



HOUSING GSO

Creating Opportunities to Build A Better Community

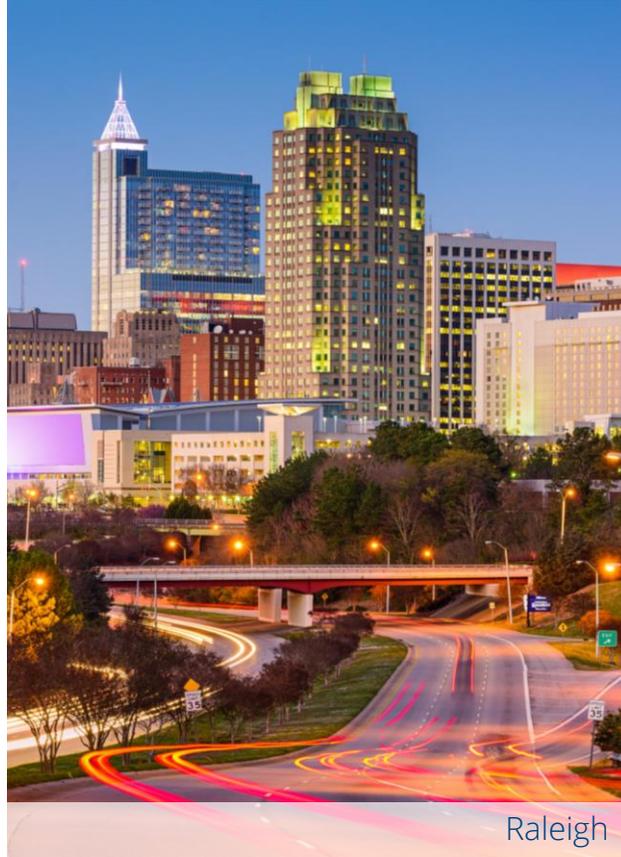
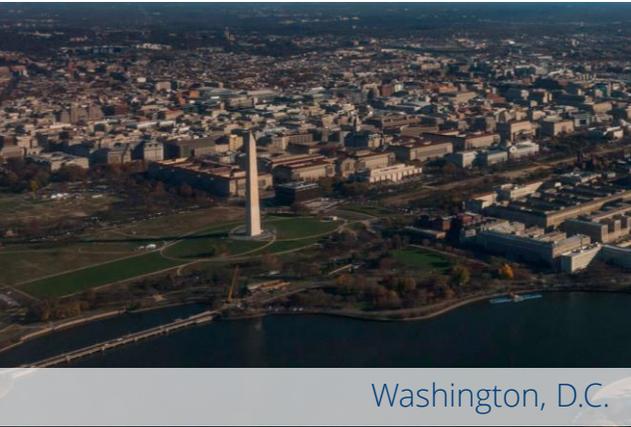
City Council Work Session

September 1, 2020



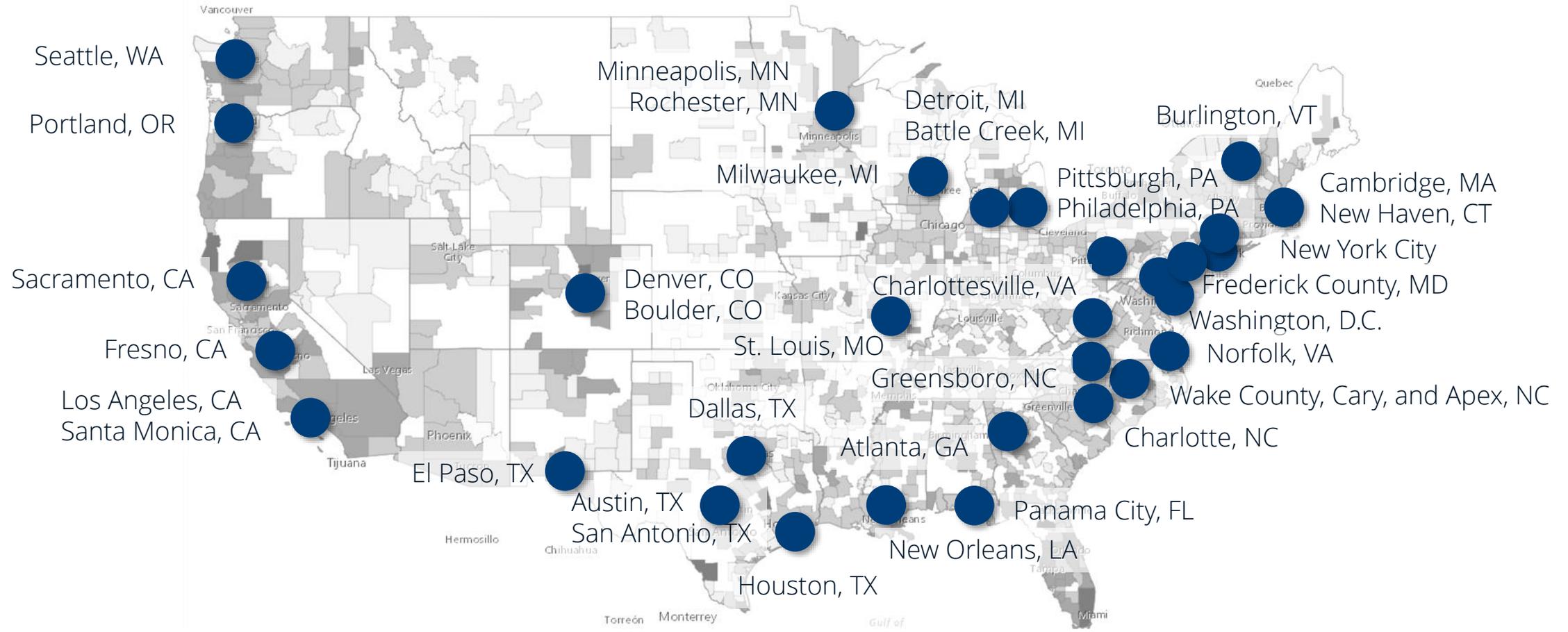
INTRODUCTION

HR&A is an economic development, real estate and public policy consulting firm working at the intersection of the public and private sectors.



