

Jackson County

May 21, 2024

Opportunity Site Identification Findings

Affordable Housing Development in Jackson County

 **UNC** | SCHOOL OF GOVERNMENT
Development Finance Initiative



Meeting Agenda

- Review site suitability and financial feasibility approaches
- Discuss high-level housing opportunities
- Discuss next steps





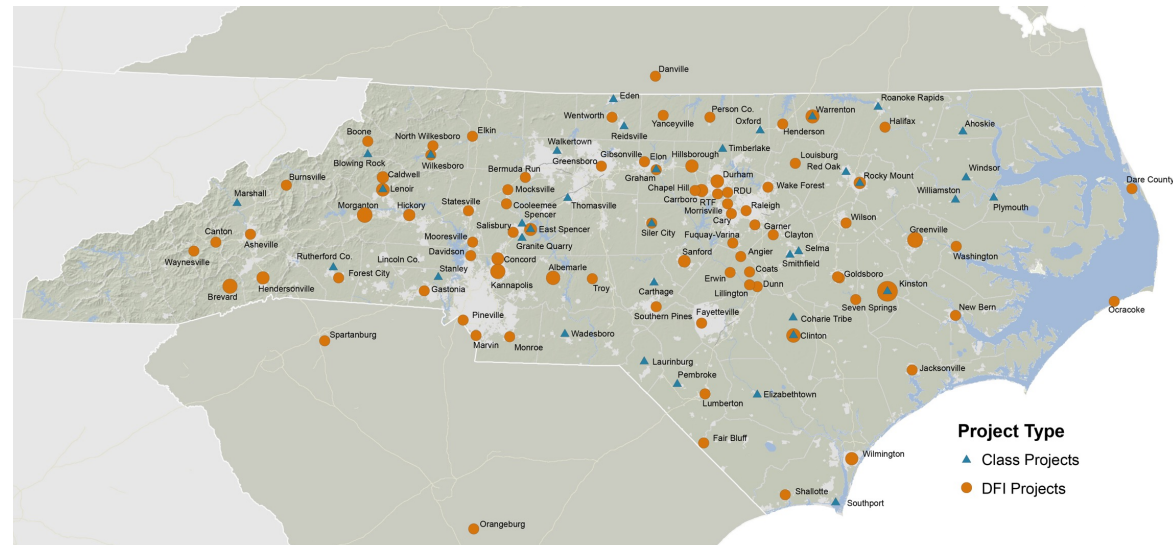
SCHOOL OF GOVERNMENT

Development Finance Initiative

DFI, a program of UNC Chapel Hill's School of Government (SOG), partners with local governments to attract private investment for transformative projects by providing specialized finance and development expertise.

SOG is the largest university-based local government training, advisory, and research organization in the United States, and serves more than 12,000 public officials each year.

Values: Nonpartisan, policy-neutral, responsive

Project Team

Project Lead: Sara VanLear

Analyst: Rebekah Mixon

Associate Director: Sarah Odio

Development Advisor: Rory Dowling

Phase 1: Opportunity Site Identification

In order to identify affordable housing development opportunities, DFI has conducted:

1. Stakeholder Engagement

- Goal: inform County's priorities for affordable housing development

2. Housing Needs (Market) Assessment

- Goal: determine demand for different housing types based on economic drivers and current housing supply

3. Site Suitability Analysis

- Goal: identify sites that meet County's priorities for future affordable housing development

4. High-Level Site and Financial Feasibility

- Goal: for each site identified (up to 4), determine type and scale of housing development possible; and to
- estimate potential private funding sources and identify minimum funding gap for each scenario

Potential Phase 2: Site-specific pre-development services and development partner solicitation.

Sample of stakeholders interviewed

- Dogwood Health Trust
- Jackson County Chamber of Commerce
- Jackson County Planning Board
- Mountain Projects
- Southwestern Commission Council of Governments
- Southwestern NC HOME Consortium
- Nantahala Health Foundation
- Tuckaseegee Water and Sewer Authority
- Town of Dillsboro
- Town of Sylva
- Western Carolina University

What DFI heard from stakeholders about affordable housing priorities:

- Limited housing stock has created housing pressure for households of all income levels (extremely low- to middle-income households) as well as household types (single, families and senior households).
- A desire for all housing types to meet a range of needs: rental and homeownership opportunities; high-density apartments and low-density single family homes.
- Consistent support for affordable housing development across the public, nonprofit, education, and private sectors.

