



Isothermal Regional Housing Task Force

March 12, 2021

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Introduction Letter from Task Force Co-Chairs

On any given day, Isothermal residents are facing bidding wars for houses, struggling with rising rents, and challenged with limited access to quality housing. Residents in every community in the region are facing challenges in finding and keeping a home they can afford. Housing, particularly affordable housing, reflects strongly on our sense of community and quality of life. Affordable housing is a critical component of our region's social infrastructure, and we must act together, across all levels of government, to address this crisis and ensure the health and livability of our communities and the economic vitality of our region.

For the last 18 months, the members of the Isothermal Regional Housing Task Force have explored housing data and policy to fully understand the drivers of the local and national housing crisis, how it affects individuals and families, and what solutions are available. Our task force has talked with people all over the region, employers, builders, local officials, property owners, renters, and homeowners. We met with people who had experienced housing instability, and we heard how challenging it is in our region to find a decent and safe place to live. We talked with employers interested in expanding their workforce in the Isothermal region but are limited by the lack of available adequate housing. We heard stories of hardships and opportunities but most of all stories of ways to work together for change.

The shortfall of affordable and quality homes in the region has been decades in the making and the problem will not be solved quickly or alone. Jurisdictions, private developers, non-profits, community groups and faith organizations across the region have been taking steps to encourage and increase affordable housing. Unfortunately, those efforts have not been enough to combat the current demand. We also know that COVID-19 will disrupt housing trends, increase pricing, and has the potential to exacerbate this problem with increased demand, as our community is poised for relocations. We need long-term strategies to engage jurisdictions, stakeholders, businesses, foundations, and the community so that we can find new strategies & funding to meet the challenge we face. We also know that the uniqueness of each community in our region and want to empower our elected officials with options and the flexibility to meet their distinct needs. This report outlines six goals and associated tools and actions for jurisdictions to begin tackling housing in their community.

We also know that we need to act now as a region. We know low-income families in all parts of the region who are struggling to find and keep a home they can afford. A coordinated, region-wide effort to build affordable housing is not just about housing. It is also about building healthy and welcoming communities where all families, regardless of income, race, family size, or need, can live near good schools, great jobs, and amazing public spaces. Our efforts as a Task Force to focus on our region's unique opportunities and challenges has helped us better formulate near-term goals and articulate a better grasp of what the next decade holds for us. Members of the Task Force collectively agreed that quality housing must persevere as one of Isothermal's key competitive advantages, and full commitment to the Isothermal HOME Consortium is needed to keep this work at the forefront moving forward.

We want to thank the members of the Task Force, and IPDC staff, as well as stakeholders for contributing to the process. Without their engagement and commitment to driving change, we would not have been able to craft this plan. The Isothermal Regional Housing Task Force was started with the assumption that our housing crisis is a regional problem that requires a regional solution. Our work over the last 18 months has demonstrated that the Cities and the Counties that make up the Isothermal Region can come together, and that collaboration is the only way we will be able to address the affordable housing crisis.

It has been a distinct pleasure to serve with the dedicated Task Force members and professional staff toward the end of serving the citizens of our beautiful region.

Craig Hilton

T. Craig Hilton, Executive Director of T.C. Hilton
Foundation
Task Force Co-Chair

Doug Barrick

Doug Barrick, Town Manager of Rutherfordton
Task Force Co-Chair

Introduction from IPDC Interim Executive Director

Isothermal Planning and Development Commission (IPDC) and its partners realize that “Housing” is a big issue in the four-county Isothermal region and has many facets. There is a dearth of housing stock in the region, our existing housing stock is aging, and many residents struggle to find affordable adequate housing. The housing situation in the region affects everyone and is constantly a topic of discussion amongst governmental agencies, industry partners, and civic groups.

The role of IPDC as the regional Council of Government is to assist its members (the four counties and 22 municipalities therein) with local and regional issues, and there isn’t an issue that affects everyone in the region more than housing. It is an issue that affects all departments within IPDC: the Area Agency on Aging; Section 8 Housing; Economic and Community Development; Workforce Development, and: the Regional Planning Organization (RPO).

In late 2019 IPDC convened a Regional Housing Summit, intended to determine how IPDC and its partners could start to tackle regional housing issues in a concentrated, pro-active approach. Out of this Housing Summit was born the IPDC Housing Task Force, co-chaired by Craig Hilton and Doug Barrick. The mission of this Task Force was to spend the next six months (which evolved into all of 2020) developing a set of goals and strategies to improve the housing situation in the Isothermal Region. What follows is the initial output of the Task Force, identifying three broad goals to be worked on in 2021:

1. Focus on Housing Affordability
2. Pursue Regional Designation as a HUD HOME Consortium
3. Pro-actively Engage Private Developers

This Task Force Report is just the first step in a long-term process, but it showcases the engagement and commitment of all involved.

IPDC is committed to working with its members and partners to see that the goals and strategies of this report are accomplished. Working together, in alignment and with a shared vision, we can positively impact the lives of our residents and communities and strengthen the economic vitality of our entire region.

Steve Lockett, MBA, CeCD
Interim Executive Director
Isothermal Planning and Development Commission

Introduction

The Isothermal Regional Housing Task Force was convened by Scott Dadson, former Executive Director of the Isothermal Planning and Development Commission (IPDC), on February 12, 2020. Made up of nonprofit, community, and government leaders representing the Isothermal region, which encompasses Cleveland, McDowell, Polk, and Rutherford counties, the Housing Task Force's goal is to study the issue of affordable housing in four-county region, consult with housing industry experts, and explore ways the region's municipalities and government sectors can protect existing opportunities for quality, stable, and affordable housing for residents and extend those opportunities to underserved communities.

Housing is the single biggest factor impacting economic mobility for Americans. ^(2,3) Quality affordable housing is fundamental to community economic well-being and stability – students perform better in school and healthy lifestyles improve. ⁽⁴⁾ Unfortunately, many of our rural western North Carolina areas have geographic barriers to affordable housing and desirable community amenities. Mountains and foothills in our region have formed small unincorporated rural communities and distant neighborhoods disconnected from the mainstream of commerce and jobs. Our multi-generational residents would greatly benefit from affordable housing in communities with easy access to community centers, schools, libraries, job training, child daycare, health care, shopping, groceries, Internet broadband, and public transportation.

