>
</tr>
<tr>
<td>Community Development Block Grant (CDBG)</td>
<td></td>
</tr>
<tr>
<td>Non-Grant Financial Tools:</td>
<td></td>
</tr>
<tr>
<td>Revolving Loan Fund</td>
<td></td>
</tr>
<tr>
<td>Local Housing Trust Fund</td>
<td></td>
</tr>
<tr>
<td>Other:</td>
<td></td>
</tr>
<tr>
<td>Expedited Permit Review</td>
<td></td>
</tr>
</tbody>
</table>

*Possible Light Rail Stop(s): Durham-Orange: LaSalle Station*

(5)

New Construction: Single-family Rental Homes

<table>
<thead>
<tr>
<th>Grants:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Investment Partnership Program (HOME)</td>
<td></td>
</tr>
<tr>
<td>NC Housing Trust Fund (NC HTF)</td>
<td></td>
</tr>
<tr>
<td>Non-Grant Financial Tools:</td>
<td></td>
</tr>
<tr>
<td>Revolving Loan Fund</td>
<td></td>
</tr>
<tr>
<td>Local Housing Trust Fund</td>
<td></td>
</tr>
<tr>
<td>Impact Fee Waiver/Deduction</td>
<td></td>
</tr>
<tr>
<td>Other:</td>
<td></td>
</tr>
<tr>
<td>Expedited Permit Review</td>
<td></td>
</tr>
</tbody>
</table>

*Possible Light Rail Stop(s): Durham-Wake: Greenfield Station*

(6)

New Construction: Single-family Home Ownership

<p>| Grants: |  |</p>
<table>
<thead>
<tr>
<th>Non-Grant Financial Tools:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revolving Loan Fund</td>
<td></td>
</tr>
<tr>
<td>Local Housing Trust Fund</td>
<td></td>
</tr>
<tr>
<td>Impact Fee Waiver/Deduction</td>
<td></td>
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<tr>
<td>Zoning:</td>
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<td>Inclusionary Zoning</td>
<td></td>
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<tr>
<td>Density Bonus</td>
<td></td>
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<tr>
<td>Other:</td>
<td></td>
</tr>
<tr>
<td>Expedited Permit Review</td>
<td></td>
</tr>
<tr>
<td><strong>Possible Light Rail Stop(s):</strong> Durham-Wake: Greenfield Station</td>
<td>(7)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Preserving Single-family Rental Housing</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants:</td>
<td></td>
</tr>
<tr>
<td>Home Investment Partnership Program (HOME)</td>
<td></td>
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<tr>
<td>NC Housing Trust Fund (NC HTF)</td>
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<td>Non-Grant Financial Tools:</td>
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<tr>
<td>Revolving Loan Fund</td>
<td></td>
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<tr>
<td>Local Housing Trust Fund</td>
<td></td>
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<tr>
<td>Other:</td>
<td></td>
</tr>
<tr>
<td>Expedited Permit Review</td>
<td></td>
</tr>
<tr>
<td><strong>Possible Light Rail Stop(s):</strong> Durham-Orange: Buchanan Station</td>
<td>(8)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Preserving Single-family Home Ownership</th>
<th></th>
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<tr>
<td>Grants:</td>
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<td>Local Housing Trust Fund</td>
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<tr>
<td>Other:</td>
<td></td>
</tr>
<tr>
<td>Expedited Permit Review</td>
<td></td>
</tr>
<tr>
<td><strong>Possible Light Rail Stop(s):</strong> Durham Wake: Garner Station</td>
<td></td>
</tr>
</tbody>
</table>

- HOME and the NC HTF are very viable grant options for constructing and preserving workforce housing. Both tools have relatively short application and accessing funding timelines. Additionally, only one
agency is required to implement the tool, decreasing communication and coordination issues between agencies, thus ensuring a more efficient execution process. Both tools also have high positive efficacy, saving developers 1-24% of total project costs.

