

Housing Gap Blog NC Economic Development Association

Addressing the Housing Gap in Burke County

By: Alan Wood

President/CEO of Burke Development Inc.

Just a few short key strokes on my laptop and the headlines popped up quickly:

- *Workforce housing shortage 'a crisis,' Carson City official says* in the July 25th Nevada Appeal (<https://www.nevadaappeal.com/news/local/housing-shortage-a-leading-issue-for-carson-city/>);
- *Ithaca Realtors Tackle 'Workforce' Housing Shortage* in a segment from WSKG NPR (<https://wskg.org/news/ithaca-realtors-tackle-workforce-housing-shortage/>);
- a report from the NH Business review titled *Taylor: How workforce housing affects the economy* (<https://www.nhbr.com/January-18-2019/Taylor-How-workforce-housing-affects-the-economy/>);
- and from August 18th NPR Weekend Edition *Rural America Faces a Crisis in Adequate Housing* (<https://www.npr.org/2018/08/11/634640228/rural-america-faces-a-crisis-in-adequate-housing>.)

Many communities in the US are discussing the issue, and I guess it helps that we are not alone. There are ideas out there that can help us face our challenge, but from what I have found there are many more questions than there are answers.

A quick snapshot of January 2014 shows the unemployment rate at 6.7% in Burke County and the harsh memory of job losses associated with the great recession had not been forgotten. There was little thought or discussion about available housing. The focus was on the continuing recovery and how to retrain workers and get more workers employed. A lot has changed in Burke County in those five years, but the change has not occurred without bringing new challenges to the forefront.

November 2018's unemployment rate was reported last week at 3.2% for the county with a little over 1,300 on the books as unemployed and looking for work. We can debate if that number is accurate or not. We can argue that the labor participation rate is down, but none of that really matters in terms of this discussion. What is relevant is that we are experiencing real growth in our local economy. We need more people to fill the jobs that are here now and the jobs that we anticipate in the near future, and we have insufficient dwellings to house them.

The lack of housing didn't occur overnight. We started to take notice of it when the NC School of Science and Mathematics campus became a reality (early 2016) and with it 100 new families that would need housing. It built from there with the addition of other public and private sector job increases (over 800 new, well-paying manufacturing jobs announced in a 24-month period January 2017 through December 2018). We found ourselves with a challenge that we really didn't anticipate, nor were we equipped to handle.

To respond to the challenge, we planned and carried out a "Housing Summit" in August of 2017. We didn't know what the level of attendance would be and were surprised when the list of RSVPs grew to well over 100. We had builders, elected officials, realtors, lenders, and many other support partners who dedicated a full day to discuss and start working on a plan to respond to the burgeoning demand for housing of all types, especially workforce housing (identified in our community as rental units with lease rates between \$700 and \$1,000/month and single family homes in the \$150,000 to \$250,000 range.)

The "Summit" didn't bring any real surprises or sudden solutions. It did bring some new allies to the table (particularly our local realtors and financial institutions) and helped us to identify really interesting questions, which any community that is experiencing similar challenges would need to answer: how tight is the market; how many units are needed to fill the gap; and is there sufficient talent (local builders and developers) to address the situation once the size of the gap is identified.

As a first step in the process, through a grant that was provided to our local realtors' board and funded by the National Association of Realtors, we were able to quantify the need and the demand in our market place (<http://burkedevinc.com/2019/02/burke-county-board-of-realtors-releases-housing-study/>). We were at 98% occupancy on rental units across the county, and we had less than 1% of our total housing units on the market. Demand for housing across all sizes and price points was estimated to be approximately 2,700 units by the end of 2021! To put this in perspective, in 2017 the total number of building permits granted in Burke County was less than 200 and there were less than 225 rental units approved for renovation or new construction in the pipeline. The 2018 numbers showed a total of 282 new permits issued. Projecting these numbers over four years has us with less than 1,200 new units, or only 40% of our projected need.

As we were digesting the data from the housing assessment, I saw a report on the efforts of the City of Asheville concerning their housing issues. I called on Sam Powers, the Community and Economic Development Director for the City of Asheville and asked if he would share some details on their efforts. Their program is multi-faceted and much too involved to fully cover in this report. It includes an incentive tool kit that includes grant funding aimed at addressing affordable housing.

(https://www.ashevilenc.gov/departments/community/community_development/unding_programs/default.htm).

There is an affordable housing trust fund to which the city contributes, as well as a land use incentive (when projects meet certain guidelines based on a point system). Mr. Powers advised that they have a staff of nine focusing on this issue every day and are determined to close the gap that has been created by the rapid and sustained growth. (links to the plan are shown below.)

Asheville has an impressive and well thought out effort, but it is well beyond what we have the assets to develop in Burke County. Our current efforts, which are being carried out by our existing staff at BDI, includes: identifying available properties that are developable (water, sewer, and road infrastructure within 400 feet) in each of the municipalities and doing pro-forma cost analysis of these sites to determine if they are bankable for an investor and if they are not, can we find local tools to address the shortfall. Tools could include assistance with site development planning as well as reducing or waiving fees for permitting and inspection or other items within local control. We will also be developing ties in the regional real estate community to identify partners to help us fill the gap. Our goal is to help facilitate the construction an additional 500 to 600 single and multi-family units over the next four years, taking us to a projected 2,000 new units. We have a proposal in place that will fund an additional staff member to manage these efforts and focus full-time on helping us bridge the gap. Check back with me in a year or so for an update, and if you find anyone who has solved the puzzle be sure to let me know!

City of Asheville Affordable Housing Overview: This link will guide you to a description of the housing bond and a series of links that were produced during the formation of the community land trust which is now a distinct entity serving Asheville and Buncombe County:

https://www.ashevillenc.gov/departments/community/community_development/affordable_housing/default.htm

City of Asheville Redevelopment of City-Owned Land Program:

https://www.ashevillenc.gov/departments/community/community_development/affordable_housing/redevelopment_of_city_owned_land.htm