During the first year-long session, the Housing Task Force focused their education and discussions around affordable housing in the Isothermal region and beyond. With the support of IPDC staff and guest speakers, the Housing Task has committed to three priorities for the future of housing in the Isothermal region:

1. Focus on Affordability
2. Isothermal HOME HUD Consortium
3. Private Developer Focus Group

Focus on Housing Affordability

During the first year of the Isothermal Housing Task, task force members agreed on the complexity of housing in the region and the country. Due to the complexity of the subject matter, the task force agreed to focus on different components of affordable housing with each session.

First Annual Isothermal Housing Summit

The concept of the Isothermal Regional Housing Task Force was initially proposed during the First Annual Isothermal Housing Summit in 2019. During the event, representatives from the public, nonprofit, and private sectors discussed and identified the main housing issues facing the Isothermal region. The results of those discussions are listed below and ranked according to priority by the group at large.

After hearing presentations, the Regional Housing Summit participants worked in break-out sessions to 1) identify housing issues in the region, 2) define affordable housing, 3) identify the barriers to creating affordable housing in the region, and 4) how to work together to create workable solutions in the four-county area.

The participants' recommended IPDC convene a task force to form a plan of action to address the region's housing issues

Defining the Housing Issue

- 1) Inventory – Overwhelmingly, participants agreed that a lack of quality housing inventory is the biggest housing issue for the region. This includes a lack of ADA compliant rental properties, available rental properties for seniors, families, and young professionals, quality single-family homes for sale, and affordable land available to purchase.
- 2) Cost – Participants identified high housing and rental costs as the second-highest housing issue in the region.
- 3) Section 8 – The stigma and misrepresentation of Section 8, which leads to few available properties and landlords is a housing issue for the region. Plus, attendees discussed issues with the concept “Not in My Backyard,” which plagues Section 8 housing.
- 4) Zoning & Construction – Participants noted that the region's lack of stringent zoning codes and building codes is a housing issue.

What Kind of Housing is Needed?

- 1) Affordable Housing – The group identified affordable housing as the most urgent housing need in the region. Particularly, affordable housing for low-income individuals, seniors, families, and the workforce.
- 2) Quality Housing with Amenities – In addition to affordable housing, participants agreed that the region needs more quality housing with amenities that are attractive to young professionals, families, and retirees. For example, housing close to downtown, trails, and/or retail shops.
- 3) Senior Housing – Participants also listed senior housing as an urgent need for the region. For example, apartments or homes that are ADA compliant or are constructed specifically for seniors.
- 4) Workforce Housing – The third most critical type of housing needed for the region, as identified during the housing summit, is workforce housing. The Urban Land Institute defines workforce housing as housing that is affordable to households earning between 60-120% of the area's median income. Workforce housing typically targets middle-income workers, which includes professions like police officers, firefighters, teachers, healthcare workers, retail clerks, and similar positions.

Define the Affordable Housing Issue

- 1) Cost of Living – Participants overwhelmingly agreed that low wages, high housing costs, and a higher cost of living is the primary issue with affordable housing in the region.
- 2) Problems with Landlords – Regionally, participants noted that landlords have failed to maintain quality rental properties over the years and have shown little interest in renovating older properties or applying to be part of the Section 8 housing program.
- 3) Lack of Quality Inventory – Again, the group agreed that the region severely lacks quality housing inventory for both rental properties and available single-family homes.

What are the Barriers to Creating Affordable Housing?

- 1) Lack of Available Land or Properties – Participants again prioritized a lack of inventory of available land and properties as a housing barrier in the region.
- 2) Issues with Section 8 – Community perception of affordable housing, the stigma of Section 8 housing, and general issues with the Section 8 program are barriers to creating affordable housing in the region, according to participants. Again, the argument “Not in My Backyard” was noted.
- 3) Cost – Housing, land, and building costs again were noted as barriers and issues to be addressed within the region.
- 4) Issues with Developers – The group also listed issues with developers as a barrier to creating affordable housing in the region. For example, a lack of developers, contractors, incentives for builders, and barriers between county/town/community was noted.

What Should We Do Regionally or Locally to Address our Housing Needs?

- 1) Housing Task Force – The group agreed that the top priority to address housing needs in our region to create a housing task force that can address the issues outlined in the summit.
- 2) Educate the Region – Participants also agreed that the community (local government, landlords, developers, and the public) should be educated on the issues facing the region and the options available for affordable housing; including, the stigma of Section 8.
- 3) Landbank – Landbanks were also identified as an option that could alleviate the housing issues facing the region.
- 4) Zoning – The group also discussed the need for more zoning and code enforcement across the region to address housing needs.

What Role Do We Each Play in Improving Our Housing Issues?

- 1) Regional Clearinghouse – The group agreed that communication and education about the housing crisis are critical to improving housing issues in the region. For example, a collection of case studies and best practices that can be applied at a regional level to help local housing matters.
- 2) Advocacy – Participants also noted that the group should advocate for affordable housing and changes in housing regulation across the region and state.
- 3) Changes to the Qualified Allocation Plan (QAP) – Attendees also discussed the need to suggest changes to the QAP to better address housing issues. The QAP sets out the state’s eligibility priorities and criteria for awarding federal tax credits to housing properties.

Affordable Housing Overview & Goals

This report represents a strategic plan to address the housing issues in the region. Each *Goal* is followed by the related *IPDC Region Discussion* from the Housing Summit and lastly with recommended *Actions*. This framework was designed to provide the IPDC Board of Directors and staff with a detailed strategy. When this strategic plan is approved each of the *Actions* will most likely require a tactical plan and schedule with sufficient details to move forward toward the specified goal.

Six Long-Term Goals

- Commit to Housing as a Priority
- Preserve the Homes We Have (“Home Preservation”)
- Build More Homes
- Increase Home Stability
- Link Homes and Services (“Aging in Place”)
- Support and Strengthen Home Ownership

Goal #1: Commit to Housing as a Priority

Create a broader and stronger public commitment to the urgent need for more housing that is affordable to more residents of the four-county IPDC region.

Like roads and bridges, homes are building blocks—assets that will be around for decades. By investing in community housing needs, we improve outcomes in education, health, and economic opportunity. Affordable housing is our starting place.