INTRODUCTION

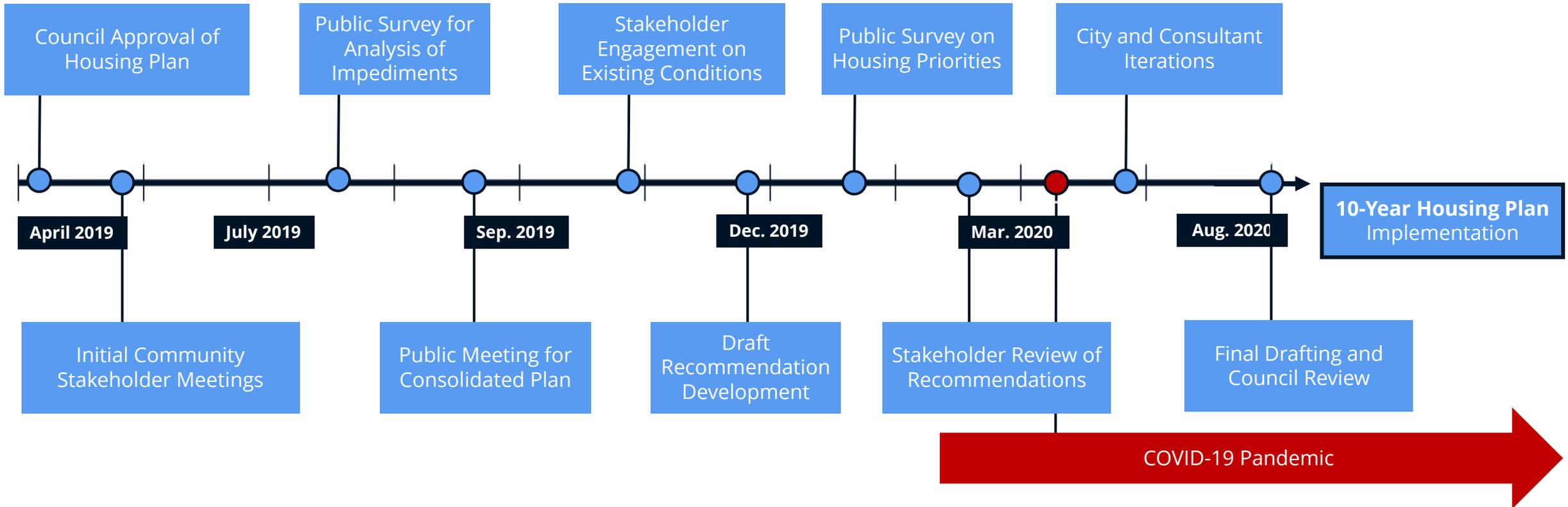
The Housing Affordability practice works in a variety of markets, where affordability issues are longstanding or are newly emerging.



PROCESS

Housing GSO was developed in tandem with the 5-Year Consolidated Plan. Both plans were formed in collaboration with Greensboro residents and stakeholders, and will be impacted by the ongoing pandemic.

Housing Plan Timeline

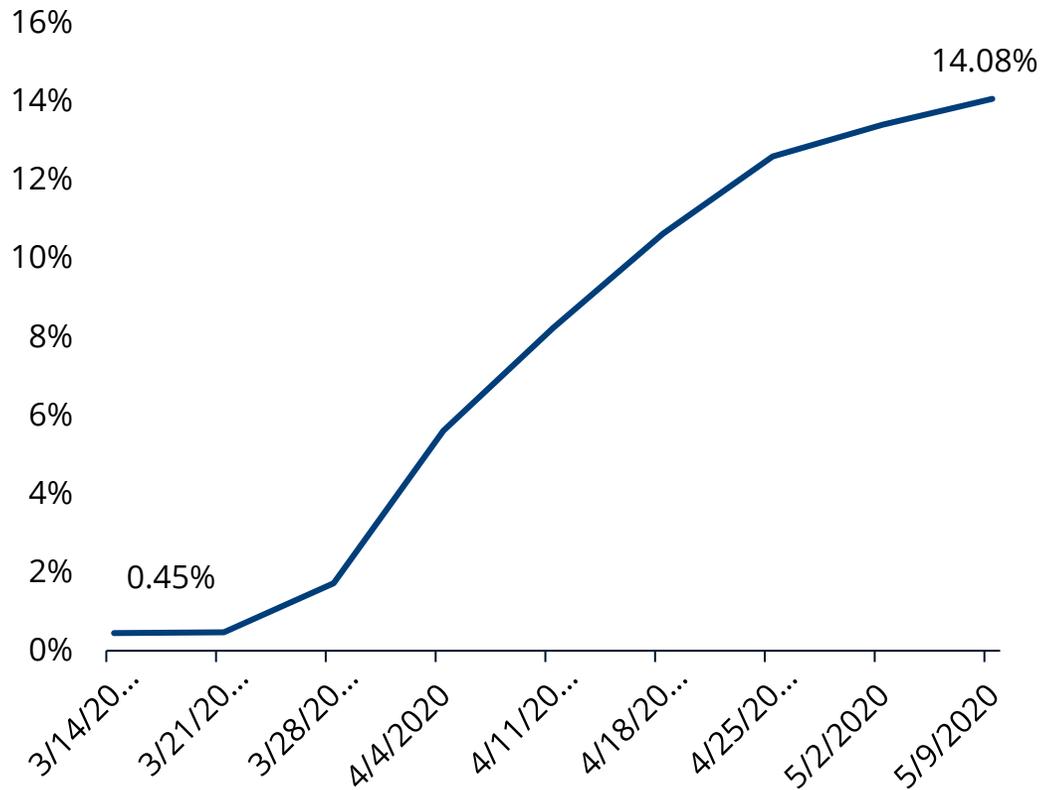


Impacts of the COVID-19 Crisis on Housing Affordability

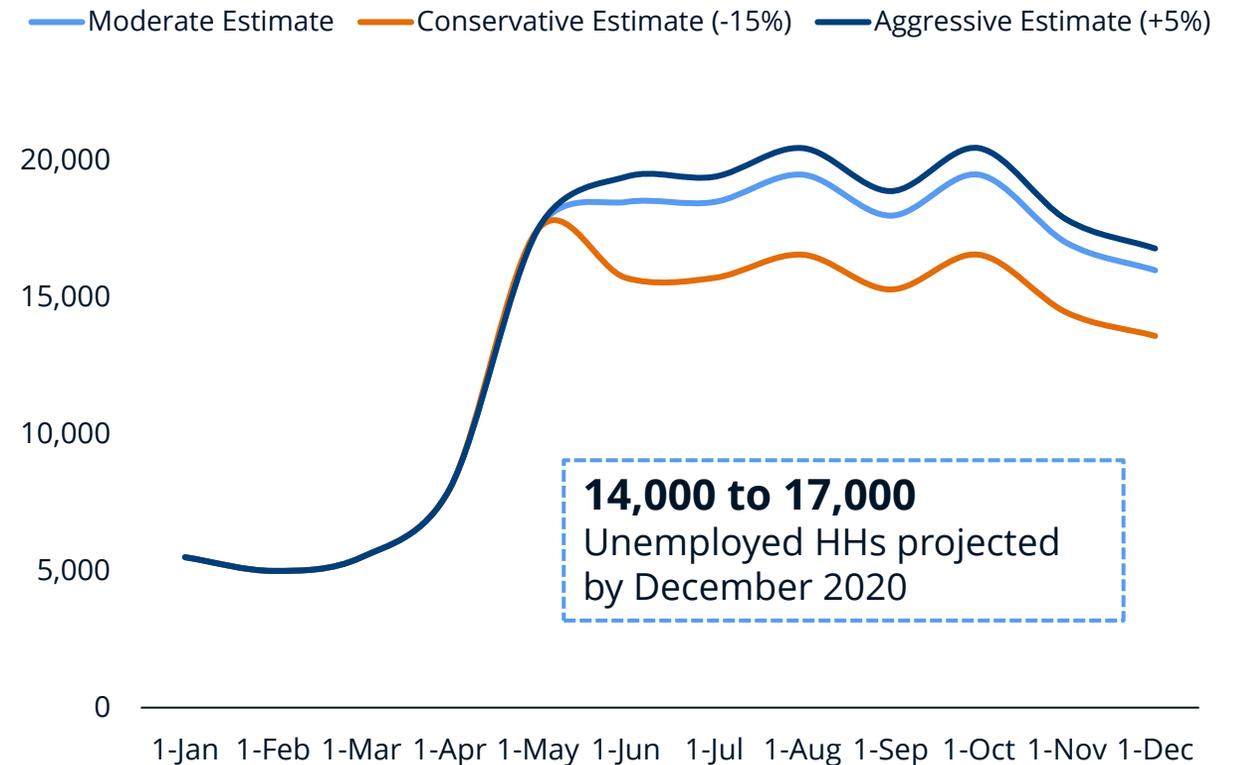
IMPACTS OF COVID-19 ON UNEMPLOYMENT AND HOUSING