Housing Takeaways

- **Over 2,500 low-to-moderate-income (LMI) households in Jackson County have housing needs, and more than 1,200 of those households have severe housing needs.**
- **Housing supply is constrained by seasonal-use units, low quality or off-market homes, and student housing. These constraints have contributed to a market with low vacancy and rising prices.**
 - On average, the county's largest municipalities have a vacancy rate below 1%, and available rentals are affordable to households earning more than \$80,000/year.
 - Today, households need an annual income of approximately \$163,000 to purchase the average home.
 - Mobile homes make up a third of the naturally occurring affordable housing, and more than 300 units are in a flood zone.
- **The number of LMI households with housing needs will likely grow based on the following demographic and economic shifts in Jackson County:**
 - Net migration of out-of-state, higher income households
 - Economic growth driven by low-wage jobs

High-Level Site and Financial Analysis



DFI explored sites for the following affordable development types:

Multifamily rental



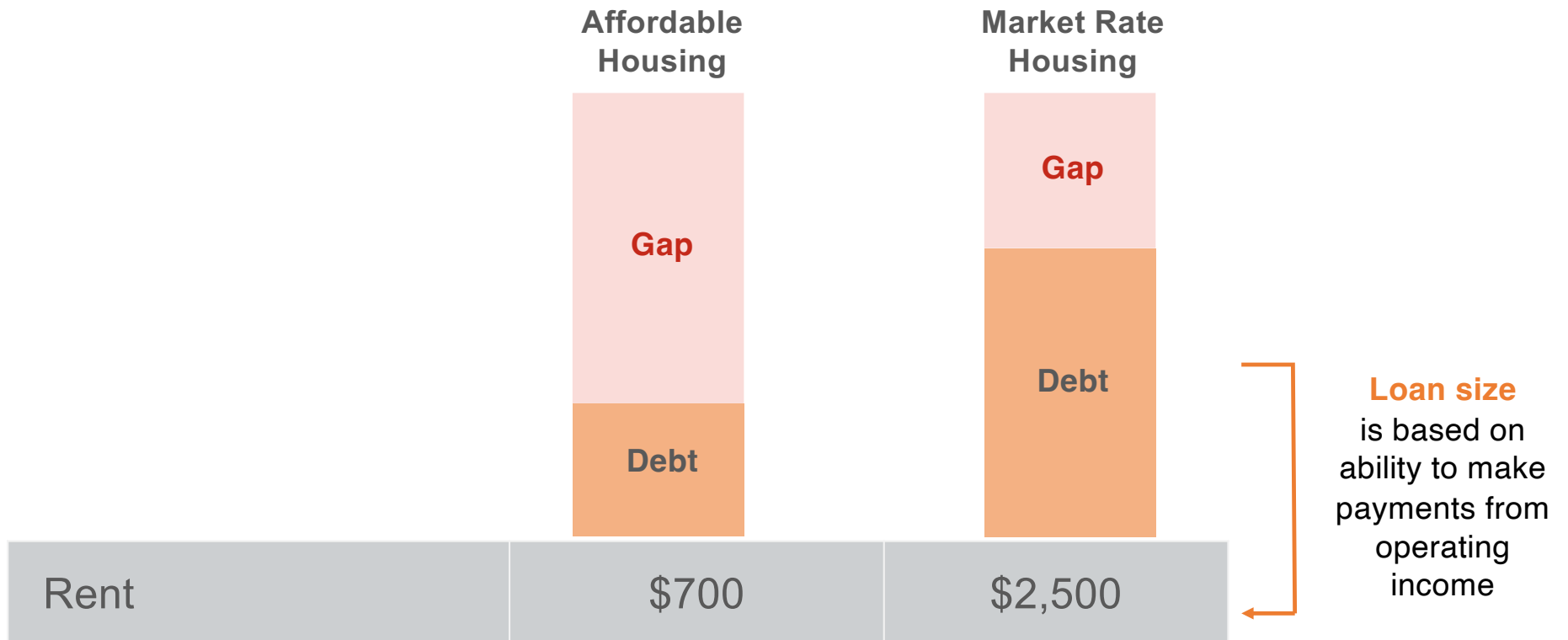
Source: Springfield Gardens (Charlotte, NC)