- For the same reasons listed above, CDBG grants are a feasible grant option for preservation purposes. CDBG funds focus on home ownership projects in NC.

- A revolving loan fund could be set up, using either funding from a grant or a private source, to address the problem of new construction or preservation of workforce affordable housing near the light rail stops. A revolving loan fund is an especially appealing financial tool as it is not completely dependent on market fluctuations, thus decreasing the risk involved. Additionally, this tool is seen throughout the state, even if not for housing purposes. However, its prevalent occurrence shows this tool can be successfully implemented to produce a wanted outcome.

- A local housing trust fund could be established to address preservation and new construction of rental and home ownership properties in a certain radius distance around the light rail stops. A dedicated funding source, such as from real estate transfer taxes, would ensure that funding allocation is not susceptible to strong market forces or by council approval. For instance, Charlotte’s Housing Trust Fund, is ‘replenished’ every two years by voter approval of general obligation bonds. However, a locality must determine what combinations of dedicated sources and appropriations are appropriate.

  Additionally, many localities in the country use housing trust funds to specifically align affordable workforce housing near transit, including Washington DC and Seattle.

  Although implementing such a tool can take 2+ years, a ‘pool of money’ will be created to specifically address workforce housing near transit, generating a long-term financial resource.

- LIHTCs are an extremely viable option for building rental complexes. LIHTC accounts for about 90% of all affordable rental housing in the country, meaning this tool has continually been a viable source of financing for developers.\(^{110}\) Only one agency, the NC Housing Finance Agency, is responsible for credit allocation. Additionally, credit allocation does not flux per year, meaning this tool is not susceptible to market forces. LIHTC could be used for new construction of single family rental homes. However, LIHTC are mainly geared toward multi-family rental units, such as apartments.

- Tax-exempt bonds with 4% LIHTC are best for large scale, multi-family rental units. As stated above, tax-exempt bonds are too steep to allow bond issuance for projecting needing less than $5 million in bonds. However, as seen in Charlotte, this tool can greatly lower project costs in the long run, transferring benefits to tenants.

- In terms of non-financial tools, multiple zoning and permitting options must be paired together to formulate sufficient incentives for developers to construct affordable workforce housing. For instance, inclusionary zoning provisions should be paired with density bonuses. Inclusionary zoning ensures

\(^{110}\) Low-Income Housing Tax Credits
affordable units will be constructed, while a density bonus permits developers to construct at a higher density. Basically, a density bonus provides compensation to developers constructing affordable units.

An expedited permit review would also serve as an additional incentive when paired with inclusionary zoning and a density bonus. Compared to an impact fee waiver/deduction, localities would not directly lose money on an expedited review process. Developers, on the other hand, would save money due to decreased carrying costs.

Density bonuses and inclusionary zoning are not recommended for rental units due to the fact that North Carolina preempts rental control. North Carolina General Statute §42.14.1 Rental Control states\(^\text{111}\):

No county or city as defined by G.S. 160A-1 may enact, maintain, or enforce any ordinance or resolution which regulates the amount of rent to be charged for privately owned, single-family or multiple unit residential or commercial rental property. This section shall not be construed as prohibiting any county or city, or any authority created by a county or city for that purpose, from:

1. Regulating in any way property belonging to that city, county, or authority;
2. Entering into agreements with private persons which regulate the amount of rent charged for subsidized rental properties; or
3. Enacting ordinances or resolutions restricting rent for properties assisted with Community Development Block Grant Funds. (1987, c. 458, s. 1.)

Therefore, density bonuses and inclusionary zoning can provoke developers to charge continually high rates to make up for any ‘lost costs’ while constructing affordable workforce units. These two zoning stipulations should be used for ownership properties where rental control is less of an issue.

- An expedited permit review could be used for both new construction and preservation purposes. Such a change in review process is desirable as no direct cost is involved and implementation timing is relatively short. Additionally, compared to zoning incentives and certain financial tools, such as TIF and a local housing trust fund, development and administering this tool is not complicated or financially risky.