The recommendations of Housing GSO were developed prior to the onset of COVID-19. The ongoing pandemic and economic contraction will exacerbate Greensboro's existing affordability challenges.

North Carolina Insured Unemployment Rate



City of Greensboro Projected Unemployment (Households)



Source: US Department of Labor Unemployment Weekly Claims Data, NC Department of Commerce Local Area Unemployment Statistics,

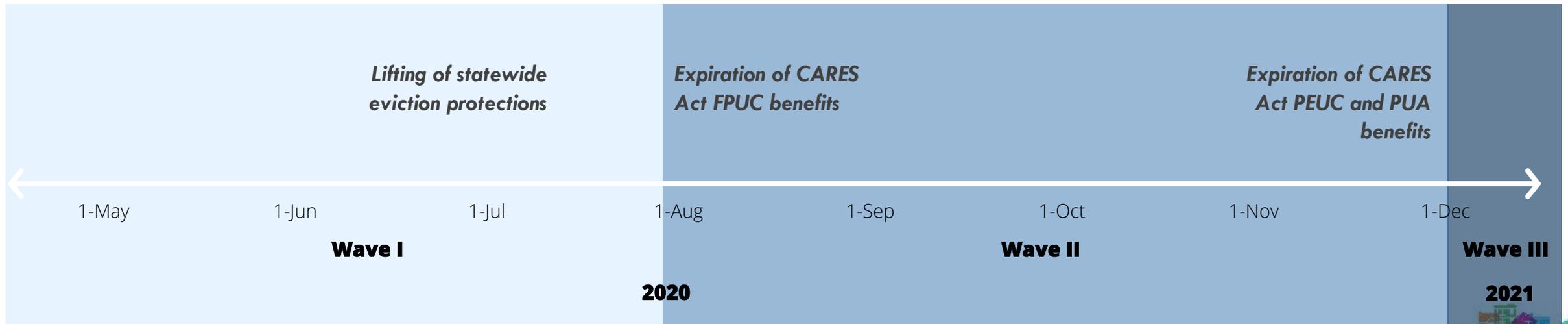
Source: Based on Congressional Budget Office estimates, ACS PUMS 2014-2018



IMPACTS OF COVID-19 ON UNEMPLOYMENT AND HOUSING

Greensboro will experience waves of housing insecurity as sources of support dry up and job loss persists. The City should dedicate remaining local housing bond funds towards emergency rental assistance—the immediate priority should be **keeping as many residents in their homes as possible.**

- 1 Wave I (June 1, 2020):** Resumption of Superior and District Court proceedings
- 2 Wave II (July 31, 2020):** Initial expiration of Federal Pandemic Unemployment Compensation program
- 3 Wave III (December 31, 2020):** Expiration of expanded benefits pool and timeline for Pandemic Emergency Unemployment Compensation and Pandemic Unemployment Assistance programs.



The City should promptly deploy available funds, including a significant portion of remaining bond funds, to meet emergency assistance needs of low-income renters. This will be crucial to averting widespread displacement as eviction stays and unemployment benefits expire.

An emergency housing strategy will need to combine financial assistance with expanded legal protections.

Expand legal assistance

Emergency Rental Assistance

A program to directly pay a share of tenant rent:

- First-come first-serve program that targets households under a specific income.
- Provides immediate cashflow for tenants and property owners.
- Usually covers three to six months of rental assistance.



Expanded Legal Aid

Providing legal representation to all households facing evictions and funding to prevent eviction:

- Increases the time and financial costs of continuing evictions proceedings and encourages landlords to retain tenants.
- Provide funding to negotiate partial payment of back rent to allow residents to remain in their home.



Rehousing Assistance

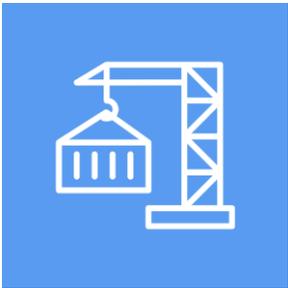
Expanding the capacity of, and funding for, the existing homelessness prevention services to assist families who are at risk of homelessness as a result of COVID-19. This includes long-term rental assistance and identification of landlords willing to rent to displaced households.

Affordable Housing Plan

AFFORDABLE HOUSING PLAN

Housing GSO is designed to guide the City of Greensboro's public investments in affordable housing over the next ten years. Greensboro's housing challenges will require a significant commitment of public funding, private partnerships, and citywide education and outreach campaigns.