Single family homeownership

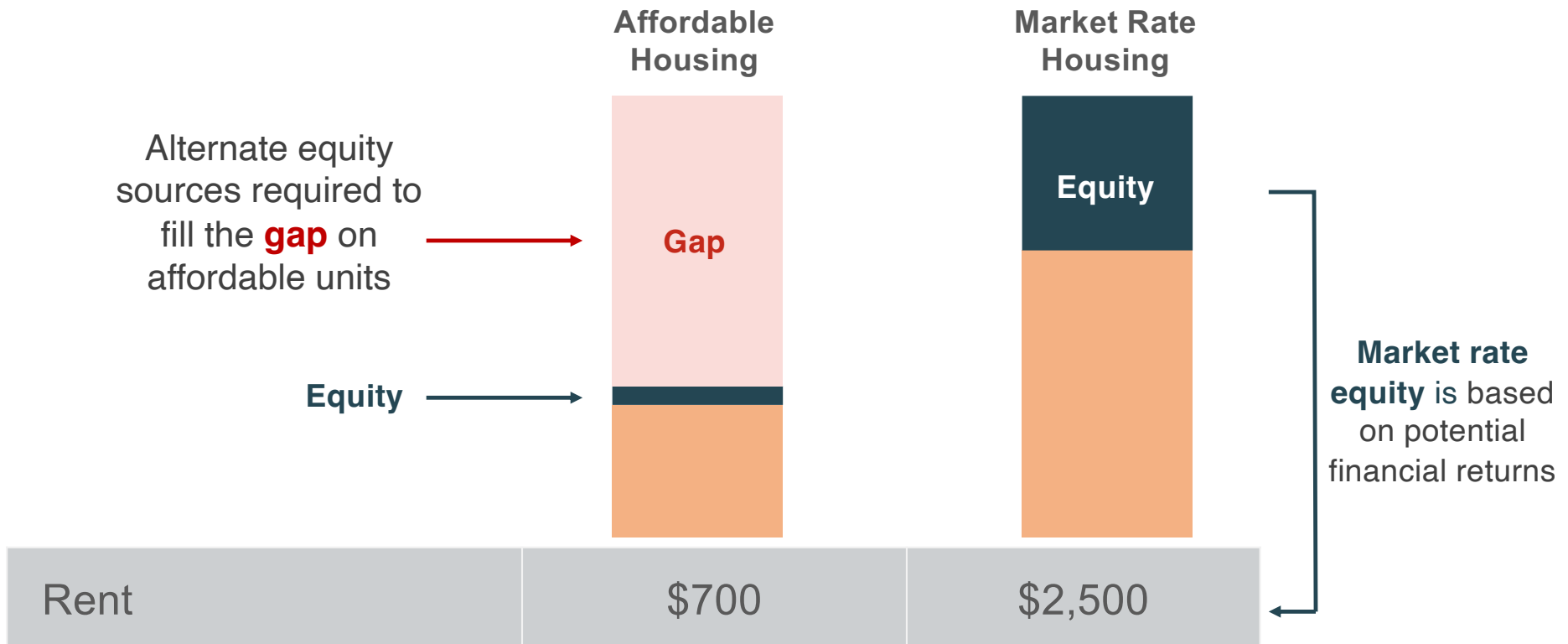


Source: Habitat for Humanity (Forsyth County, NC)