- Inclusionary zoning and density bonuses could be used for single family new construction projects. However, it makes most sense to direct these zoning incentives for multi-family projects where vertical design can effectively utilize density bonuses without disrupting greenfield development. And as discussed above, inclusionary zoning and density work best when paired today. Therefore, an impact fee waiver/deduction combined with an expedited review process would provide an effective pairing for new construction of single family homes.

**Tools not utilized**

- **Neighborhood Stabilization Program (NSP):** First, NSP is geared toward foreclosed and vacant properties, limiting the use of the funds for renovation of properties around the light rail stops to produce workforce housing. Additionally, the source and stipulations of this national grant change year to year, making this tool a highly economic volatile source of funding. For instance, as stated above, in the first year of its establishment, NSP had a $3.2 billion allocation. However, allocation dropped to $2 billion and $1 billion in 2009 and 2010, respectively. And the Triangle area must strongly compete with both locations in NC and other areas in the nation for funding. For instance, Durham did not receive funding in 2009 for NSP2.

\(^{111}\) § 42-14.1 Rent control
• **Land Banking:** The major obstacle to using bank banking as a tool is that it requires state policy change. Additionally, there is no guarantee a land bank will provide enough incentive and savings for developers to construct a housing project at the land-banked site. This is because, as stated above, this tool is susceptible to market forces. Land banking is a three-step process of acquisition of property, holding property, and disposition of property to developers. The disposition of property is dependent on land prices, which is very dependent on the strength of the local market. For example, the disposition of tax-delinquent properties can be difficult when the delinquent taxes are greater than the property market’s value, thus discouraging developers from acquiring the property for affordable workforce housing projects.\(^\text{112}\)

• **Tax Increment Financing (TIF):** Large risks are associated with implementing this tool, as described above. There is no guarantee a TIF district will produce enough tax revenue from increases in property value to pay back the debt produced from the public investment. Additionally there is uncertainty regarding the appropriate size of the district and the political acceptability of this tool.

• **Early Warning System:** An early warning system would not serve as a direct incentive for developers to preserve or create affordable workforce housing near transit. This tool would simply create a database for ‘at-risk’ housing and implementing it would take coordination between many organizations. Although the Triangle area would benefit in the long-run from implementing this policy tool to address affordable housing, foreclosure, and displacement in general, its use to link workforce affordable housing near light rail would not be significant due to the fact that localities know to look at housing attributes in a certain radius around the proposed light rail stops.

**Part II: Interagency Coordination**

Transit-oriented development (TOD) involves multiple party representatives including environmentalists, housing advocates, transportation planners, health professionals, and local citizens. Key to successfully connecting workforce housing near the proposed light rail line is coordinate these parties that usually operate separately.

For instance, “the biggest challenge to building affordable or workforce housing near transit is the ability to secure land.”\(^\text{113}\) Transit agencies can use their land ownership to promote workforce housing and even help finance housing projects. Transit agencies are concerned with ridership, so catering to the demographic that actually uses public transportation, mainly those with low to moderate income levels, is key to transit success. As an example, the San Francisco Bay Area Rapid Transit District gave a land lease to a local non-profit developer to build an affordable housing apartment complex. And in Charlotte, the local transit agency (CATS) and the city bought land parcels for a specific TOD project proposal that included building affordable housing near its light rail.\(^\text{114}\)

So, bringing together representatives from such organizations early will increase the Triangle area’s resilience to expected housing costs and associated displacement. Examples of relevant agencies included in this discussion include Triangle J Council of Governments, Triangle Transit, NC Affordable Housing Coalition, and local non-profit housing agencies.