Four Primary Housing Goals



Affordable Rental Homes



Neighborhood Reinvestment



Access to Homeownership



Supportive Housing

Affordable Rental Homes

Neighborhood Reinvestment

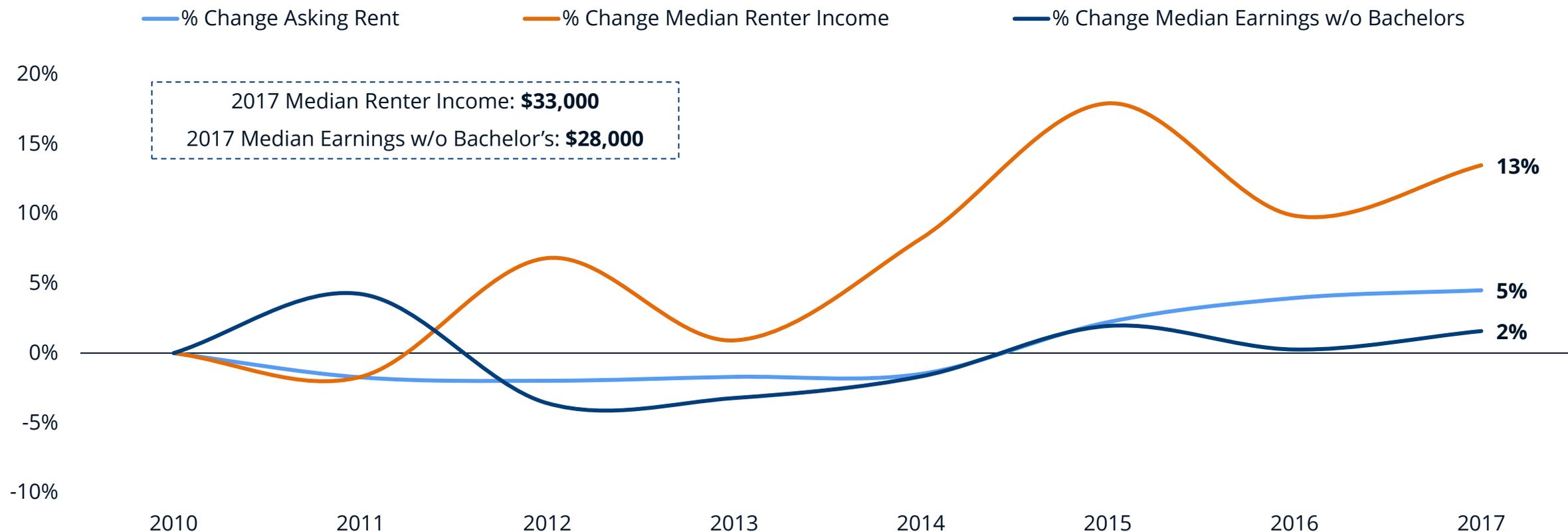
Access to Homeownership

Supportive Housing



As rents rise and the availability of affordable rental homes declines, it is increasingly difficult for low-income households to find quality housing options they can afford.

Real Growth in Rent Relative to Median Household Income, 2010-2017

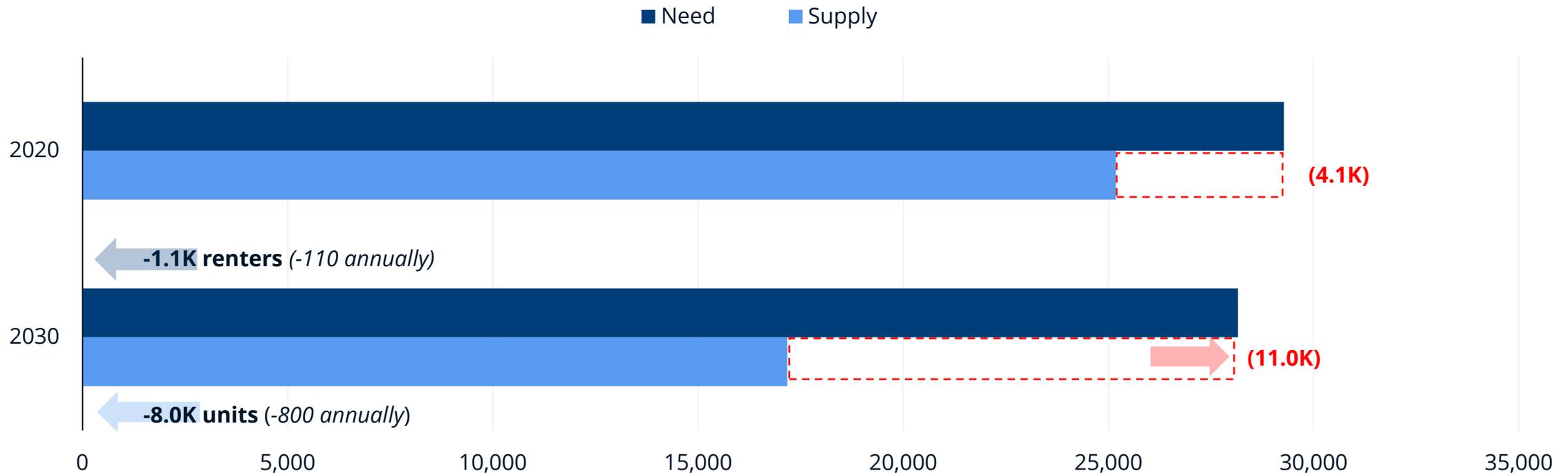




AFFORDABLE RENTAL HOMES

Greensboro has an existing shortage of affordable rental homes for households earning \$30,000 a year or less. This gap will only grow more pronounced as rents continue to rise, depleting Greensboro's stock of naturally affordable housing.

Cumulative Rental Housing Gap for Households Earning \$30,000 and Below, Current and Projected



Source: ACS, PUMS 2010 and 2017 5 Year Estimates

HR&A Advisors, Inc.





AFFORDABLE RENTAL HOMES

A diverse cross-section of Greensboro residents who provide **essential community functions**, including childcare providers, home healthcare aides, and restaurant workers, **earn less than \$30,000 annually** and may struggle to access quality housing options they can afford.

Who earns \$30,000 annually in Greensboro?

+11,000

MSA jobs added 2010-2018 with annual salaries <\$30K (40% of total job growth)

48%

Of households earning <\$30K include children



Food & Beverage Workers
\$26,000



Child Day Care Center Workers
\$26,000



School Bus Drivers
\$25,000



Security Guards
\$28,000

Source: EMSI, PUMS 2017 5 Year Estimates, Shutterstock





The City can increase the supply of affordable rental homes by dedicating additional public funding and leveraging private investment to fund new construction, preserve existing affordable rental homes, and provide rental assistance.



Require Deeper Affordability

Require additional units at deeper levels of affordability in 9% LIHTC projects to which the City awards funding in exchange for higher levels of subsidy.



Create Public Land Disposition Policy

Explore opportunities for disposing of publicly-owned land, which can include private properties donated to the City, at free or reduced cost to support development of affordable rental homes.



Partner on Greensboro Housing Authority Redevelopment

Establish a partnership between the City and Housing Authority to guide redevelopment activities, with an emphasis on housing and infrastructure needs.



Subsidize 4% Development

Dedicate additional local and philanthropic funding to match federal funding for 4% LIHTC projects.



Establish a Housing Preservation Fund

Establish partnerships with private and philanthropic entities to create a fund to rehabilitate and preserve the affordability of existing multifamily housing.

Affordable Rental Homes

Neighborhood Reinvestment

Access to Homeownership

Supportive Housing



The City should concentrate its efforts and resources in specific neighborhoods, as opposed to using a scattered approach. The following neighborhoods are recommended candidate reinvestment areas.



Recommended neighborhoods were evaluated across several factors, including:

- 1 Civic Engagement
- 2 Market Activity
- 3 Quality of Housing Stock
- 4 Neighborhood Amenities and Investment



NEIGHBORHOOD REINVESTMENT

Cities should aim to impact at least 1 in 12 housing units in a candidate area over a five-year period to achieve neighborhood impact that can attract the private sector.