IPDC Region Discussion - What kind of housing is needed?

- **Affordable & Subsidized Housing** – The term “affordable” also includes subsidized (Section 8) housing. The Housing Summit group identified affordable housing as the most urgent housing need in the region. Particularly, affordable housing for low-income individuals, seniors, families, and the workforce.
 - Subsidized: Households with incomes below 50 percent of the local area median, by household size, per HUD.
 - Affordable: Households with incomes up to 60 percent of the median.
- **Market-Rate Housing** – The Housing report 2020-2025 also pointed to “market rate” housing needs beyond the need for affordable and subsidized housing. Market rate housing is affordable to households with incomes at or above 60 percent of the median.

Further Housing Summit discussion on market-rate housing provided the following insights:

- **Quality Housing with Amenities** – In addition to affordable housing, participants agreed that the region needs more quality housing with amenities that are attractive to young professionals, families, and retirees. For example, housing close to downtown, trails, and/or retail shops.
- **Senior Housing** – Participants also listed senior housing as an urgent need for the region. For example, apartments or homes that are ADA compliant or are constructed specifically for seniors.
- **Workforce Housing** – The fourth most critical type of housing needed for the region, as identified during the housing summit, is workforce housing. The Urban Land Institute defines workforce housing as housing that is affordable to households earning between 60-120% of the area's median income. Workforce housing typically targets middle-income workers, which includes professions like police officers, firefighters, teachers, healthcare workers, retail clerks, and similar positions.

Goal #1 Actions

- 1.1. Launch a public-private partnership to continue to forecast demand, set goals, and measure progress for affordable and subsidized housing units.

- 1.2. Secure dedicated, permanent funding sources for affordable homes in addition to current funding sources.
- 1.3. Partner with community agencies and organizations to help Isothermal region residents recognize housing as a central and critical part of the economic and social wellbeing of all residents and communities in the Isothermal region.

Goal #2: Preserve the Homes We Have

Keep the homes we already have, especially those that are most affordable - Home Preservation

The most cost-effective way to provide homes that are affordable for residents in the Isothermal region is to maintain and preserve the homes and apartments we already have.

IPDC Region Discussion

Home preservation is more cost-effective than building new housing units for those in need and should include:

- Weatherization and energy efficiency
- Rehabilitation & repair
- Handicap/aging home safety
- Review of existing housing codes and regulations
- Enforcement of minimum housing standards
- Capitalizing on low-income housing tax credit (LIHTC)

Goal #2 Actions:

- 2.1. Expand and streamline existing rental rehabilitation programs to preserve critical rental assets.
- 2.2. Incentivize private-market owners to keep rental units affordable to low-wage families by using targeted support from local and state governments.
- 2.3. Support and expand existing home-rehabilitation tools and programs at the regional and local levels to serve more homeowners who need to make improvements.
- 2.4. Substantially increase support for rehabilitation of public housing, especially that which is experiencing notable deterioration.

Goal #3: Build More Housing

Build new housing units across all types, prices, and locations to help stabilize prices and meet demand.

The Isothermal region has built a reputation of livability and opportunity. Homes that people can afford is a key ingredient for a sustainable quality of life in the region. To ensure our neighborhoods and communities remain strong and healthy, we need to use all the tools and innovation at our disposal to enable the public and private sectors to build to meet the demand.

IPDC Region Discussion ⁽¹⁾

The *Isothermal Regional Council of Governments Housing Report-2020-2025* (November 2019) ⁽⁵⁾ identified that the region could support a sizeable number of housing types based on a three-year projection period over a five-year study period.

A specific concern of the Housing Task Force was the sizeable projections for affordable/subsidized rental housing units as shown in the following table:

County	Senior Subsidized for Rent	Senior Affordable for Rent	Family Subsidized for Rent	Family Affordable for Rent
Cleveland	630	198	1,580	593
McDowell	146	44	358	112
Polk	94	24	88	81
Rutherford	102	166	790	310
Totals	972	432	2,816	1,096

Table 1 – Projected Rental Housing Unit Needs, 2020-2025

The Housing report 2020-2025 also pointed to “market rate” housing needs beyond affordable and subsidized housing.

County	Senior Market Rate for Sale	Senior Market Rate for Rent	Family Market Rate for Sale	Family Market Rate for Rent
Cleveland	120*	42	24*	225
McDowell	72*	32	16*	86
Polk	48*	21	120*	225
Rutherford	132*	60	18*	210

Table 2 – Projected Housing Unit Needs, 2020-2025

* Annual projection

Goal #3 Actions:

- 3.1 Join with a regional housing consortium to help position the *IPDC region* as a Western North Carolina leader in the advancement of housing innovation and technology.
- 3.2 Grow the pool of talent in the *IPDC region's* building trades to enable the sector to meet current and future demand by working with regional high school and community college programs.
- 3.3 Increase the capacity of local leaders to implement tools and solutions to address the home-affordability needs of their communities.
- 3.4 Expand the range of housing types across the *IPDC region* communities.
- 3.5 Create a *regional* review panel to evaluate regulations related to building standards, land use, and environmental stewardship for their impact on housing affordability.
- 3.6 Identify and eliminate barriers to small houses, cottage communities, etc.
- 3.7 Consider *Inclusionary Zoning – A Guide to Ordinances and the Law*, Tyler Mulligan & James L. Joyce

Goal #4: Increase Home Stability

Assist residents at risk of losing their homes because of rent increases, evictions, and heavy cost burdens.

When you lose your home, you lose your community—and the consequences of this major life disruption can last for decades. By increasing our investment in rental assistance, promoting voucher acceptance, preventing displacement, and improving protections for renters, we can reverse this trend, so kids learn, parents earn, and communities grow stronger.

IPDC Region Discussion ⁽¹⁾

Thermal Belt Outreach Ministry in Polk County (Columbus) is building a small community of single-family homes for short-term rental for families in need in conjunction with the Polk County High School construction program.

