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Date: May 6, 2015

To: Members of the Joint City-County Planning Committee
Through: Steven L. Medlin, AICP, Planning Director
From: Aaron Cain, AICP, Planning Supervisor
Subject: Report on Opportunity Sites for Affordable Housing Development within Future Rail Transit Areas

Summary. A team of graduate students from the University of North Carolina at Chapel Hill have conducted a study analyzing the potential for affordable housing of publicly-owned sites near future transit stations. Their report is attached.

Recommendation. This item is for informational purposes only. No action is necessary at this time.

Background. In May 2014 the Durham City Council and the Durham County Board of Commissioners adopted a resolution stating a goal of 15 percent of residential units within a ½ mile of future rail transit stations be affordable to those making 60 percent or less of the area median income (AMI). A major focus of the discussion leading up to passage of the resolution was the need for "land banking", or the purchase and set aside of land for future development of affordable housing. In January 2015, John Hodges-Copple of the Triangle J Council of Governments (TJCOG) presented an inventory of potential publicly- and institutionally-owned land that could be made available for the development of affordable housing.

Building upon the initial findings from TJCOG, a team of students from the University of North Carolina at Chapel Hill have undertaken a project to determine if there are parcels already under the ownership of either the City or the County within future rail transit areas that could potentially be used for future affordable housing development. Their first task was to determine land characteristics that are optimal for development of affordable housing. To do this, they conducted a literature review as well as numerous interviews with local developers. Once the criteria were established, an analysis was performed to rate parcels owned by City or County against the criteria to determine potential suitability for affordable housing development. Also included in the report is a set of recommendations for furthering the adopted goal of including affordable housing in future rail transit areas.

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LRT Station Area Affordable Housing Study

Image credit: Our Transit Future (2015).

Prepared for the Durham City-County Planning Department

Prepared by the Land Use & Environmental Planning Workshop
UNC-Chapel Hill Department of City and Regional Planning
Spring 2015

This report was developed by the Department of City & Regional Planning's Land Use and Environmental Planning Workshop at the University of North Carolina at Chapel Hill. Planning Workshops enable graduate students to apply skills attained in the Master of City & Regional Planning Program to provide services to public and non-profit clients, the state, and its communities. In the spring semester of 2015, the Workshop participants conducted qualitative and quantitative research, developed this report, and presented findings and recommendations to the Durham Joint City-County Planning Commission.

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Executive Summary

The Raleigh-Durham metropolitan region is one of the fastest-growing regions in the country. Growth and reinvestment have already contributed to revitalization in downtown and many of Durham's older neighborhoods, and present exciting opportunities to improve the quality of life for its residents. However, rapid population growth also presents challenges for ensuring an adequate supply of safe, accessible, affordable housing. At present, about one-half of Durham's current renters, and one-quarter of Durham's homeowners are burdened by housing costs.[1]

The recent federal approval of the Durham-Orange Light Rail Transit (LRT) Project into project development presents new opportunities and challenges for affordable housing. Light rail transit in other regions has been linked to rising home values and the potential for gentrification and displacement of lower-income residents. At the same time, the LRT Project presents an opportunity to increase disposable income for low-income households living near transit by lowering household transportation costs.

Ensuring an adequate supply of affordable housing in the future station areas is therefore important for the success and equity of Durham's transit future. The Durham City Council and County Commissioners recognized this crucial need by passing resolutions setting a goal of 15% of all dwelling units within a half-mile of a transit station be affordable to households at or below 60% of area median income (AMI). To achieve this goal, it is important to understand the strategies available to maintain and develop a supply of affordable housing within future station areas.

This report provides preliminary recommendations to help the City and County attain the 15% affordable housing goal.

First, we reviewed research on best practices in integrating affordable housing into transit oriented development (TOD) and identified existing conditions in Durham with regard to housing affordability and access to transit.

Next, we interviewed 17 local and regional affordable housing experts and developers of both affordable and market-rate housing. The interviews indicated that rising land values in station areas will make affordable housing development difficult, but that both private sector and non-profit stakeholders are eager to explore creative partnerships and strategies to implement projects in these areas. The results of these interviews and our team's research are a set of site criteria, policy tools, and incentives to increase the feasibility of achieving Durham's affordable housing goals.

[1] The United States Department of Housing and Urban Development considers households that spend more than 30% of their income on housing to be cost burdened, meaning they may not be able to afford other household necessities such as medical care and food.