\(^{112}\) Revitalizing Foreclosed Properties with Land Banks p. 3  
\(^{113}\) Kneich and Pollack p. 7  
\(^{114}\) Martinez p. 8
V. Conclusion

This report serves as a management and policy guide for client, policy-makers, and housing developers, to connect workforce housing near light rail. It is understood that there is no ‘one answer’ or ‘one-size fits all’ model to tackle this housing issue. True implementation success will not be determined until housing projects begin. However, the ranking system and recommended combination of policy tools are intended to 1) serve as a stepping stone to increase the Triangle area’s resilience to expected housing costs and associated displacement, and 2) increase awareness of possible policy options available to effectively put workforce housing around the light rail stops.

VI. Acknowledgements

Many people contributed to project results and I am very grateful to those who took time to work with me on this report. I would especially like to thank my advisors, John-Hodges Copple and Dr. Subhrendu Pattanayak for their guidance and support.
Appendix A: MAUA Score Sheet

1. Please state your name.

*Note: This expert consultation ranking should reflect how your organization operates in your jurisdiction/locality.

2. □ You are given 100 points to weigh the relative importance of the 8 criteria. For instance, if each of these 8 criteria are equally important to consider in your locality, each of the 8 categories would receive a score of 12.5 (100 divided by 8). □ As another example, if 'Ease of Implementation' is the most important criteria compared to the other 7 criteria in your locality, it might receive a comparatively high score of 30. The other category’s scores would be lower.

- Developer Savings: How much will the policy tool save developers in terms of total cost?
- Positive Effort: How successful is this tool in producing affordable workforce housing?
- Timing to Access Funds: How long does it take to access these funds?
- Implementation Timing: Once obtained and access funds, how long does it take to implement the policy tool?
- Ease of Implementation: Implementation feasibility
- Politically Acceptable: How feasible is it for the local jurisdiction to accept this policy tool? Is this tool administrable?
- Economic Viability: Is the tool adaptable to market conditions? For instance, a national grant for affordable housing may decrease in years of economic downturn
- Occurrence in your state: How frequently is this policy tool implemented in your state?
5. **TOPIC: DEVELOPER FINANCIAL SAVINGS** (How much will the policy tool save developers in terms of total cost?)

You are given a scale of 0 to 100. Weigh each attribute bin in relation to each other, giving the least desirable attribute the lowest score and the most desirable attribute the highest score based on operational patterns in your locality.

<table>
<thead>
<tr>
<th>Negative savings</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0 percent</td>
<td>v</td>
<td></td>
</tr>
<tr>
<td>0-24 percent</td>
<td></td>
<td>v</td>
</tr>
<tr>
<td>25-49 percent</td>
<td></td>
<td>v</td>
</tr>
<tr>
<td>50-74 percent</td>
<td></td>
<td>v</td>
</tr>
<tr>
<td>75-95 percent</td>
<td></td>
<td>v</td>
</tr>
</tbody>
</table>

6. **TOPIC: POSITIVE EFFICACY** (How successful is this tool in producing affordable workforce housing?)

You are given a scale of 0 to 100. Weigh each attribute bin in relation to each other, giving the least desirable attribute the lowest score and the most desirable attribute the highest score based on operational patterns in your locality.

<table>
<thead>
<tr>
<th>Low</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependent on local specific factors</td>
<td>v</td>
</tr>
<tr>
<td>High</td>
<td></td>
</tr>
</tbody>
</table>

7. **TOPIC: TIMING TO ACCESS FUNDS FROM SOURCE** (Once obtain funds, how long does it take to access these funds?)

You are given a scale of 0 to 100. Weigh each attribute bin in relation to each other, giving the least desirable attribute the lowest score and the most desirable attribute the highest score based on operational patterns in your locality.

<table>
<thead>
<tr>
<th>In years</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2+</td>
<td></td>
</tr>
<tr>
<td>1-2</td>
<td>v</td>
</tr>
<tr>
<td>7 months</td>
<td></td>
</tr>
<tr>
<td>4-6</td>
<td>v</td>
</tr>
<tr>
<td>0-3 months</td>
<td>v</td>
</tr>
</tbody>
</table>

8. **TOPIC: EASE OF IMPLEMENTATION** (Implementation feasibility)

You are given a scale of 0 to 100. Weigh each attribute bin in relation to each other, giving the least desirable attribute the lowest score and the most desirable attribute the highest score based on operational patterns in your locality.

| Requires state policy changes before implementation | v |
| Requires local policy changes before implementation |   |
| More than one agency responsible for implementation | v |
| Two local agencies responsible for implementation | v |
| One local agency responsible for implementation | v |

9. **TOPIC: POLITICALLY ACCEPTABLE** (How feasible is for the local jurisdiction to accept this policy tool? Is this tool controversial?)