Goal #4 Actions:

- 4.1 Enhance and expand regional and local rental assistance programs to complement federal programs that are too small to meet the need.
- 4.2 Identify and crackdown on predatory rental practices, including excessive evictions and poor condition of rental units.
- 4.3 Strengthen protections for renters in the private market.
- 4.4 Increase the speed and flexibility of emergency resources to prevent people from losing their homes.
- 4.5 Expand and enhance programs that help people navigate the systems to find homes and vital housing resources.
- 4.6 Incentivize the acceptance of rental assistance vouchers by the private market.
- 4.7 Prioritize investments needed to achieve the goals to prevent and end homelessness in the *IPDC region*.

Goal #5: Link Homes and Services

Build stronger links between where we live and the services, we may need to live stable lives – Aging in Place.

At some point in our lives, most of us will need a helping hand. Many of us will be seniors who require assistance to stay in the place we've long called home. And others will have experienced trauma or need health services. We can achieve better outcomes in a more cost-effective way when we coordinate services to meet the needs of the Isothermal region's residents where they live.

IPDC Region Discussion ⁽¹⁾

Convenience is a serious consideration for our aging and at-risk residents. It is important to have easy access to restaurants, groceries, pharmacies, beauty shops, retail shopping, health/medical providers, banking, local government, library, interstate highways, high-speed broadband, and outdoor activities (parks, dog parks, walking, and hiking trails, bicycling).

Goal #5 Actions:

- 5.1 Provide a dependable stream of funding for social services that help households maintain stable homes.
- 5.2 Provide access to a full range of services for families and individuals transitioning into stable homes before, during, and after the transition.
- 5.3 Improve health outcomes and reduce costs for tenants by developing better partnerships between health care and housing providers.
- 5.4 Advance the Housing Supports program for residents with disabilities by identifying gaps and potential program enhancements to ensure statewide coverage.
- 5.5 Expand programs and providers who assist individuals in finding, securing, and retaining affordable rental homes.

Goal #6: Support and Strengthen Home Ownership

Create pathways to sustainable homeownership, with a focus on overcoming barriers for at-risk households.

Our wealth and our retirement savings are concentrated in our homes. Most of the IPDC region residents want to own a home, and everyone who can sustain homeownership should be offered the tools, coaching, and access to the financing they need to make this investment in their future and our communities.

IPDC Region Discussion ⁽¹⁾

Prepare future homeowners for homeownership: Budgeting, qualifying for and maintaining mortgages, insurance, and home maintenance and repair.

Goal #6 Actions:

- 6.1 Increase access to homeownership resources for the income-ready households who want to buy.
- 6.2 Promote alternative models of building wealth through homeownership, such as community land trusts, cooperatively owned housing, and manufactured home parks.
- 6.3 Encourage employers and foundations to help support homeownership.
- 6.4 Increase resources for financial education and counseling programs that enable households to pursue homeownership.
- 6.5 Provide extra support to local community banks to expand mortgage financing options.
- 6.6 Expand and communicate available down-payment assistance programs.

Isothermal HOME Consortium

To best serve the region and prioritize the time and work of the Housing Task Force, members have agreed to focus on the topic of affordable housing for the 2020-2021 strategy. One of the priorities for this strategy is promoting Isothermal Planning and Development Commission's goal to become a HUD HOME Consortia. By forming a consortium, IPDC can obtain funding that the region's local governments would not normally qualify for.

The primary purpose of the HOME Program is to increase the supply of affordable housing for low-income households. The most fundamental of all HOME requirements are designed to ensure that HOME investments meet this purpose:

- Income targeting requirements ensure that low-income people are served;
- Rent restrictions and maximum property value requirements ensure that HOME assisted housing is affordable; and
- The requirements for income targeting and housing affordability are imposed for an affordability period to ensure that HOME assisted housing increases the Planning Jurisdiction's supply of affordable housing for a period of five to twenty years.
- Eligible activities under HOME include homeowner rehabilitation, homebuyer assistance, rental housing, and tenant-based rental assistance (TBRA).

Under the HOME Program of the U.S. Department of Housing and Urban Development (HUD), local governments can join to form a "consortium" to receive HOME funding for affordable housing. Forming a consortium enables local governments that would not otherwise qualify for HOME Program funding under the formula criteria to join with other units of local government to receive a direct allocation of

funds. This creates an opportunity for our region's jurisdictions to take a more regional, collaborative approach to meeting their affordable housing needs.

Forming a Consortium

By definition, a consortium is a collaboration of local government entities—each with its bureaucratic structure, elected leadership, and legal requirements. To carry out HOME activities and meet all HOME requirements, the consortium must create and operate as one new entity that can operate efficiently and effectively to assess affordable housing needs, develop a plan to address those needs, make funding decisions, carry out complex housing activities, self-monitor progress, account for expenditures, and report to HUD. As the regional commission, IPDC would serve as the administrator and lead entity for the Isothermal HOME Consortium.

Forming a consortium enables local governments to work together to develop collaborative approaches to local and regional housing needs that cross town and county lines. Successful consortia find that joining together improves cooperation between local governments, fosters regional planning, and provides a vehicle for assisting small jurisdictions to meet housing needs.

To gain access to HOME funds, the proposed consortium must go through a three-step process:

1. Approval and designation as a consortium;
2. Approval and designation as a Planning Jurisdiction to receive a HOME allocation; and
3. Execution of HOME Investment Partnership Agreement and receipt of funds.

IPDC will begin this process for the Isothermal region to become a HOME Consortium in 2021. For the first step, IPDC will submit a notice of intent to HUD, state certification, consortium agreement, and legal opinion. Once HUD has approved the new consortia, it can include it in its formula to distribute HOME funds during the next fiscal year. Once these calculations are completed, HUD notifies each consortium of its formula allocation. HUD makes funds available to a consortium (and all HOME Planning Jurisdictions) through the execution of a HOME Investment Partnership Agreement. This agreement is executed between HUD and the lead entity. Through its execution, HUD makes funds available to the lead entity by establishing a HOME Investment Trust Fund at the U.S. Treasury. It further obligates the lead entity to undertake affordable housing by HOME requirements. It establishes that the housing assisted with HOME funds must qualify as affordable housing throughout the affordability period.

Private Developer Focus Group

To form the most comprehensive view of the housing industry in the Isothermal region, Housing Task Force members have agreed to form a developer focus group. This group, led by Housing Task Force Co-Chair Craig Hilton, will gather private developers together and allow them to explain the barriers to building in the Isothermal region.