1,500
Neighborhood
Housing Units

Order to Demo	➔	15 Units	➔	~\$225K
Rehab for Order to Repair	➔	15 Units	➔	~\$900K
Homeowner Rehab Loans	➔	35 Units	➔	~\$2.1M
Infill Development	➔	20 Units	➔	~\$510K
Down Payment Assistance to Low-Income Buyers	➔	40 Units	➔	~\$800K

Costs incurred to touch 1 in 12 units



125 Units



~\$4.5M
Over a 5-Year Period

Source: ACS Estimates (2017), HR&A Analysis, NDD Prior Projects





Greensboro must reinvest in its historically disinvested neighborhoods to improve quality of life and provide wealth-building opportunities for its residents. **Successful reinvestment will require strategic public investments in focused areas.**



Partner with Neighborhoods

Identify candidate neighborhoods, work with community members and neighborhood leaders to assess interest and engage private partners to support these efforts.



Implement Community Partnerships & Engagement

Implement a shared leadership model that allows municipal agencies, institutions, and residents to become joint leaders and laborers in neighborhood advancement.



Support Rehabilitation & Infill Development

To jumpstart the pipeline of “move-in ready” homes in areas of reinvestment, provide subsidy and partner with private and non-profit single-family developers.



Establish Strategic Code Compliance

Establish a strategic approach to code compliance that engages residents, addresses complaints, and creates sustainable solutions that impact areas of reinvestment.



Consolidate Rehabilitation Programs

Consolidate City rehab operations, streamline funding sources, program intake, and operation, so rehab administrators can make data-driven decisions that reduce blight and substandard housing in Greensboro.



Create Public Land Disposition Policy

Explore opportunities for disposing of publicly-owned land, which can include private properties donated to the City, at free or reduced cost to support development of affordable rental homes.

Affordable Rental Homes

Neighborhood Reinvestment

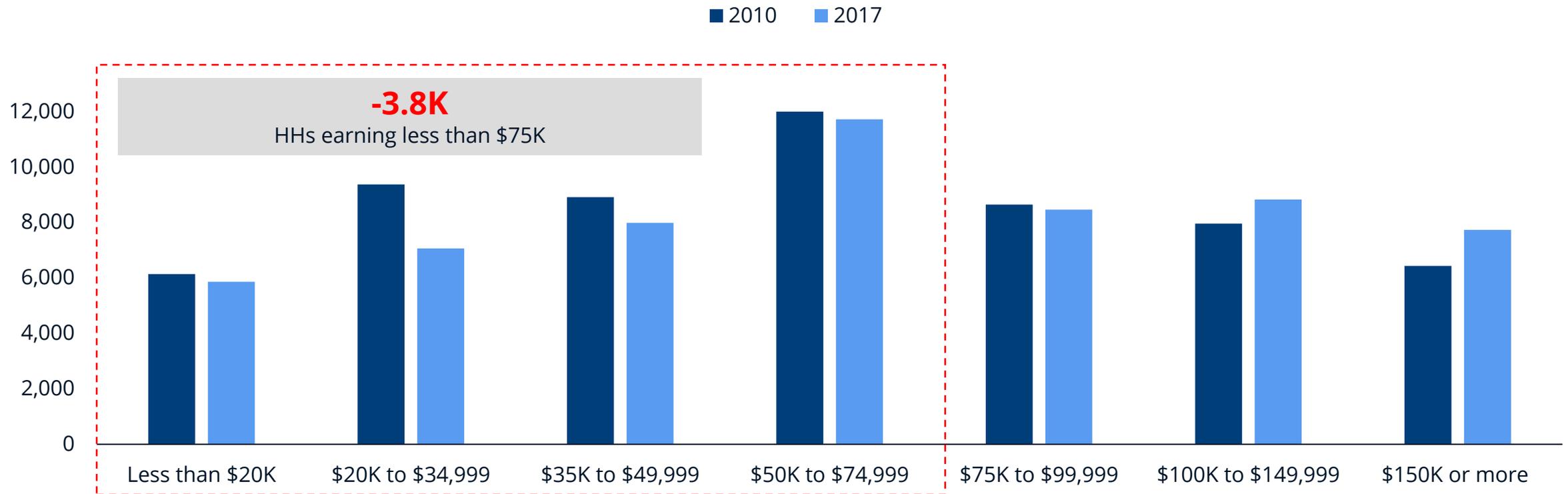
Access to Homeownership

Supportive Housing



Greensboro has lost a total of over 1,800 homeowner households since 2010, with the **largest loss concentrated in households earning less than \$50,000 annually.**

Owner Household Income Distribution, 2010-2017



Source: 2010, 2017 ACS Estimates



The City should work to **reduce barriers to affordable homeownership** to foster wealth-building opportunities for its low- and moderate-income residents.

The City should redesign its existing **Down Payment Assistance program** and extend counseling services to increase sustainable homeownership opportunities for low- and moderate-income residents.



Modify DPA Program Design

Reconfigure the loan repayment terms and geographic bonuses in the DPA program to better serve low- and moderate-income homeowners and encourage homebuying in areas of reinvestment.



Offer Enhanced Services with Mortgages

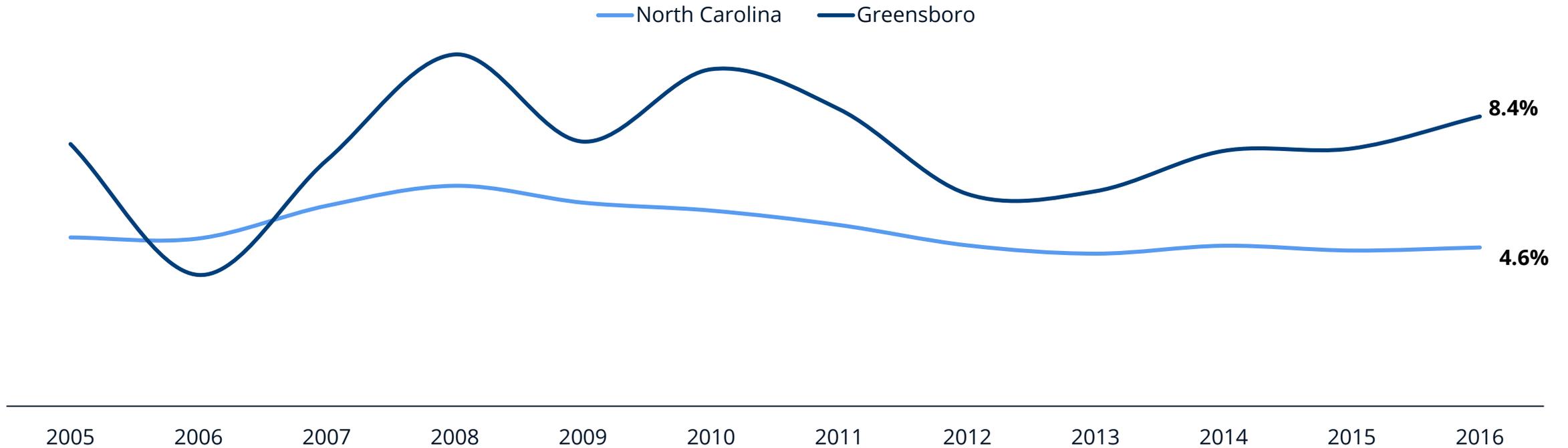
Offer DPA loan recipients long-term counseling if they fall behind on their mortgage payments to better prevent foreclosure.