Financing challenge for affordable housing development

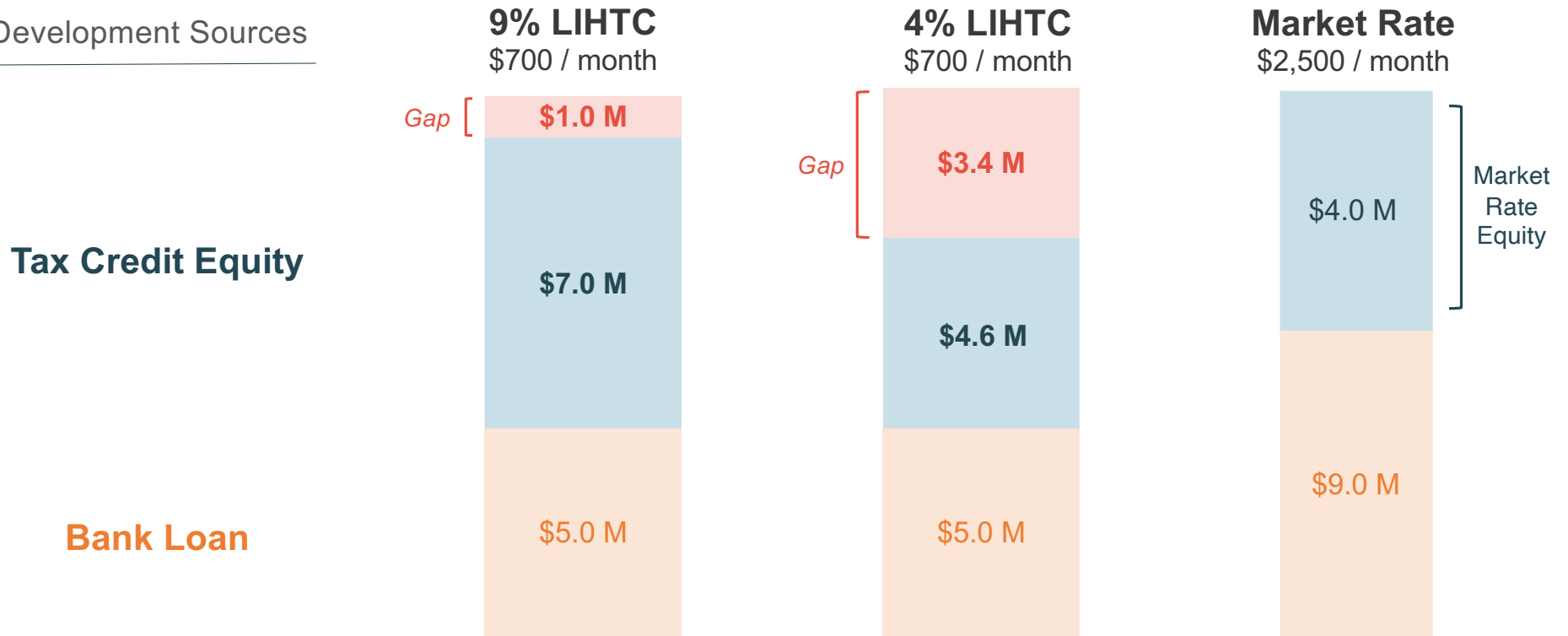


Financing challenge for affordable housing development



Funding gaps still exist with 9% and 4% LIHTC projects.

Development Sources



Identifying Suitable Sites



Criteria for site opportunity identification

- Within municipal boundaries and/or water/sewer service area
- Topography: slope and outside flood 100- and 500-year flood zones
- Current County/Municipal site control and/or potential path for site control
- Multifamily:
 - Sites with 2+ acres
 - Eligible for 4% and competitive for 9% Low-Income Housing Tax Credit (LIHTC)
- Single family:
 - Sites with < 1 acre, appropriate for low density development
 - Large property owners (25+ properties)
 - Multi-year tax delinquent developed and undeveloped properties

High-Level Findings



3-Story Multifamily LIHTC Development

Site Overview

Site Sizes: 4 – 7 acres

- Site Considerations:
- Located close to amenities
 - Space for community amenity
 - No rezoning required for development
 - Requirement to proceed: site control

Site Scenarios	Maximum	Minimum
Unit Count	• 90 Units	• 60 Units
Est. Development Cost	• \$25 million total • \$280,000 per unit	• \$16 million total • \$270,000 per unit
Est. Max Financial Gap	• \$12 million total • \$135,000 per unit	• \$1 million total • \$15,000 per unit

Note: all estimates represent a range based on current cost conditions.

Multifamily rental example



Source: Springfield Gardens (Charlotte, NC)

Single family site development

Estimated Costs	Estimated Totals	Estimated Investment Required
Cost to acquire property (0.5-acre lot)	\$25,000	\$25,000
Cost to build affordable home (60% AMI)	\$295,000	\$170,000
Estimated total financial gap, per unit		\$195,000

Note: all estimates represent a range based on current cost conditions.

Single family home example



Source: Habitat for Humanity (Forsyth County, NC)

Discussion and Next Steps



Site suitability analysis considerations for ongoing affordable housing efforts:

Key considerations from suitable site search:

- Jackson County and/or its Municipalities own less than 1% of land (2,600 acres), and approximately 50% of that land is in use.
 - Nearly half of publicly owned parcels intersect with a floodplain, restricting overall developability of publicly owned land.
- More than a third of multi-year tax delinquent properties are likely heirs or estate properties.
 - These sites may represent a source of underutilized parcels.
- Landowners of 25 or more parcels do not represent near-term development opportunities.

These considerations can inform Jackson County on the additional capacity and consistent resources needed to track and respond to site opportunities as they arise.

Questions



Next Steps

If Phase 2 Pre-development scope is considered, next steps include:

1. Identify site(s) to pursue for affordable housing development
2. Approach property owner(s) regarding an option to purchase
3. With site control, begin Phase 2 feasibility analyses to determine development program and solicit development partner(s)