By doing this, the Housing Task Force and the Isothermal region will have an uncensored look into the mind of private developers and learn what they need to work in the region.

Housing Task Force Membership

Housing Task Force members were self-nominated before the February meeting. The membership is as follows:

Name	Organization/Role	County
Craig Hilton, Co-Chair	T.C. Hilton Foundation, Executive Director	Polk
Doug Barrick, Co-Chair	Town of Rutherfordton, Town Manager	Rutherford
Janet L. Gerald	Town of Kingstown, Town Council	Cleveland
Steve Orr	City of Saluda, Zoning Officer	Polk
Paul Marion	City of Saluda, City Commissioner	Polk
Brenda Vaughn	McDowell County Commissioner	McDowell
Jim Edwards	Western NC Housing Partnership	Rutherford
Shaun Tooke	U.S. Army: ICMA/VGLMF Fellow	Rutherford
Walker Harrison	Town of Spindale, Lead for NC Fellow	Rutherford
Jimmy Clay	Town of Forest City, Building and Zoning Official	Rutherford
Steve Garrison	Rutherford County Manager	Rutherford
Nell Bovender	Rutherford Housing Partnership, Executive Director	Rutherford
Robert Williamson	Town of Columbus, Council Member	Polk
Myron Yoder	Polk County Commissioner	Polk
Heather Cotton	City of Marion, Planning and Development Director	McDowell
David Eaker	Forest City Town Commissioner and Matheny Real Estate	Rutherford
Stuart Gilbert	City of Kings Mountain, Director of Community and Economic Development	Cleveland
Suzanne Porter	United Way of Rutherford County, Executive Director	Rutherford
Todd Bennett	Bennett Family Property, LLC	Rutherford

During the first meeting, the Housing Task Force elected Craig Hilton, Executive Director of the T.C. Hilton Foundation, and Doug Barrick, Town Manager of the Town of Rutherfordton, as Task Force Co-Chairs.

Housing Task Force Meeting Schedule

Throughout the year, the Isothermal Housing Task met regularly to discuss various topics on housing in the region and address ways to create a product that would provide local municipalities with guidance on best practices for how to tackle affordable housing issues in the region. During the first meeting, the Task Force membership agreed on the following meeting schedule:

- Kick-Off Meeting – February 12, 2:00 PM
- March 10, 2:00 PM
- April 7, 2:00 PM
- May 12, 2:00 PM
- June 9, 2:00 PM

- July 14, 2:00 PM
- August 11, 2:00 PM

The February and March meetings were held at the Isothermal Planning and Development Commission offices in Rutherfordton. Unfortunately, due to the statewide “Stay At Home Order” declared on March 27, 2020, by Governor Roy Cooper to attempt to control the spread of the coronavirus, the April and May meetings of the Housing Task Force were canceled. As the Coronavirus Pandemic continued, following Housing Task Force meetings were moved online to Zoom to promote social distancing and safety. All Zoom meetings were recorded and can be accessed on the Isothermal Planning and Development Commission’s website.

Due to the complex nature of the Housing Task Force, the membership agreed to extend the meeting schedule during the August 11 meeting. The extended meeting schedule:

- September 8, 2:00 PM
- October 13, 2:00 PM
- December 1, 2:00 PM
- January 12, 2021, 2:00 PM

Meeting Topics and Presentations

The following are brief descriptions of the topics discussed during each Housing Task Force meeting. For meeting minutes and video recordings, please visit the Isothermal Planning and Development Commission website.

March 10, 2020

Housing Industry Panel Discussion

The second meeting of the Isothermal Housing Task Force featured a panel discussion with housing industry professionals around the region. The panelists included Erin Hooper of Movement Mortgage, Harry Grymes of Entegra Bank, David Brown of 4 Seasons Realty, and Rutherford County Realtors Association, Aaron Hutchinson of Lakeside Builders, and Charles Burgess of Epic Life Realty.

Discussion topics included the region’s housing market, relocation rates, mortgage rates, construction prices including labor and supplies, and other housing-related topics.

April 7, 2020

Meeting Canceled due to North Carolina’s Stay At Home Order



May 12, 2020

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June 9, 2020

Presentation by Tyler Mulligan, Robert W. Bradshaw Jr. Distinguished Professor of Public Law and Government, and Director of the Development Finance Initiative at the University of North Carolina at Chapel Hill

In the first virtual Housing Task Force meeting, Tyler Mulligan of the University of North Carolina at Chapel Hill presented on affordable housing practices that could be applied across the Isothermal region. Presentation highlights include:

- Defining “affordable housing” – spending more than 30% gross income on housing costs
- Basic approaches to affordable housing – preservation and production (demand-side and supply-side)
- Preservation includes LMI weatherization and energy efficiency, LMI rehab and repair programs, expiring LIHTC, and code enforcement
- Production Demand-Side includes LMI rental vouchers, LMI homeownership down payment loan programs, LMI housing counseling and credit repair, and the largest demand-side subsidy program in the United States
- Production Supply-Side includes public housing and land banking, public-private infrastructure, and private non-traditional loans
- Affordable housing restrictions for public purpose – number of affordable units, household income eligibility, affordability level as a percentage of income, timing, and phasing of construction of affordable units, a process for certification of eligible households and transfer controls, and control period in the number of years

July 14, 2020

Presentation by Sarah Odio, Senior Project Manager at the Development Finance Initiative at the University of North Carolina at Chapel Hill, and Tyler Mulligan, Robert W. Bradshaw Jr. Distinguished Professor of Public Law and Government, and Director of the Development Finance Initiative at the University of North Carolina at Chapel Hill

The July meeting of the Housing Task Force featured a presentation and discussion led by Sarah Odio and Tyler Mulligan of the Development Finance Initiative. Odio's presentation featured an overview of Low-Income Housing Tax Credits (LIHTC). The presentation highlights included an overview of the LIHTC program, site suitability for the LIHTC, differences between the 9% and 4% LIHTC, and case studies. To view a copy of the presentation, please visit the Isothermal Planning and Development Commission website. The main highlights include:

- LIHTC Program – Federal program established in 1986 to incentivize private development of affordable housing, provides tax credits for acquisition, rehab, or new construction of affordable rental housing, set aside requirements: 40/60, 20/50, income-average, and state agencies establish additional requirements, award credits, and monitor projects