You are given a scale of 0 to 100. Weigh each attribute bin in relation to each other, giving the least desirable attribute the lowest score and the most desirable attribute the highest score based on operational patterns in your locality.

| 0 percent chance of government acceptability | v |
| 1-49 percent chance of government acceptability |   |
| 50-99 percent chance of government acceptability | v |
| 100 percent chance of government acceptability | v |

10. **TOPIC: ECONOMIC VOLATILITY** (Is the tool susceptible to market conditions? For instance, national grants for affordable housing may decrease in years of economic downturn)

You are given a scale of 0 to 100. Weigh each attribute bin in relation to each other, giving the least desirable attribute the lowest score and the most desirable attribute the highest score based on operational patterns in your locality.

| Success rate highly dependent on market forces | v |
| Success rate slightly dependent on market forces |   |
| Success rate not dependent on current market forces | v |
9. **TOPIK: OCCURRENCE IN YOUR STATE** (How frequently is this policy tool used in your state?)

You are given a scale of 0 to 100. Weigh each attribute bin in relation to each other, giving the least desirable attribute the lowest score and the most desirable attribute the highest score based on operational patterns in your locality.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used in two locations</td>
<td></td>
</tr>
<tr>
<td>Proven/ent</td>
<td></td>
</tr>
<tr>
<td>Slightly prevalent</td>
<td></td>
</tr>
</tbody>
</table>
### Appendix B: Housing Matrix Characterization

<table>
<thead>
<tr>
<th>Policy Tool</th>
<th>New Construction</th>
<th>Preservation</th>
<th>Single</th>
<th>Multi-Family</th>
<th>Rental</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Income Housing Tax Credit (LIHTC)</td>
<td>✔</td>
<td>✔</td>
<td>✗</td>
<td>✔</td>
<td></td>
<td>✗</td>
</tr>
<tr>
<td>NC Housing Trust Fund</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Home Investment Partnership Program (HOME)</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Community Development Block Grant (CDBG)</td>
<td>✗</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Neighborhood Stabilization Program (NSP)</td>
<td>✗</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Tax Exempt Bond + 4% LIHTC</td>
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<td>✔</td>
<td>✔</td>
<td>✗</td>
<td>✔</td>
<td>✗</td>
</tr>
<tr>
<td>Revolving Loan Fund</td>
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<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
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<tr>
<td>Expedited Review and Permitting</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Impact Fee Waiver/Deduction</td>
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<td>✔</td>
<td>✔</td>
<td>✔</td>
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<td>✔</td>
<td>✔</td>
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<tr>
<td>density bonus</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Housing Trust Fund</td>
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<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Tax Increment Financing (TIF)</td>
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<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Land Banking</td>
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<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
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<tr>
<td>Inclusionary zoning</td>
<td>✔</td>
<td>✗</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>
Appendix C: Picture Methodology

Part I.
Identify & Define:
- Policy Tools (A)
- Evaluation Criteria (B)
- Attributes of each Evaluation Criterion (C)

Part II.
Score & Rank:
- Eval. Criteria (Step 1)
- Attributes within each Evaluation Criterion (Step 2)

Research Policy Tools for Operational Reality (Step 3)

Part II contd.
Determine Weighted Score for each Policy Tool based on ‘Best Attribute (Step 4)

Part III.
Rank all 15 Policy Tools based on results from Step 4

Part IV.
Determine best Policy Tools for housing types

Policy Tool Matrix Characterization
(Policy Tools best fitting different housing types)