Affordable Rental Homes
Neighborhood Reinvestment
Access to Homeownership
Supportive Housing

Guilford County has close to 600 homeless individuals at a given point in time, according to the HUD-required 2019 Point-in-Time count estimate. There is also a need to **assist residents consistently living on the brink of homelessness**.

Eviction Rate, 2005-2016

Prior to COVID-19, Greensboro had the **highest eviction rate of large cities in North Carolina** and the seventh highest eviction rate in the country.



Greensboro must provide housing options and access to adequate services to meet the needs of homeless and other vulnerable populations, including those on the brink of homelessness.

The City can serve these vulnerable residents through construction of new supportive housing units, support for sustainable service provision, delivery of short-term assistance, and engagement with the Guilford County Continuum of Care (CoC).



Dedicate Funding to Support Housing First Model

Reassess City-funded programs to ensure they are aligned with the Housing First approach.



Construct More Supportive Units

Modify RFP processes to require additional supportive units in 9% LIHTC projects to which subsidy is granted and dedicate funding to establish a sustainable landscape for provision of supportive services.



Continue CoC Participation

Continue CoC membership to encourage policy development and delivery of adequate provision of services. Evaluate the current CoC structure in terms of providing data, systems, and outcomes in meeting the needs of the City's homeless population.



Provide Short-Term Rental Assistance

Formalize a program to proactively provide short-term rental assistance to residents at risk of homelessness.

Implementation

There are five primary actions the City must undertake for the implementation of Housing GSO to be successful.

- 1 Identify various funding sources totaling an additional \$50 million over the next ten years.**

This funding could come in the form of additional bonds or an ongoing annual commitment of general funds. Public funds should be leveraged with corresponding commitments from **philanthropic and private sector community leaders**.
- 2 Establish working groups with private and philanthropic partners to jointly implement housing tools.**

The City should establish **public private partnership working groups** to drive implementation of these recommendations. The implementation section of Housing GSO identifies the housing tools that will require working groups.
- 3 Facilitate intergovernmental coordination and collaboration.**

NDD should establish **intergovernmental administrative teams** to implement many of the recommended housing tools and will need to adjust and expand the existing staff structure. The implementation section of Housing GSO identifies which housing tools will require intergovernmental collaboration.
- 4 Confirm a timeline and performance metrics, and report on progress against them twice a year.**

Regular reporting on progress toward the goals of Housing GSO will help keep **the community engaged and the City accountable** over the ten-year life of the plan.
- 5 Design a community education and awareness campaign.**

NDD should coordinate with working groups to lead a **community education and awareness campaign** around the need for affordable housing and how supporting the recommendations in Housing GSO will strengthen Greensboro for all.

The City should establish working groups with private and philanthropic partners to jointly implement housing tools. Public-Private-Partnership Working Groups will drive implementation of recommendations that require resources from the public and private sectors.

The following tools will require Public Private Partnership Working Groups to drive implementation:

- 1 Establish a Housing Preservation Fund** (*Affordable Rental Homes*)
- 2 Target Deeper Affordability and Subsidize 4% LIHTC Development** (*Affordable Rental Homes*)
- 3 Partner with Neighborhoods** (*Neighborhood Reinvestment*)
- 4 Provide Short-Term Rental Assistance** (*Supportive Housing*)
- 5 Design a Community Education and Awareness Campaign** (*Implementation*)

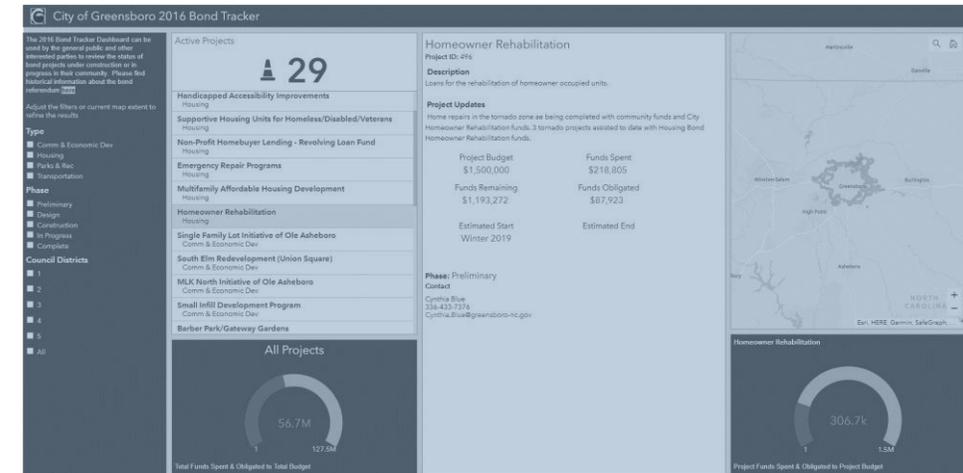
The City should establish intergovernmental administrative teams to drive implementation of recommendations that require cross-department and cross-agency coordination. Internal teams should be tasked to advance specific housing tools for which their coordination and partnership is required.

The following tools will require an Intergovernmental Administrative Team to drive implementation.

- 1 Partner on Housing Authority Redevelopment
- 2 Create a Public Land Disposition Policy
- 3 Consolidate Rehabilitation Programs
- 4 Establish Strategic Code Compliance
- 5 Implement Community Partnerships & Engagement
- 6 Support Rehabilitation & Infill Development
- 7 Modify DPA Program Design
- 8 Construct More Supportive Units
- 9 Dedicate Funding to Support Housing First
- 10 Engage with the CoC

To ensure effective use of City funds and to meaningfully track progress towards achieving housing goals, the City should use performance metrics and regular reporting. Regular reporting on progress toward the goals of Housing GSO will help keep the community engaged and the City accountable over the life of the Plan.

- 1 Each recommendation should have associated performance metrics and an established timeline for implementation.
- 2 NDD should work collaboratively with other City departments to determine appropriate metrics for each recommendation and to discuss capacity and ability to collect needed data.
- 3 NDD should report on its progress twice a year.
- 4 The City should consider creating a publicly-accessible tool, like the City's online Bond Tracker, to report on progress made on each of the 16 recommendations included in Housing GSO.



2016 Housing Bond Tracker

Community education and awareness is essential for successful implementation of Housing GSO. NDD should work closely with other City departments to develop a marketing and education campaign to ensure residents understand the importance of affordable housing and how Housing GSO is designed to strengthen Greensboro for all.