These results were organized into **nine recommendations for the City and County of Durham** to make progress toward the 15% affordable housing goal:

1. Increase communication and joint-planning efforts between City and County agencies
2. Facilitate partnerships with the Durham Housing Authority
3. Identify opportunities to collaborate with Duke University
4. Identify qualified partners for joint development projects on publicly owned land
5. Advocate for a light rail exemption for Low-Income Housing Tax Credit projects
6. Explore creative financing strategies to fund infrastructure improvements
7. Establish a revolving loan fund for affordable housing development in station areas
8. Facilitate affordable housing in station areas with expedited permitting and fee rebates
9. Assemble small parcels into larger units

The site criteria developed from stakeholder interviews were used to **identify publicly-owned land within each station area that is feasible for affordable housing development**. A feasibility score system was created based on the following characteristics:

1. Ownership status
2. Existing land use category (e.g. residential multi-family, commercial)
3. Development status (e.g. vacant, underdeveloped)
4. Land value per square foot
5. Building to land value ratio
6. Parcel size
7. Site constraints (e.g. flood zones, historic landmark status)

These characteristics reflect aspects related to the cost of affordable housing development projects using readily available parcel and building data. We used data provided by the Triangle J Council of Governments and the City and County of Durham. Instead of assigning absolute values to parcels themselves, we created an index that categorizes parcels as "less," "somewhat," and "more" feasible for affordable housing development. Higher scores are associated with a greater number of suitable characteristics. Parcels that were incompatible with affordable housing (such as preserved open space or industrial uses) were excluded from the analysis.

The results of this analysis show that there are 209 acres of redevelopable publicly owned land (across 279 parcels) in station areas. Of that, 190 acres were determined to be "somewhat" (135 acres) or "more" (55 acres) feasible for affordable housing development. The proposed Alston and Dillard station areas have the most publicly owned land that is "more" feasible for affordable housing development (34.5 and 16.8 acres, respectively). The Patterson Place, Medical Center, Leigh Village, and Buchanan station areas have the least amount of public land that is "more" feasible for affordable housing development, each falling under one acre. Each station area is profiled in detail later in the report.

Overall, there are 9,488 units of existing affordable housing in station areas in Durham. Nineteen percent of the existing affordable housing is subsidized, while the vast majority - 81% - is estimated to be market-rate affordable. **The Ninth Street, South Square/Martin Luther King, Jr., Patterson Place and Leigh Village station areas all currently have exclusively market-rate affordable units, meaning that escalating land values could threaten the supply of affordable housing in these areas without additional intervention.**

Given the variation in the supply of existing affordable housing and the number of feasible sites for affordable housing development, different types of policy tools and financing strategies will apply for different station areas. The Tool Matrix at the end of this report connects the most relevant recommendations to the station areas in which they apply.

In summary, there are at least nine preliminary steps that the City and County of Durham can take to make progress toward preserving existing affordable housing and developing new affordable housing in future LRT station areas. **The City and County already possess key resources, particularly publicly-owned land and engaged stakeholder groups, needed to increase the supply of affordable housing in station areas. However, the City and County must also act now to implement new strategies in order to maintain existing stocks of market-rate affordable housing in future station areas.**

The remainder of this report provides the background, interview results, and station area analyses that informed our recommendations, followed by the Tools Matrix. Section 1 provides an introduction to the report; Section 2 describes findings from a review of academic and professional research on affordable housing development in transit station areas; and Section 3 describes existing housing and transportation conditions in Durham County. Section 4 describes the results from 17 stakeholder interviews and discusses the implications for Durham. Section 5 provides detailed recommendations based on the results of these interviews. Section 6 describes the findings from the station area site feasibility analysis. Finally, the Tool Matrix is provided in Section 7 to connect the recommendations with particular station areas. The methods for the literature review, stakeholder interviews, and station area feasibility analysis are provided in the Appendix.

There are no easy solutions to increasing the supply of affordable housing in transit areas. The City's and County's commitment to making housing near transit accessible and affordable is an essential first step. This report is intended to guide the next phase of Durham's affordable housing strategy and to help make its affordable housing goals a reality.

Contents

Introduction

With the progression of the Durham-Orange Light Rail Transit (LRT) Project, the City and County of Durham have initiated LRT future station area planning. The proposed 17-mile light rail line will run from East Durham to Chapel Hill, with ten potential station areas located in Durham's jurisdiction (identified by Go Triangle): Alston Avenue, Dillard Street, Durham Station, Buchanan Avenue, Ninth Street, Medical Center, LaSalle, South Square-MLK, Patterson Place, and Leigh Village.

Planning for affordable housing in the future station areas is important for the success and equity of Durham's transit future, and the sustainability of the regional economy. The Durham City Council and County Commissioners recognized this crucial need by passing resolutions setting a goal of 15% of all dwelling units within a half-mile of a transit station be affordable to households at or below 60% of area median income. To achieve this goal, it is important to understand the existing conditions, challenges and opportunities for sustaining and creating an affordable housing stock in the future station areas.

Creating and preserving affordable housing opportunities is challenging in high demand areas, requiring, at times, complex partnerships. Therefore, it is important to understand the most critical factors for developing and maintaining affordable housing. In order to accomplish this, our team conducted interviews with those organizations and stakeholders that promote and develop affordable housing, and provided a local context for those results through an inventory of available land.

This report summarizes the literature on best practices in integrating affordable housing into transit oriented development; describes existing conditions in Durham with regard to housing affordability and access to transit; summarizes the results of interviews with affordable housing and development stakeholders; and provides recommendations on how Durham can make progress toward its affordable housing goals.