- Examples of LIHTC Development – NCHFA established strict design quality standards, development must meet green building standards, and NCHFA monitors all developments
- Site suitability requirements – neighborhood characteristics, the proximity of amenities, bus/transit within walking distance, absence of incompatible uses, and visibility
- Case Study on Durham County with 500 block development plans

August 11, 2020

Presentation by Scott Dadson, Isothermal Planning and Development Commission Executive Director, on Community Development Corporation and Resident Advisory Board and Heather Cotton, City of Marion Planning and Development Director, on the Marion Community Development Corporation

During the August 11 Zoom meeting, Scott Dadson updated the Housing Task Force on the Isothermal Planning and Development Commission's (IPDC) efforts to become a Community Development Corporation and the status of its application with the EDA. IPDC has submitted the documents needed to become a CDC and are awaiting the EDA's decision. Once IPDC is approved as a CDC, it will allow for new funding opportunities to support affordable housing around the Isothermal region. Heather Cotton who serves as the Executive Director for the Marion Community Development Corporation and as the Planning and Development Director for the City of Marion, presented on the work of Marion CDC. A copy of her presentation can be found on IPDC's website. The main highlights include:

- 21% of McDowell County households are cost-burdened – spending more than 30% of their income on housing
- Problems with housing in McDowell County include lack of new home construction in the last 50 years, aging housing stock, high rental rates and lack of private residential investment in 70% of residential areas, high crime rate, and property abandonment, and existing zoning setup for the haves and the have nots
- Marion CDC solutions for housing problems include condemn abandoned/dilapidated structures and demolish and remove materials, foreclosure on abandoned properties and land bank in areas with high crime, amend zoning regulations to incentivize higher density residential development, and establish a minimum housing ordinance to improve living conditions
- The Marion CDC merged with McDowell County Habitat for Humanity in 2017 as a 501(c)(3) not-for-profit, community-based organization. The mission of the CDC is to secure private and public capital to support the revitalization of housing in neighborhoods that have experienced significant disinvestment, and help residents increase their wealth to achieve a better quality of life and generate greater economic prosperity community-wide
- To learn more about the Marion CDC, visit their website at www.marioncdc.org

September 8, 2020

Presentation by Magnolia Long, Town of Rutherfordton's Lead for North Carolina Fellow

In the September meeting, Magnolia Long the Town of Rutherfordton's Lead for North Carolina Fellow presented a housing needs assessment for Rutherfordton to the group. A copy of this presentation can be found on IPDC's website. Highlights of her presentation include:

- Importance of a Housing Needs Assessment – identify housing issues and solutions, basis of future housing and policy decisions, secure financing for various housing programs/grant opportunities, etc.
- Housing Needs Assessment include demographic information, housing inventory, affordability, and any outstanding variables that could affect housing
- Findings include: 40% of Rutherfordton residents are cost-burdened, 50% of renters, 35% of homeowners, a large concentration of dilapidated and abandoned housing, and there is a need for additional inventory across all income level brackets

October 13, 2020

Presentation by Steve Lockett, Community, Economic, and Workforce Development Director for Isothermal Planning and Development Commission, on HUD's 1-Year and 5-Year Plans and Robert Williamson, Town of Columbus Council Member, presented a draft end-product concept

On October 13, Steve Lockett, IPDC's Community, Economic, and Workforce Development Director, shared with the Housing Task Force the draft of IPDC's Housing Department's 5-Year and 1-Year plans, which serve as the basis for the Public Housing Agency (PHA) Plan that is required by the U.S. Department of Housing and Urban Development (HUD). The PHA Plan is a comprehensive guide to PHA policies, programs, operations, and strategies for meeting local housing needs and goals. There are two parts to the PHA Plan: the 5-Year Plan, which each PHA submits to HUD once every 5th PHA fiscal year, and the Annual Plan, which is submitted to HUD every year by non-qualified agencies. For a copy of IPDC's PHA Plan, please visit IPDC's website.

Also, Lockett shared with the Housing Task Force that IPDC was considering applying to become a HOME Consortium. Forming a consortium is a way for local governments that would not otherwise qualify for funding to join with other contiguous units of local government to directly participate in the HOME Investment Partnerships Program (HOME) program. The HOME Consortium receives an annual allocation of HOME money through HUD.

Following Lockett's presentation, Robert Williamson, a Housing Task Force member, shared a draft concept for the Housing Task Force's product.

Isothermal Regional Housing Data

In 2019, IPDC worked with T. Ronald Brown: Research & Analysis, based in Asheville, North Carolina, to examine the population, household, and tenure trend, broken out into the senior market and the market from the working-age populations of the Isothermal region by county. Brown's projections were supplemented by additional information from existing households who could be expected to consider residing in several housing options segmented by tenure and age, taking income/affordability into consideration also. This information was compiled into Housing Reports for each county in the Isothermal region, which includes Cleveland, McDowell, Polk, and Rutherford.

Cleveland County

Here, it was seen that the study area, Cleveland County, based on a three-year projection period over a five-year study period (2020 to 2025), could support:

Type of Housing	Shelby	Kings Mountain	Boiling Springs
Senior – For Sale	72*	48	N/A
Senior – Subsidized, For Rent	360	160	110
Senior – Affordable, For Rent	110	50	38
Senior – Market Rate, For Rent	42	N/A	N/A
Family – For Sale	24*	N/A	N/A
Family – Subsidized, For Rent	890	395	295
Family – Affordable, For Rent	335	148	110
Family – Market Rate, For Rent	225	100	75

**Annually*

McDowell County

Here, it was seen that the study area, McDowell County, based on a three-year projection period over a five-year study period (2020 to 2025), could support:

Type of Housing	Marion
Senior – For Sale	72*
Senior – Subsidized, For Rent	146
Senior – Affordable, For Rent	44
Senior – Market Rate, For Rent	32
Family – For Sale	16*
Family – Subsidized, For Rent	358
Family – Affordable, For Rent	112
Family – Market Rate, For Rent	86

**Annually*

Polk County

Here, it was seen that the study area, Polk County, based on a three-year projection period over a five-year study period (2020 to 2025), could support:

Type of Housing	Columbus/Tryon
Senior – For Sale	48*
Senior – Subsidized, For Rent	94
Senior – Affordable, For Rent	24
Senior – Market Rate, For Rent	21
Family – For Sale	120*
Family – Subsidized, For Rent	88
Family – Affordable, For Rent	81
Family – Market Rate, For Rent	225

**Annually*

Rutherford County

Here, it was seen that the study area, Rutherford County, based on a three-year projection period over a five-year study period (2020 to 2025), could support:

Type of Housing	Rutherfordton Area	Lake Lure
Senior – For Sale	72*	60*
Senior – Subsidized, For Rent	340	68
Senior – Affordable, For Rent	130	36
Senior – Market Rate, For Rent	60	N/A
Family – For Sale	18*	N/A
Family – Subsidized, For Rent	670	120
Family – Affordable, For Rent	260	50
Family – Market Rate, For Rent	118	92

**Annually*

Appendix A – Local Housing Resources and Success Stories

While it can be difficult to find affordable and market-rate housing in the Isothermal region, there are local organizations that have had success with creating accessible housing for the various communities they serve. The following organizations and stories are the inspiration for the Isothermal Housing Task Force and proof that affordable housing is possible. These organizations are potential partners and inspiration for IPDC and the Housing Task Force.

Cleveland County

In Cleveland County, IPDC serves as the Public Housing Authority (PHA) and offers Section 8 rental assistance for residents who live outside of the City of Shelby and the City of Kings Mountain, which operate their public housing organizations.

The Cleveland County Community Development Corporation (CCCDC) and Habitat for Humanity offer resources for residents who are pursuing homeownership in the county. The CCCDC's mission is to take a leadership role in providing defined services that will foster economic advantages to the community through personal commitment and development, access to quality affordable housing, encouragement of entrepreneurship, small business development, job creation, and a sense that anything is possible when we work together and support each other.

Cleveland County's Habitat for Humanity offers programs and resources for residents who are looking for affordable homeownership in the county. The United Way of Cleveland County also offers resources to people and families in need around Cleveland County.

McDowell County

McDowell County's Marion Community Development Corporation is a nonprofit organization that supports community transformation within the City of Marion. Their goal is to strengthen the physical, social, and economic fabric of the community by empowering residents to take control of their personal growth. The Marion CDC offers resources for current and potential homeowners to repair, update, and buy their own homes.

Polk County

In Polk County, the Thermal Belt Habitat for Humanity offers programs and resources on financial education, assistance with building homes, and education on affordable mortgages for residents to take the steps toward homeownership.

The Housing Assistance Corporation, based in Hendersonville, is currently working with Conserving Carolina, a local land trust organization, to build a large workforce development housing complex in Polk County.

Rutherford County

IPDC operates as the PHA for Rutherford County and the Forest City Housing Authority covers the Town of Forest City. The Rutherford Housing Partnership is a nonprofit organization that works to provide urgently needed repairs to the homes of qualified low-income, elderly, and disabled homeowners in the county. The United Way of Rutherford County also offers programs and resources to individuals and families in need in the area.

Appendix B - North Carolina 2016-2020 Consolidated Plan

The North Carolina Consolidated Plan 2016-2020 was developed by the Consolidated Plan regulations set forth by the Department of Housing and Urban Development. The Consolidated Plan serves two purposes. First, it is the planning document that guides the North Carolina Consolidated Plan partners in addressing housing and community development needs across the state for the next five years, using the allocated funds received from the U.S Department of Housing and Urban Development. Secondly, this plan serves as a tool to inform a variety of stakeholders — including the United States Department of Housing and Urban Development (HUD), state and local officials, non-profit and advocacy organizations, and the residents of North Carolina — of the need for improving the living conditions for our state's very low-, low-, and moderate-income populations.

The Consolidated Plan has three basic goals to improve housing across North Carolina. Those goals are:

1. To provide decent and affordable housing
2. To provide a suitable living environment
3. To expand economic opportunity

The state determined in this plan that the best way to achieve these goals is to provide affordable housing to North Carolinians through various agencies and programs.

North Carolina's Most Dominant Housing Problem – Cost Burdening

The most dominant housing problem experienced by households in North Carolina is cost burdening. HUD defines cost-burdened households as those “who pay more than 30% of their income for housing” and “may have difficulty affording necessities such as food, clothing, transportation, and medical care.”

In North Carolina, households that earn less than the median, 88% pay more than 30% of their income for housing (meaning they are cost-burdened) and 44% pay more than half of their income for housing (meaning they are extremely cost-burdened). Because inflation has recently been growing faster than incomes, in real terms households are less able to afford than they were a few years ago.

Data reveals that the lower the income category of the household, the greater the incidence of housing problems. Households earning less than 30% of the median experience more housing problems per household, and more severe housing problems, than households who are in the 50%-80% AMI income category.

The State found that the populations that are most likely to experience cost burdening when searching for housing are:

- Homeless Populations
- Elderly Populations
- Households with Children
- Single-Person Households
- Minority Households
- Survivors of Domestic Violence
- Large Households

A 2014 report from the National Conference of Mayors found that “Forty-eight percent of the cities [surveyed] experienced an increase in homelessness...due to a lack of affordable housing. This gap is noted as the leading cause of homelessness among families with children, followed by unemployment, poverty, and low-wage jobs.” As reported in the Needs Assessment section, the most dominant housing

problem experienced by households in North Carolina is cost burdening: 88% of North Carolinians pay more than 30 percent of their income for housing (meaning they are cost-burdened) and 44% pay more than half of their income for housing (meaning they are extremely cost-burdened). Because inflation has recently been growing faster than incomes, households are less able to afford than they were a few years ago.

Besides cost burdening, the Consolidated Plan found that North Carolina has approximately 16,000 renter households and 7,000 owner households with inadequate plumbing or kitchen facilities. Also, North Carolina has approximately 9,900 renter households and 3,200 owner households that are not merely crowded, but severely crowded (with more than 1.5 people per room). For both owners and renters, most of this crowding is experienced by single-family households and (not predominantly by households which that are temporarily “doubled-up” with more than one household sharing a home or apartment).