- 1 Community support for Housing GSO and the recommendations within it are critical for successful implementation.
- 2 Undertaking a community education and awareness campaign will help build community support for Housing GSO, including recommendations for additional funding.
- 3 NDD should coordinate with City marketing and communications staff, as well as implementation working groups, to develop a Housing GSO community education and awareness campaign.
- 4 The campaign should include informational flyers and brochures, a social media presence, and in-person engagement at community events.





IMPLEMENTATION

The current level of annual affordable housing production is not enough to address Greensboro’s growing and future housing challenges. **The City should commit \$50 million in additional local funding over the next ten years to help address these challenges.**

Over the next 10 years, an additional \$50 million in local funding can produce:

Affordable Rental Homes



1,200
Affordable rental homes

800
Affordable rental preservation

Neighborhood Reinvestment



550
Units rehabbed, repaired, and developed

Affordable Homeownership



1,150
Affordable homeownership households

Supportive Housing



100
Supportive units

2,000
Short-term rental assistance units





HOUSING GSO

Creating Opportunities to Build A Better Community

City Council Work Session

August 18th, 2020



Appendix

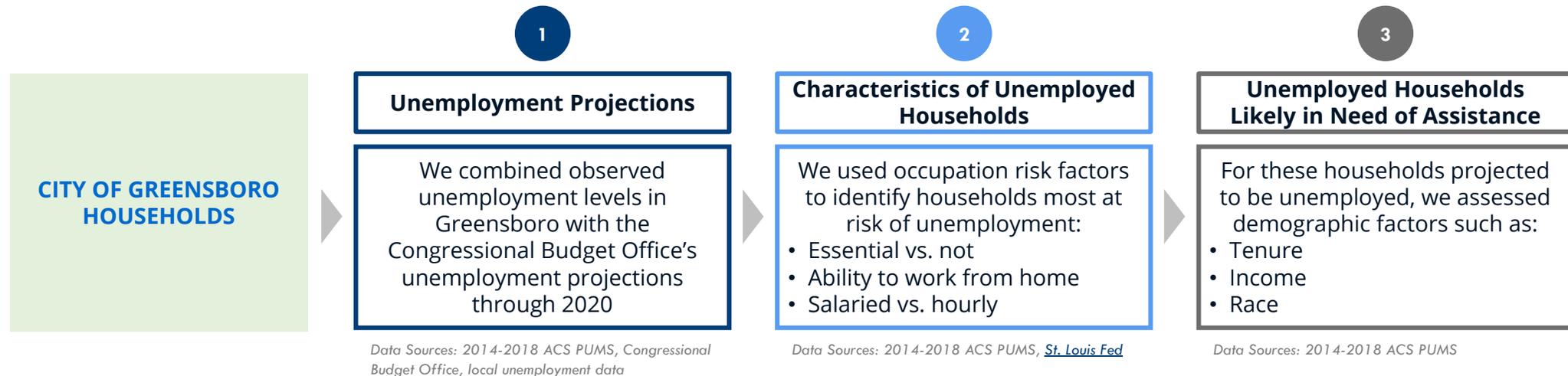
IMPACTS OF COVID-19 ON UNEMPLOYMENT AND HOUSING

Our methodology combined unemployment projections and unemployment risk factors to assess the scale of the potential housing support needed in the City of Greensboro. This methodology is based on an understanding that unemployment is the leading driver and indicator of housing insecurity. Overall, between 14,000 – 22,000 households in the City of Greensboro could have at least one unemployed worker by the end of the year.

We combined observed unemployment with unemployment projections to arrive at a set of region-specific unemployment projections. We next used occupational risk factors developed by the St. Louis Federal Reserve to assign an unemployment risk to specific types of households within the City of Greensboro, based on Census Public Use Micro-Survey Data. This created a baseline dataset for us to understand the characteristics of unemployed households.

Finally, we disaggregated households deemed at high risk of unemployment, along several criteria with implications on housing need:

- **Tenure**, because housing insecurity varies for owners and renters. Protections put in place for owners at a national level (such as mortgage forbearance) are not reliably available for renters, who are therefore at greater risk of housing insecurity.
- **Income**, because low-income renters will be at an even greater risk compared to the overall renter pool, due to higher cost burdens and less available savings.
- **Race**, because as a result of persisting racial injustices, Black households are more economically vulnerable—with systemically less household wealth and greater barriers to employment. Housing challenges will therefore likely be more acute and entrenched for Black households, as they historically have been.

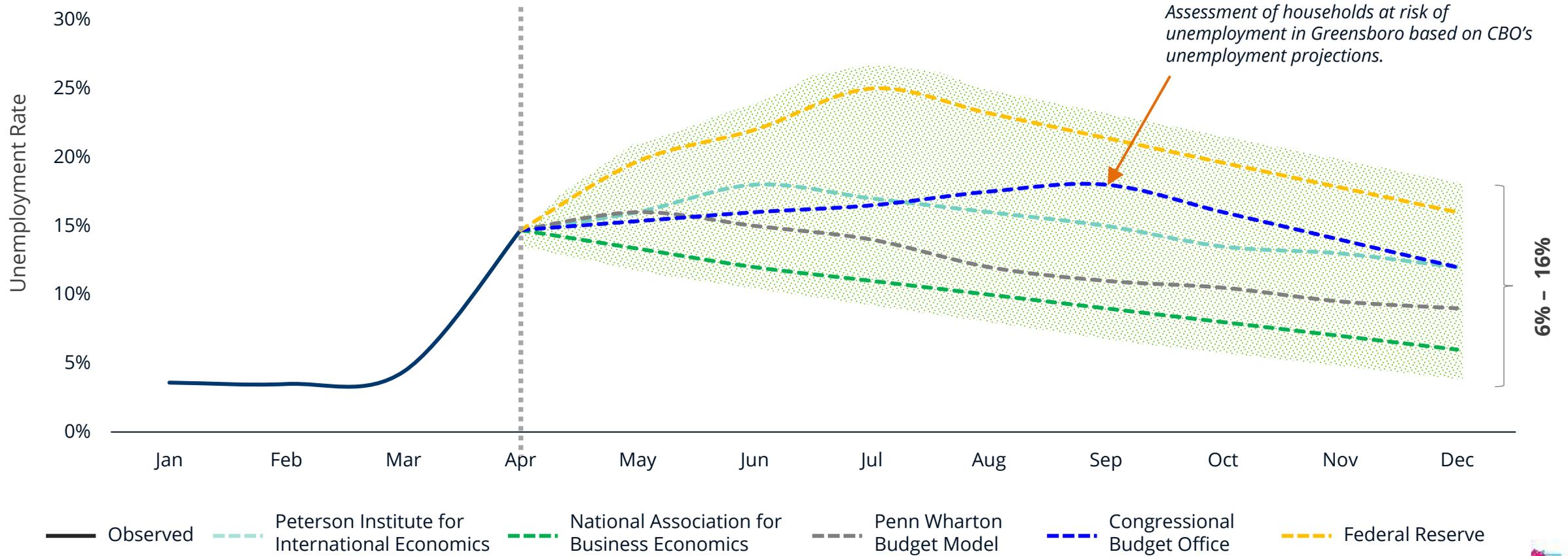


IMPACTS OF COVID-19 ON UNEMPLOYMENT AND HOUSING

The uncertainty of the COVID-19 pandemic has resulted in a wide range of economic projections, all of which expect great harm. The present analysis uses the Congressional Budget Office's unemployment projections, the blue line in the chart below, which takes a moderate view on the economic impact of COVID-19.