Literature Review

A review of the affordable housing and transit-oriented development (TOD) literature was conducted in order to provide a clear context for the study. Both peer-reviewed academic literature and practice-based literature were searched for case studies and approaches to preserving and developing affordable housing in station areas, in particular around light rail. Findings from the literature review highlighted many of the challenges that must be addressed at different levels of government and by different stakeholders. These findings informed stakeholder interview questions (discussed further on page 12).

Equitable TOD

Transit Oriented Development is an increasingly common development strategy across the country and globally. Many cities are adopting TOD policies or guidelines, particularly as cities expand transit services or build new transit. As TOD has caught on, the goals have evolved beyond promoting transit use and reducing automobile dependence to incorporating equity, community development, and economic growth. These expanded goals have become known as equitable TOD, or eTOD.

Ensuring more affordable housing within transit areas is a major component of eTOD. The Center for Transit Oriented Development (CTOD) - a collaboration between Center for Neighborhood Technology, Reconnecting America, and Strategic Economics - describes eTOD as the:

> … investments that support the production and preservation of affordable housing near transit; provides other transit-accessible community services such as schools, health clinics, and food stores; and enhances access for transit-dependent populations through connecting bicycle and pedestrian facilities. Equitable TOD is about creating equal opportunities for people of all incomes to capture the benefits of transit oriented locations.

Scholars and advocates have identified a growing need and demand for housing near transit, particularly for lower income households. CTOD estimates that housing demand near transit will increase from 6 million to 15 million households by 2030 (CTOD, n.d.) or 25% of all households (Reconnecting America & Local Initiatives Support Corporation, n.d.). Of this increased demand, 40% is estimated to come from low and very low-income households (CTOD 2009).

Benefits

Supplying affordable housing near transit has multiple benefits for low-income households. First, access to transit has the potential to increase disposable income by lowering transportation costs. Transportation costs can be up to 16% lower for households living near transit (CTOD, 2009). Additionally, one fourth of households living below the poverty line do not own cars and are reliant on transit (Thorne-Lyman, 2011). Living near transit, therefore, offers access to more job opportunities. Second, affordable housing in transit areas also benefits transit providers. As stated above, low-income households are more transit dependent and form the core ridership of transit. Therefore, transit providers will benefit from a consistent population using its services (CTOD, Thorne-Lyman, 2011, Pollack et al. 2010).

Redevelopment and TOD can bring about positive change. However, such changes can also bring into question who benefits from these improvements. TOD efforts can lead to concerns about gentrification and displacement as property values rise and housing and services are no longer affordable to existing residents (Kahn 2007, Pollack et al. 2010). Pollack et al. (2010) examined 42 neighborhoods in 12 cities with new rail service offered between 1990 and 2000. Results indicated that gentrification, characterized as rising home values and increases in the number of higher income residents, was prevalent, especially for new light rail transit (versus commuter rail and heavy rail). In the case of light rail transit, "almost every aspect of neighborhood change was magnified: rents rose faster and owner-occupied units became more prevalent, for example" (p. 33). The researchers determined that light rail was more likely to lead to gentrification because it tends to be sited in locations that have high numbers of renters. However, the researchers found less evidence of displacement. Nevertheless, displacement should still be considered.

Challenges

Affordable housing development is already a challenge due to lower cost recovery. This is further complicated by rising land costs and land speculation in station areas. High land prices can make affordable housing unattractive for market rate developers who are looking for higher returns, and can be cost-prohibitive for non-profit housing developers (Thorne-Lyman, 2011; Srivastava, Fogarty, Belzer, D, Breznau, & Brooks, 2010). Additionally, mixed use and transit oriented development projects are often time consuming and use complex financing structures. Incorporating affordable housing by involving tax credit and subsidized financing in transit areas adds an additional level of complexity to TOD (CTOD 2009; Thorne-Lyman, 2011).

Affordable housing often involves multiple stakeholders and sectors, requiring partners, which can be complicated to coordinate and manage (Stern, MacCleery, Walker, 2011). Furthermore, with multiple parties involved, there is not a single implementer to hold accountable (Srivastava, Fogarty, Belzer, D, Breznau, & Brooks, 2010). Infill TOD also presents challenges as available land is often small or scattered parcels, requiring land assemblage, which is complicated and costly (CTOD, 2009).

Best Practices and Implementation Tools for Local Government

Strategies for siting and encouraging the appropriate amount of affordable housing can take various approaches. Durham's approach is most aligned with the strategic method, outlined as follows by the City of Austin (2012):

> Strategic methods take a place-based approach to siting housing. A jurisdiction targets investment in specific geographic areas. Often this investment is aligned with other systems to ensure maximum efficiency in affordable housing siting (e.g. public transit, employment centers, social services, health facilities, schools, etc.).

In order to address the financial challenges of affordable housing in station areas, there are several financing and land acquisition tools being utilized across the country. These include community land trusts and TOD funds, which have been highly successful in Denver, Colorado. Tax-increment financing districts (TIFs) are also used to create revenues for affordable housing (Bleakley 2014, Pollack et al. 2010).