FINAL RESULT →
### Appendix D: Tool Score and Verbal Attribute (in rank order)

- **Row A**: Weighted Score of the eight evaluation criteria
- **Row B 'Attribute'**: Attribute for the specific policy tool.
  - Developer Financial Savings: 0-100% in six intervals
  - Positive Efficacy: Low to High
  - Timing to access funds from source: 0-2+ years in five intervals
  - Implementation Timing: 0-2+ years in five intervals
  - Ease of Implementation: one agency to state policy change
  - Politically Acceptable: 0-100% in four intervals
  - Economic Volatility: Highly dependant to not dependant on market forces
  - Occurrence in other NC Locations: Few to Highly Prevalent
- **Row C 'Attribute Score'**: Weighted score for the attribute from Row B
- **Row D 'Criterion Score'**: Row A*RowC
- **Total Points**: Sum of Row D
- **Max Possible Points**: Sum Row A*max possible attribute score (which is 100 for each attribute)
- **Percent (Final Score)**: Totals Points / Max Possible Points

#### 1. Federal Low Income Tax Credit

<table>
<thead>
<tr>
<th>Row</th>
<th>Developer Financial Savings (13.1)</th>
<th>Positive Efficacy (19.1)</th>
<th>Timing to access funds from source (11.4)</th>
<th>Implementation Timing (11.2)</th>
<th>Ease of Implementation (12.9)</th>
<th>Politically Acceptable (15)</th>
<th>Economic Volatility (11.6)</th>
<th>Occurrence in other NC locations (5.6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Attribute</td>
<td>1-24%</td>
<td>High</td>
<td>7 months-1 year</td>
<td>7 months-1 year</td>
<td>One Agency</td>
<td>100%</td>
<td>Not Dependent</td>
</tr>
<tr>
<td>C</td>
<td>Attribute Score</td>
<td>100</td>
<td>100</td>
<td>57</td>
<td>66</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>D</td>
<td>Criterion Score</td>
<td>1310</td>
<td>1910</td>
<td>649.8</td>
<td>739.2</td>
<td>1290</td>
<td>1500</td>
<td>1160</td>
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</tbody>
</table>

Total Points: 9,119

Max Possible Points: 10,000

Percent (Final Score): 91%

#### 2. NC Housing Trust Fund

<table>
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<tr>
<th>Row</th>
<th>Developer Financial Savings (13.1)</th>
<th>Positive Efficacy (19.1)</th>
<th>Timing to access funds from source (11.4)</th>
<th>Implementation Timing (11.2)</th>
<th>Ease of Implementation (12.9)</th>
<th>Politically Acceptable (15)</th>
<th>Economic Volatility (11.6)</th>
<th>Occurrence in other NC locations (5.6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Attribute</td>
<td>1-24%</td>
<td>High</td>
<td>7 mo-1 year</td>
<td>0-3 mo.</td>
<td>One Agency</td>
<td>100%</td>
<td>Highly Dependent</td>
</tr>
<tr>
<td>C</td>
<td>Attribute Score</td>
<td>100</td>
<td>100</td>
<td>57</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
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<td>650</td>
<td>1120</td>
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<td>1500</td>
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</table>

Total Points: 8,340

Max Possible Points: 10,000

Percent (Final Score): 83%
### 3. Home Investment Partnership Program (HOME)