The Federal Reserve has the most negative outlook, projecting peak unemployment of 25% and a year-end unemployment rate of 16%. The most optimistic projection, by Penn Wharton, peaks at 15% and ends at 6%, which is still 50% higher than the 4% unemployment rate at the beginning of the year.

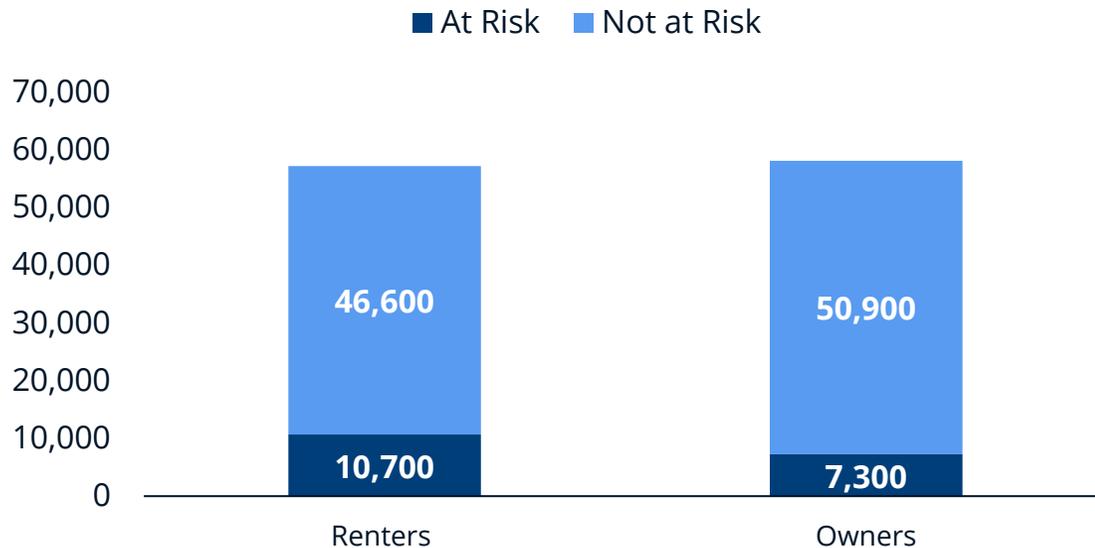
Real and Projected Unemployment - 2020



HOUSEHOLDS AT RISK OF UNEMPLOYMENT

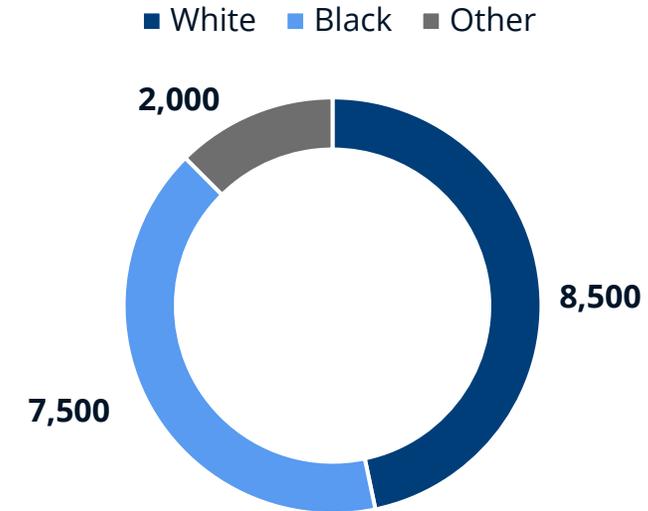
Approximately 18,000 households – 16% of all households in Greensboro - are at risk of having at least one unemployed worker due to ongoing work from home restrictions and the impacts of COVID-19. Even as work from home restrictions begin to lift, the economic recovery will be uneven and households facing long-term unemployment will experience associated housing insecurity as unemployment benefits expire.

Household Unemployment Risk, by Tenure*



* Households with individuals in the workforce, based on projected unemployment at end of Q3 2020

Household Unemployment Risk, by Race*



*Households with individuals in the workforce

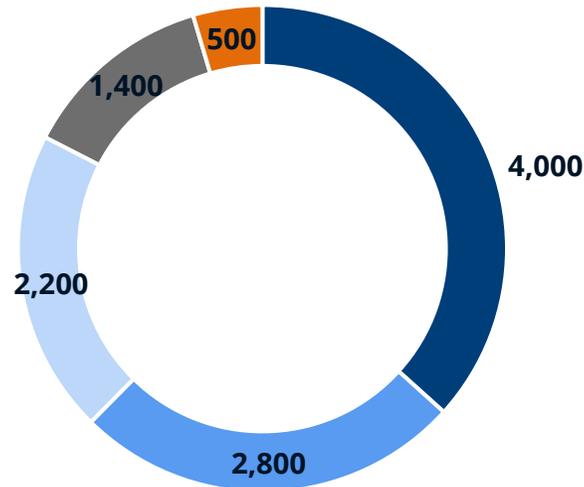
Renter households are more at risk of facing unemployment in Greensboro compared to owner households. In terms of race, Black households face a disproportionate risk of unemployment. Of households in Greensboro with one or more workers, 54% are white, 38% are Black, and 8% are other. Yet 41% of all households at risk of unemployment are Black households.

HOUSEHOLDS AT RISK OF UNEMPLOYMENT

Low and moderate-income renter households with limited assets and savings will face higher risk of being unable to meet housing expenses and potentially face eviction. There will be an estimated 6,800 renter households with annual incomes of \$40,000 or less facing risk of unemployment later this year.

Renter Household Unemployment Risk, by Income*

■ <\$24,999 ■ \$25,000 to \$39,999 ■ \$40,000 to \$59,999 ■ \$60,000 to \$99,999 ■ \$100,000+



* Households with individuals in the workforce, based on projected unemployment at end of Q3 2020

The majority of renter households at risk of unemployment have an annual income of \$40,000 less, and 35% of renter households at risk of unemployment have annual earnings below \$25,000. These low-income workers are more likely to hold non-salaried occupations that are viewed as non-essential and are difficult to do from home, like dishwashers, cashiers, hotel clerks, and other positions in the service industry that have been severely impacted by the ongoing pandemic. These low-income renter households will face the highest housing insecurity risk.