Regulatory and policy tools can also be used to facilitate affordable housing in transit areas. Inclusionary zoning, whether mandatory or voluntary, is perhaps the most straightforward tool for

increasing affordable housing supply. However, it is also highly contested and requires state statutory authority, which North Carolina does not have. Incentive zoning, on the other hand, is less controversial but more difficult to administer effectively. In combination with voluntary inclusionary zoning, this approach provides a variety of incentives for developers to provide affordable housing in exchange for density bonuses, parking requirement reductions, fee waivers or reductions and expedited permit review (Pollack et al. 2010).

In addition to the proper tools, it is important to consider the sequencing of affordable housing with transit very early in the TOD process. This requires proactive affordable housing planning concurrent to transit planning, recognizing land values will quickly increase. Affordable housing preservation and land acquisition for new affordable housing creation should also begin simultaneously before transit is operational (Pollack et al. 2010).

Siting Affordable Housing

Unfortunately affordable housing has often been considered a LULU (locally unwanted land use) because of beliefs that low-income residents will attract other undesirable uses or lower property values. This often results in the "Not In My Back Yard" sentiment or NIMBYism and a lack of services for low income housing (Schively 2007). Furthermore, affordable housing projects traditionally had been cited near LULUs because land costs are lower. With increased attention to environmental justice, efforts have increased to not only site affordable housing more fairly, but also to site it near amenities rather than LULUs.

Affordable housing subsidies can stipulate requirements for receipt of funds. For example, the LIHTC (Low Income Housing Tax Credit) Qualified Allocation Plan (QAP) stipulates eligibility criteria including proximity to services and amenities, such as grocery stores and pharmacies. The site must also be serviceable by utilities. Points are also awarded to projects that are not near LULUs (Novogradac and Company 2014). These distinctions are not always complimentary; North Carolina's current QAP reduces the score of LIHTC proposals if they fall within 500 feet of a rail line. This score reduction, and others given for proximity to "incompatible uses" are designed for health and environmental justice purposes, but putting light rail in the same category as heavy rail might prevent state financing of affordable housing near transit.

Finally, in addition to proximity to amenities or LULUs, another relevant factor is concentrated or segregated poverty. Some states or regions have "fair share" programs that try to ensure that affordable housing is evenly distributed throughout a region to provide more options for low-income households and to not concentrate poverty in certain locations. HUD grant funds are often contingent on siting new affordable housing in different census tracts than existing affordable housing. While North Carolina does not have a fair share program, Durham has a Subsidized Housing Location Policy. This policy aims to make affordable housing opportunities available throughout Durham while aiming to have no more than 20-25% of a census block group consisting of subsidized housing, depending on the zoning tier, with higher percentages permitted in suburban and rural tiers (City of Durham, 2012). Therefore, efforts to increase affordable housing provision in future station areas must carefully consider efforts to de-concentrate poverty.

Site Constraints and Preferences

Because the location of affordable housing development is critical to its success, it is important to know which types of sites and conditions allow for feasible affordable housing development. While

some land characteristics (e.g. slope) make any type of development difficult, there are many more criteria that make sites more or less attractive for affordable housing development.

Criteria used by Arlington County, Virginia to identify feasible county-owned sites for affordable housing included size, easements, shape, ownership, zoning and accessibility. Unfavorable criteria included: sites smaller than 0.25 acres, sites falling predominantly in the street right-of-way; oddly shaped sites; and sites with difficult to remediate environmental constraints. Of total land area; site ownership; distance to Metro stations or the transit network; existing development conditions; tree canopy coverage; and historic designation/overlays, transit access, land area and County Board ownership (versus Arlington Public Schools) were viewed as most favorable (County Manager 2014, 6).

To capture upcoming development opportunities, Arlington County looked at properties located within upcoming planning areas or CIP project areas (County Manager 2014, 7). Finally, the County identified other important factors for future consideration—existence of easements, covenants or other legal restraints that would preclude development; community-based planning and zoning processes; and assessment of potential County needs for public facilities (County Manager 2014, 4).

The California Department of Housing and Community Development has identified several areas where analysis should be done when determining affordable housing feasibility: realistic development capacity (land use controls and site improvement requirements, existing uses and small sites less than one acre); non-vacant and underutilized sites (existing uses, recent development trends, market conditions and availability of regulatory and other incentives); zoning; environmental constraints; and adequate infrastructure (California Department of Housing and Community Development 2012).

A feasibility study conducted by an affordable housing provider for Atlanta, Georgia showed important factors considered in their pro forma were density, land values, unit size/mix, and monthly rents (Bleakley 2014).

Affordable housing development can occur as infill development or greenfield development. While infill development is often viewed as preferable for affordable housing to promote community development and revitalization goals, along with positive environmental outcomes, infill development can be more complex and expensive, particularly for non-profit affordable housing developers. Felt (2007) contends that given the mission of providers to increase the supply of affordable housing across a region, they often engage in larger-scale housing production and look across the whole geography to find sites of "significant size and allowable density, both of which are primary determinants of the financial feasibility of developments" (p. 11).