Housing Market Analysis

Federally Funded Units

The Center for Budget and Policy reported in 2014 that more than 138,000 low-income households in North Carolina use federal rental assistance to rent modest housing at an affordable cost. This number includes Housing Choice Vouchers, public housing, Section 8, USDA, and elderly and disabled housing vouchers. At least 65 percent of people living in federally assisted units have extremely low incomes (30 percent of area median income or less) and 19% are adults who are disabled. Additionally, 37 percent of households are family households (adults with children), 30 percent are elderly, and 9 percent are childless adults

North Carolina Programs

- **North Carolina Housing Finance Agency (NCHFA)** is a self-supporting public agency that provides financing through the sale of tax-exempt bonds and mortgage-backed securities, and the management of the federal tax credit, the federal HOME Program, the North Carolina Housing Trust Fund, and other programs. Using these resources and its earnings, the Agency offers low-cost mortgages and down-payment assistance for first-time home buyers and moderate-income move-up buyers; finances affordable homes and apartments developed by local governments, nonprofit organizations, and private owners; finances the development of housing for people with disabilities and in need of supportive housing; finances the rehabilitation of substandard owner-occupied homes; and administers HUD Section 8 rent assistance contracts for more than 24,000 privately owned apartments statewide.
- **North Carolina Department of Health and Human Services (DHHS)** administers several programs that provide housing assistance and housing stabilization supports targeting low-income households, including state and federally funded initiatives. The program list below is not exhaustive.
- The North Carolina Department of Commerce administers the federal **Community Development Block Grant (CDBG)** program. The primary statutory objective of the CDBG program is to develop viable communities by providing decent housing and a suitable living environment and by expanding economic opportunities.

- State-Funded Initiatives NC DHHS partners with NCHFA to administer the **Key Program**. The Key Program provides operating assistance for persons with disabilities, making the rents affordable to individuals on Supplemental Security Incomes (SSI). NC DHHS also partners with NCHFA to administer the NCHousingSearch.org site. This website is a free service that provides information to consumers on affordable housing and other community resources throughout the state. NCHFA and NC DHHS also partner to administer the Transitions to Community Living Initiative (TCLI). TCLI is described in MA-35.

Federally Supported Initiatives

- The **Emergency Solutions Grants Program (ESG)** provides funding to improve the number and quality of emergency shelters; provide essential services to shelter residents; re-house homeless individuals and families; and prevent families and individuals from becoming homeless.
- The **Housing Opportunities for Person with AIDS (HOPWA) Program** provides housing and housing-related services to persons/families living with HIV infection in the 86 North Carolina counties covered by the State HOPWA Program. The State HOPWA grant is administered by NC DHHS AIDS Care Program

Section 8/Housing Choice Voucher Program

There are 35,818 units of public housing across the state that are managed by their local or regional public housing authority (PHA). The State of North Carolina does not operate, own, or manage any public housing units. In North Carolina, PHAs in the larger suburban and metropolitan areas traditionally own and manage public housing developments. North Carolina currently has 99 public housing authorities located in the state. The PHAs are components in the statewide system for the delivery of affordable housing. Local housing authorities are established through the auspices of local government, subject to state enabling legislation. The state specifically has direct oversight over local PHAs, however, we may partner with these entities through a grantee or project sponsor relationship to complete local projects or activities. PHAs in North Carolina report directly to the United States Department of Housing and Urban Development.

Barriers to Affordable Housing in North Carolina

Weak Planning Statutes

Due to the weak nature of state planning statutes in North Carolina jurisdictions are not required to complete a housing element as part of a comprehensive plan (GS 160A-383). The absence of strong housing planning laws will continue to create a barrier to the development of affordable housing. In 1999 the state established a Commission on Smart Growth, Growth Management, and Development. In the fall of 2001, the Commission made several recommendations related to affordable housing. One of the goals was to ensure that all local governments in North Carolina have comprehensive growth plans that meet minimum state standards, with incentives to reach beyond minimum standards to produce excellent plans. One of the strategies suggested to implement this goal was to require that all plans analyze the need for affordable housing, based on available data and established criteria, and how needs will be addressed.

While the state has adopted the North Carolina Rehabilitation Code, its use is optional, and it is being phased out over the next five years. North Carolina will enforce the NC Existing Building Code moving forward. Most state-funded rehabilitation programs do impose their program rehabilitation standards; however, for non-state-funded rehabilitation, the creation of a statewide Local Minimum Housing

Standard is needed. To affordable housing, building codes can serve two purposes: they are essential for the safe rehabilitation of older existing structures, and they can ensure the costly and excessive renovation would not be required. Thus, the code could aid in creating new opportunities for affordable housing.

Additionally, there is a lack of capacity, operating funds, and pre-development funds for non-profit organizations. Although a non-profit may have the mission and desire to develop affordable housing for its community, not having the organizational capacity is a significant obstacle that prevents its production.

Poor Credit History

A growing issue in North Carolina that creates a barrier to affordable housing and homeownership is poor credit history. Combined with more stringent lending and underwriting standards, access to credit for mortgage loans will be much more limited for this population for the foreseeable future. The state needs to continue to fund and partner with organizations providing services that address these barriers, as well as continue to work with property owners and management companies in understanding how this issue can be overcome.

Due to an increase in the number of renters in recent years, the demand for rental units has risen, and subsequently, rents have risen. The result of higher rents has created a barrier to affordable rental units for low-income households. Additionally, homeowner housing values have dropped, and many buyers are now in a situation in which they can't pay their current mortgage, are not creditworthy to refinance, and yet cannot sell their home.

Local Barriers to Affordable Housing

The North Carolina Housing Finance Agency (NCHFA) researched and compiled a list of local barriers that affect the production of affordable housing. The following obstacles are partially based on NCHFA's own housing development experience and considered significant.

- The planning approval procedures for multifamily zoning and special use permits can place undue burdens on development. Because both trigger the public review, affordable housing developers must contend with the Not in My Back Yard (NIMBY) sentiments.
- Housing location policies can inhibit affordable housing development. Several large cities in North Carolina have adopted housing location policies to prevent over-concentrations of affordable housing. However, many of these location policies create barriers to affordable housing due to the lack of assistance on the part of the local government to incentivize this housing development in other areas.
- The lack of public transportation influences where people can live. The cost and availability of transportation to work, shopping, and other services is a factor that limits housing choice and affordability, especially for those with low incomes.

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Isothermal Housing Task Force - Regional Plan 3.12.21

Final Audit Report

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