<table>
<thead>
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<th>A</th>
<th>Developer Financial Savings (13.1)</th>
<th>Positive Efficacy (19.1)</th>
<th>Timing to access funds from source (11.4)</th>
<th>Implementation Timing (11.2)</th>
<th>Ease of Implementation (12.9)</th>
<th>Politically Acceptable (15)</th>
<th>Economic Volatility (11.6)</th>
<th>Occurrence in other NC locations (5.6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Attribute</td>
<td>1-24%</td>
<td>High</td>
<td>7 mo-1 year</td>
<td>4-6 mo.</td>
<td>One Agency</td>
<td>100%</td>
<td>Highly Dependent</td>
</tr>
<tr>
<td>C</td>
<td>Attribute Score</td>
<td>100</td>
<td>100</td>
<td>57</td>
<td>82</td>
<td>100</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>D</td>
<td>Criterion Score</td>
<td>1310</td>
<td>1910</td>
<td>650</td>
<td>918</td>
<td>1290</td>
<td>1500</td>
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<tr>
<td>Total Points</td>
<td>8,138</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Max Possible Points</td>
<td>10,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Percent (Final Score)</td>
<td>81%</td>
<td></td>
<td></td>
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</tbody>
</table>

### 4. Community Development Block Grant (CDBG)

<table>
<thead>
<tr>
<th>A</th>
<th>Developer Financial Savings (13.1)</th>
<th>Positive Efficacy (19.1)</th>
<th>Timing to access funds from source (11.4)</th>
<th>Implementation Timing (11.2)</th>
<th>Ease of Implementation (12.9)</th>
<th>Politically Acceptable (15)</th>
<th>Economic Volatility (11.6)</th>
<th>Occurrence in other NC locations (5.6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Attribute</td>
<td>1-24%</td>
<td>High</td>
<td>7 mo-1 year</td>
<td>4-6 mo.</td>
<td>One Agency</td>
<td>100%</td>
<td>Highly Dependent</td>
</tr>
<tr>
<td>C</td>
<td>Attribute Score</td>
<td>100</td>
<td>100</td>
<td>57</td>
<td>82</td>
<td>100</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>D</td>
<td>Criterion Score</td>
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<td>8,138</td>
<td></td>
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### 5. Neighborhood Stabilization Program (NSP)

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<tr>
<th>A</th>
<th>Developer Financial Savings (13.1)</th>
<th>Positive Efficacy (19.1)</th>
<th>Timing to access funds from source (11.4)</th>
<th>Implementation Timing (11.2)</th>
<th>Ease of Implementation (12.9)</th>
<th>Politically Acceptable (15)</th>
<th>Economic Volatility (11.6)</th>
<th>Occurrence in other NC locations (5.6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Attribute</td>
<td>1-24%</td>
<td>High</td>
<td>4-6 mo.</td>
<td>1-2 years</td>
<td>One Agency</td>
<td>100%</td>
<td>Highly Dependent</td>
</tr>
<tr>
<td>C</td>
<td>Attribute Score</td>
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<td>100</td>
<td>81</td>
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<td>Percent (Final Score)</td>
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</table>
### 6. Tax Exempt Bond +4% LIHTC

<table>
<thead>
<tr>
<th>Row: A</th>
<th>Developer Financial Savings (13.1)</th>
<th>Positive Efficacy (19.1)</th>
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<tbody>
<tr>
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<td>High</td>
<td>7 mo-1 year</td>
<td>7 mo-1 year</td>
<td>One Agency</td>
<td>100%</td>
<td>Highly Dependent</td>
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<tr>
<td>C</td>
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Max Possible Points 8,690

Percent (Final Score) 70%

### 7. Revolving Loan Fund

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Max Possible Points 8,860

Percent (Final Score) 58%

### 8. Expedited Permit Review

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Max Possible Points 8,860

Percent (Final Score) 53%
### 9. Impact Fee Waiver/Deduction

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Total Points: 4,682

Max Possible Points: 8,860

Percent (Final Score): 53%

### 10. Early Warning System

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Total Points: 3,960

Max Possible Points: 8,860

Percent (Final Score): 45%

### 11. Density Bonus

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Total Points: 1,000

Max Possible Points: 8,860

Percent (Final Score): 11%
### 12. Housing Trust Fund

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**Total Points**

Max Possible Points: 8,860
Percent (Final Score): 43%

### 13. Tax Increment Financing (TIF)

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**Total Points**

Max Possible Points: 8,860
Percent (Final Score): 39%
### 14. Land Banking

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#### Total Points: 2,925

Max Possible Points: 8,860

Percent (Final Score): 33%

### 15. Inclusionary Zoning

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#### Total Points: 2,474

Max Possible Points: 8,860

Percent (Final Score): 28%
Appendix D: Light Rail Stops for Policy Characterization Matrix*