Community development corporations (CDCs) are positioned differently than non-profit agencies to be able to promote infill development for affordable housing (Felt 2007). Survey results from CDCs across the country showed that about half of CDCs engage exclusively in infill development while the other half practice both greenfield and infill development. Only 2% engage in only greenfield development while 3% stopped doing infill development due to financial and political infeasibility (Felt 2007). Nearly 90% of survey respondents considered small scattered parcels that yield 1-5 units despite the higher costs and complexity. Only 11% stated they would only consider sites that allowed more than 20 units. Land acquisition costs for infill development, especially "hot" markets were the

most significant infill associated costs. However, infrastructure costs are often less for infill than greenfield development (Felt 2007).

Relevance to Durham

Site criteria, constraints and preferences may vary regionally, or by sector. In order to better understand how Durham's affordable housing stakeholders fit into the larger affordable housing development picture, the existing conditions for affordable housing in Durham were identified, and a sample of local stakeholders were interviewed with reference to the challenges, opportunities, and site criteria identified in the literature.

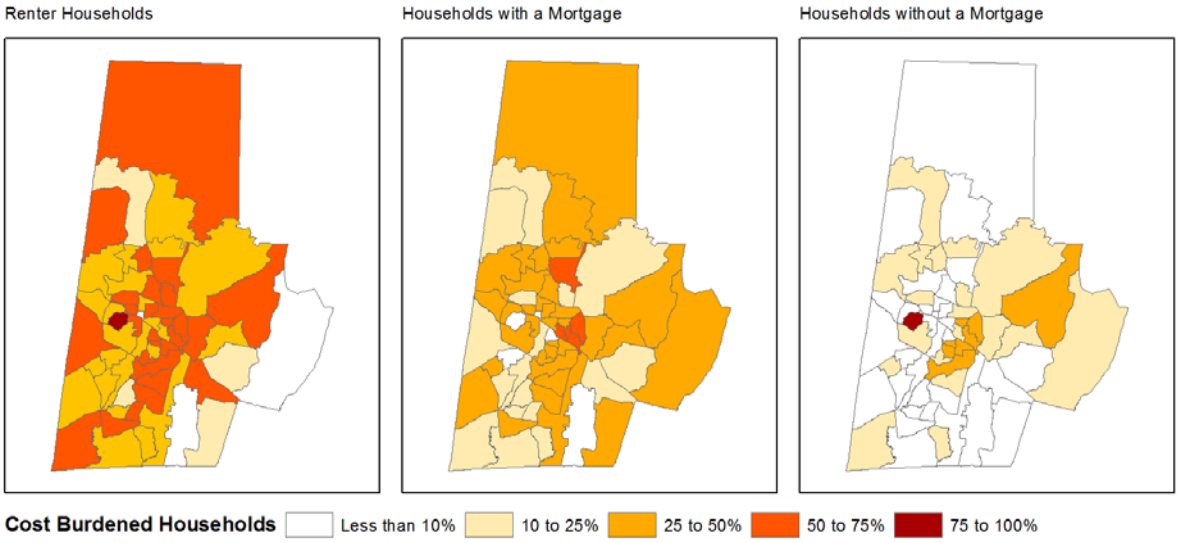
Existing Conditions

The Raleigh-Durham metropolitan region is one of the fastest-growing regions in the country. Growth and reinvestment have already contributed to revitalization in downtown and many of Durham's older neighborhoods, and present exciting opportunities to improve the quality of life for its residents. However, rapid population growth also presents challenges for ensuring an adequate supply of safe, accessible, affordable housing.

Affordability

Affordable rental housing is of particular concern. In Durham County, approximately half of renters and one-quarter of homeowners are already cost-burdened, meaning they spend more than 30% of their income on housing (Figure 1). Combined with other housing problems such as lack of adequate kitchen/bath facilities and overcrowding, cost burden has the greatest impact on households that rent, particularly those in the lowest-income groups. As of 2009, 93% of households that rent and have housing problems are low income (below 80% of area median income (Community Development Department 2010, p. 3-1). A large share of households with housing problems are also headed by extremely low-income or very low-income seniors (p. 4-15).

Figure 1. Share of Households Paying More than 30% of Income for Housing (American Community Survey 2013 5-yr Estimates)



Extremely and very low-income households (below 30% and 50% AMI, respectively) cannot afford fair market rents (or the cost of rent when no subsidies are provided) for even small rental housing units (p. 3-4). A 2011 report found that five of the future station areas in Durham were in the top-ten for highest concentrations of renters and low-income households (Department of City and Regional Planning 2011, p. 41).[2] The combination of low-incomes and tenant-based occupancy suggests that households in these station areas are at a high risk of displacement due to redevelopment in the future station areas.

[2] *Among all potential station areas studied in Durham, Orange, and Wake counties*

Historically, Durham has worked to address this lack of affordability primarily through federal grant programs. The City of Durham's Department of Community Development receives and administers the City and County's HOME, Community Development Block Grant (CDBG) and Emergency Shelter Grant entitlement program funds from the United States Department of Housing and Urban Development (HUD). Durham's 2010-2015 Consolidated Plan sets goals and identifies priorities related to housing and community development, including neighborhood revitalization through homeownership. It is unlikely this approach will translate in future transit areas, as transit must be supported by multifamily and other high-density uses. Thus, affordable housing strategies in station areas will need to take a new approach, and will more likely need to focus on affordable rental housing and rental assistance programs. At the same time, there may be opportunities for value-capture in station areas to be dedicated to homeownership programs in other parts of the County. That is, as property values near transit increase, Durham may sell off assets that it owns and use the proceeds from the sale as unrestricted revenue for affordable housing efforts.

Rental assistance programs in Durham are already operating at capacity, adding additional challenges to ensuring affordable housing in transit areas. Durham Housing Authority (DHA) owns 90 acres of land in the future station areas. Over 50% of public housing units (990 units) are located in future station areas, providing a secure head-start on reaching the City and County's affordable housing targets. However, the supply is not nearly enough to meet demand. As of 2010, the waiting lists for public housing units and housing choice vouchers were over 3,000 households combined (Table 1). The shortfall is greater for special needs populations; only 88 units (5%) of DHA's stock are classified as mobility accessible and 39 units (2%) are classified as sight & hearing accessible.

Table 1. Supply and Demand for Rental Assistance in Durham

	Managed by DHA	In Station Areas	Waiting List
Public Housing Units	1,851	990	~2,000
Housing Choice Vouchers	2,758	liable to change	~1,000

Source: Meredith Daye, DHA, *Personal Communication*, March 9, 2015; Regha Taylor, DHA, *Personal Communication*, March 13, 2015 and Community Development Department (2010) p. 2-5.

In 2012 and 2013, DHA brought two properties into HUD's Rental Assistance Demonstration (RAD) program: Morreene Road and Damar Court, both located west of Duke University and within a half-mile of the proposed LaSalle light rail station. RAD promotes the conversion of public housing to long-term, project-based assistance in order to generate additional sources of private financing for rehabilitation, maintenance and upkeep of affordable housing. DHA has submitted applications for four additional properties as well as its Hope VI site, and is currently waiting on approval from HUD. RAD conversion creates the possibility for redevelopment of public housing sites to developments with additional density, so long as the same number of assisted units is provided in the new development (Durham Housing Authority 2013).

Accessibility

Behind housing, transportation is the second-largest budget item for households. On average, Durham households spend 22% of their income on transportation, but costs can run as high as 29% of household income (Center for Neighborhood Technology, 2015). Durham residents rely heavily on personal automobiles as a primary means of transportation. As of 2011, the wide majority of

households commuted to work by car, truck or van, with 75% of workers driving alone (U.S. Census 2011). In contrast, only 4% of work trips were made using public transit.

Traffic congestion creates delays that make commuting trips longer and more costly. In 2011, the average commute time was 23 minutes (U.S. Census 2011). As travel demand continues to rise with population growth, traffic congestion, commute times, and higher transportation costs are also likely to increase. The overall affordability of living in Durham will increasingly depend on both the availability and accessibility of affordable housing.

Presently, daily bus service is provided by GoDurham and GoTriangle. GoDurham's service area includes a fixed-route bus system with 18 routes and 52 buses, providing over 15,000 daily trips. GoTriangle provides regional service, including express and local lines to Chapel Hill, Raleigh, Hillsborough, the Raleigh-Durham International airport and Research Triangle Park. The downtown Durham Amtrak station provides commuter rail service to Cary, Raleigh, Charlotte and Greensboro, among other destinations in North Carolina. Once in place, the Durham-Orange LRT will connect to these existing networks at Durham Station, and at LRT stations near existing and future bus lines.

Ensuring that commuters, particularly low-income workers, are able to afford housing within walking distance of future station areas with safe, pedestrian mobility within the station areas will better ensure that alternative transit is an option that is truly available and accessible to all.

Interview Results

Interviews formed the primary data source for this report. Content analysis on interview feedback was used as the basis for findings. Interview questions were developed based on a range of concerns and criteria associated with (1) developing affordable housing near transit, and (2) preserving the affordability and quality of existing housing near transit, as identified in the literature. Seventeen stakeholders, including market-rate developers, affordable housing developers, affordable housing organizations or non-profits, and other researchers or professionals engaged in the study or development of affordable housing, were interviewed. For a complete list of interviewees, please refer to the Appendix.

Siting Criteria

Proximity to Transit

Overall, proximity to transit was mentioned in siting criteria by about half of stakeholders interviewed. Non-profit developers of affordable housing placed a greater emphasis on transit-oriented development but also quoted the high cost of land in TOD areas, particularly the rapidly rising cost of land around future light rail stations, as being the limiting factor in developing affordable units near transit. At least two non-profit developers noted that proximity to bus lines was an important factor in siting, and one mentioned that developing along bus lines might continue to be a more feasible option for affordable transit oriented development, even as the light rail is built out.