*Land Use Classification Maps (the first presented map) produced by UNC-Chapel Hill City and Regional Planning
*Site Potential Maps (the second presented map) produced by Shook-Kelly, a Charlotte design firm

(1)

New Construction: Multi-family rental homes (Ex: Apartments)

Possible Light Rail Stop(s): Durham-Orange 9th Street; Durham Orange Patterson Place

- A possible location for multi-family rental homes is the outlined red area below, classified as ‘Vacant’ by UNC researchers and a ‘ReDevel’ Site by Shook-Kelly. The housing surrounding this area is primarily rental, such as Erwin Square apartments, so building a workforce-gear rental complex in the designated parcel would be appropriate.
Patterson Place is also appropriate for building a larger-scale workforce rental complex. The UNC report shows parcels designated as ‘Ready,’ meaning those parcels are highly likely to redevelop within 10-20 years if the light rail is built. ‘Ready’ properties tend to have a relatively low ratio of building value to land value, making redevelopment attractive. This land classification correlates to Shook Kelly’s redevelopment designations as well. Colonial Grand apartment complex is located within a half-mile radius of the station (see map below), so building another apartment complex in the surrounding area will fit the current housing pattern.

115 Shook-Kelly p. B-1
As with examples above, Millbrook Station has large parcels of land suitability classified as ‘Developable: Ready’ by UNC researchers. Additionally, Shook-Kelly has designated the area directly surrounding the station as ‘Phase I Core Development.’ Additionally, this station is currently surrounded by townhomes, such as Brook Forest Townhomes and Tuscany Townhomes, so building workforce multi-family home ownership units aligns with the current housing stock.
LaSalle is appropriate preserving multi-family rental and owner-properties. This location comprises a highly dense area of apartment complexes and condominiums, such as Campus Walk apartments and Partners Place Condominiums. These apartments are mainly catered to Duke University students, but its affordability also makes it attractive to the workforce demographic. Preserving the affordability of this location, especially since it is next to Duke Hospital, is essential. Additionally, UNC researchers classified this land as ‘Marginally developable,’ meaning the ratio of existing building value to land value is greater than one, making redevelopment challenging. Shook-Kelly reports these parcels would be appropriate for ‘New Urban Neighborhoods.’ However, caution must be warranted regarding this TOD (transit-oriented development) classification for the reasons described above: affordable units, especially to students and workforce populations, already exist in a dense area. Preservation should have higher priority over new construction.

116 Department of City and Regional Planning University of NC-Chapel Hill B-1
Greenfield station is surrounded by large parcels of vacant land. Utilizing this vacant land to produce single-family rental &/or home ownership units would be ideal. The Shook-Kelly reports also advise TOD-development around the now open land. Development around Greenfield station would present an excellent opportunity to cater to the workforce population.
Preserving Single-family Rental Housing

Possible Light Rail Stop(s): Durham-Orange: Buchanan Station

- Buchanan is surrounded by single-family rental homes. These are affordable units: Duke students even rent in this area. UNC researchers label this area as ‘firm,’ meaning the area is highly unlikely to redevelop if the light rail system is built.\textsuperscript{117} Additionally, Shook-Kelly labeled currently stable ‘Existing Urban Neighborhoods’ in yellow around the stop – much of the parcels around the station fit this land classification, meaning preservation efforts should be implemented.

\textsuperscript{117} Department of City and Regional Planning University of NC-Chapel Hill B-1
Garner is surrounded by neighborhoods comprised of workforce homes. Like above, large sections of yellow highlights are within the half-mile radius of the stop, signifying stable neighborhoods for preservation initiatives. This is especially important due to the homes’ close proximity to North Garner Middle School.
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