Land Values and Future Appreciation

For nonprofit developers, the prospect for future appreciation (after acquiring ownership) was not mentioned as a factor for siting. This is likely due to the mission-driven aspect of affordable housing development, rather than the profit driven (i.e. nonprofits aimed to establish permanent affordability). However, rapidly rising land values were cited by several nonprofit developers as cost-prohibitive to acquiring parcels near station areas. For-profit developers also recognized rising land values as a barrier to developing affordable housing units, noting that higher priced parcels are generally justified by higher-priced units. In addition, one interviewee suggested that developers who also intend to act as property managers will be more considered with appreciation values, whereas those who are looking to develop and sell right away will not.

Proximity to Amenities

There was a mixed view of the importance of nearby amenities in siting affordable housing. Of the developers that mentioned amenities in siting criteria (about half), one non-profit developer urged that their mission was to make the largest impact in the most disinvested neighborhoods, in hopes that increased investments would follow. Conversely, some non-profits mention basic amenities, such as bus lines, cleanliness, and safe neighborhoods as desired amenities. For-profit developers mentioned different amenities, such as a good Walkscore and private outdoor space. A for-profit developer of market-rate units suggested that, ideally, affordable housing be located near amenities like public transit, employment centers, and retail. One developer noted that proximity to amenities, such as schools, grocery stores, pharmacies, health care facilities, and employment centers, were important criteria in siting for developers hoping to use LIHTC, regardless of whether proximity to amenities is part of their mission. In addition, it was mentioned that these requirements have resulted in LIHTC projects commonly being built near Wal-Marts and other big box store that offer many of these amenities in one place.

Shape and Size of Parcel

The shape of a parcel was not identified as being a factor in siting, but size seemed to be a significant factor in determining the scale of the development. Among nonprofit developers, there was a consensus that larger parcels in station areas (i.e. 10 acres) will (and are) being quickly bought up by market-rate developers for high prices, and that smaller parcels might be more feasible for acquisition. In addition, several interviewees mentioned parcel size being overly restrictive when combined with parking requirements, which might indicate some misinformation, as parking minimums have been reduced or lifted in favor of alternative parking standards and parking maximums in the Compact Neighborhoods and Downtown (Durham City-County Planning Department, 2014, Chapter 4).

Level of Development

Level of development plays a substantial role in the siting of affordable housing. The future development of affordable housing (preservation versus new construction) was chosen based on the existing development on site. The latter is especially true to land-banked parcels and parcels in ownership prior to development plans.

Infill vs. Greenfield Development

For non-profit and for-profit developers alike, there seems to be an agreement that new construction and undeveloped sites are preferable. Nonetheless, these types of sites can be more expensive and harder to find due to the cost of demolition or the cost of public infrastructure on greenfield sites. There also seemed to exist the notion that greenfield sites are more likely to get bought-up by market-rate developers early in the LRT planning process.

Existing Structures on Site

For-profit developers seemed more likely to demolish and build new construction, whereas nonprofit organizations seemed more interested in refurbishing existing structures, or obtaining current affordable housing (in standard condition) and preserving its affordability as land values rise and/or tax credits expire. Two non-profit developers mentioned interest in refurbishing affordable units owned by another entity in order to ensure affordability (and standard quality) is maintained. In addition, one developer mentioned vacant rehabilitation of parcels and adaptive reuse of structures as a strategy for providing affordable units while improving neighborhoods aesthetics.

Public Utilities

Only one of the developers interviewed mentioned public utilities as a factor in siting, noting that public infrastructure costs can make a deal infeasible, often making greenfield sites illogical for affordable housing development. Another developer did mention impact fees as a major barrier. Although not explicitly stated, the presence (or lack thereof) of public utilities and infrastructure could play a role in site selection.

> "Public infrastructure costs can collapse a deal. ...Cities need to help pay for the added infrastructure costs on these sites."
>
> -John Hersey

Land Ownership

Several non-profit developers mentioned that for siting affordable housing developments, public ownership makes the process easier. There seems to be a sentiment that publicly owned land (at least by the City and County) can be sold to developers of affordable housing at below-market value, or that the City and County can acquire adjacent parcels that have multiple partners and string them together to be sold to an affordable housing developer, as acquiring parcels with multiple owners is too risky for some developers. In addition, one developer mentioned that the City and County can include affordable housing criteria in RFPs for publicly owned land, which could act as a work-around for inclusionary zoning. Another non-profit developer did not note publicly owned land specifically as being important, but noted that, when acquiring land that is funding dependent, the seller of the parcel must be willing to wait for funding to come together. Lastly, a for-profit developer recommended that, if they were to develop affordable housing, their strategy would be to develop a public-private partnership to develop affordable housing on publicly owned land.

> "The City can help by promoting affordable housing on properties that they own or can sell the land at a reduced price."
>
> -Scott Harmon

Existing Zoning

Zoning seemed to be a key factor in siting parcels for affordable housing development. Both nonprofit and private developers shared the sentiment that a strategy for affordable housing in station areas, or government acquisition of land, needs to occur before upzoning occurs, with the rationale that upzoning to market densities will make all sites in the station areas unaffordable very quickly. There were several opinions that upzoning should be done on a case-by-case basis in order to exact a certain percentage of affordable housing from developers looking to build at higher densities, which is not legal under current North Carolina law. However, one for-profit developer mentioned that upzoning was actually needed in order to ensure affordability, density, and a healthy transit system in the future. Furthermore, it was noted that rezoning takes time and money, and that making the regulatory process go faster and smoother would save money for developers and increase project feasibility.

Availability of Low Income Housing Tax Credits

To offset the costs of affordable housing projects, developers often apply for tax credits, which are a tool for generating more funds. Specifically the Low Income Housing Tax Credit (LIHTC) can be utilized for projects where 20% of the units in a residential project are priced for households earning 50% of the area median income or 40% of the units are for people with 60% AMI. Specific site-based criterion, discussed in this section, must be met in order to be considered for a LIHTC award. Once LIHTC is received, the developer can sell those credits to investors, helping them generate more equity for the affordable housing project.

The developers we spoke with had mixed views on the importance of LIHTC to the development of affordable housing in Durham. Some developers only build affordable housing if they receive LIHTC, while others said the tax credit equity is not essential for them. However, all developers agreed that, for LIHTC projects, a perfect site score is critical. The North Carolina Housing Finance Agency (NCHFA) sets forth specific standards for proposed LIHTC projects in its QAP, which is updated annually. The site is awarded a site score, with a maximum of 60 points, based on the surrounding neighborhood characteristics ("blighted" or "not blighted"), proximity to amenities (grocery stores, retail, pharmacies, medical care, etc.), and site suitability. Because the LIHTC process

is very competitive, most of the developers reported that a proposed project must earn all 60 points to even be considered for LIHTC.

Another important factor for LIHTC projects is the cost of land. Since most project applications will have perfect site scores, there is a "tie-breaker" to determine which projects will be awarded credits. The 2015 QAP establishes three tiebreakers to determine project awards in the event of tie scores. First, projects that require the least amount of tax credits per unit are prioritized, followed by projects serving tenants with children, and finally projects intended for tenant ownership (such as detached single family homes). Therefore, it is exceedingly important that land acquisition and site development costs are kept to a minimum for a project to receive funding through LIHTC.

Additionally, timing and the permitting process play a critical role in the LIHTC process. The QAP requires that projects awarded LIHTC have 10% of the total budget for the project spent within a year of receiving the tax credits and the total project built within two years. Delays in the entitlement process may cause projects to fall behind on these deadlines and tax credits to be subsequently recaptured, or they may completely hinder developers applying for LIHTC in the future.

> "price premiums for [station areas] would really make it difficult in North Carolina's QAP to … still be competitive."
>
> *-Mike Rodgers*

The developers mostly agreed that accessibility to public transportation is key for affordable housing. However, there was perception amongst some of the developers who were more experienced with LIHTC that the QAP actually penalizes proximity to rail. Additionally, there is belief that, despite the requirement for proximity to amenities, the QAP favors greenfield rather than infill sites.

Overall, helping developers to reduce their costs, and thus reduce the amount of subsidy needed to provide affordable housing, will make them more competitive for LIHTC. Developers strongly cited a need for local government to work with them to reduce land costs and streamline the permitting process.

Identifying Parcels for Affordable Housing Development

Acquisition Strategy

Most affordable housing developers use multiple avenues to search for suitable sites. Three developers said they use real estate agents to identify potential sites for affordable housing, while an equal amount of respondents stated that they dedicate internal staff time to seeking out potential opportunity sites. Some developers said they have staff members analyze median income ranges and use that information to determine where there is need for affordable housing, and others said that sometimes they would get in the car and physically search for sites.

The most common method for identifying parcels was through information gathered via prior affordable housing development experience. For the most part, developers have either worked in a certain neighborhood before and are able to identify suitable parcels based off of their knowledge of that neighborhood, or they have worked with other stakeholders in the affordable housing development game and use those contacts to help them identify potential sites for affordable housing.

Land Cost Considerations
The affordable housing developers gave mixed answers about how land costs factor into their decision to site a project. Some stated they have a dollar per unit figure that they use, ranging from $10,000-20,000 per unit. Thus, if a developer identifies a site on which they could build a 30-unit project, they would need to acquire the land for no more than $30,000-60,000. Others stated that the cost of land would ideally be 20% of the total value of the development (e.g. if development has a replacement cost of $100,000, the land price should be $20,000). Finally, there were some developers who claimed they require a full (100%) subsidy for land costs in order to move forward with affordable housing projects.

Number of Units
The number of units needed to make an affordable housing project feasible varied. If a developer wants to pursue a LIHTC project, there are strict standards on the number of units which can be developed in a project, which vary depending on the region. In Durham, a project must have a minimum of 24 and maximum of 120 units. However, the developers who do not utilize LIHTC build projects ranging from 10-12 units to 200+ units.

Although the preferred number of units varied, developers sited regulatory limitations and practicality issues as major factors in the size of their affordable housing projects. The number of units they can develop are ultimately dependent on the parcel, zoning, and allowable densities. Additionally, developers noted that it is important to take advantage of economies of scale in their management and maintenance of buildings, so any affordable housing project that has too few units will have relatively high upkeep costs.

Prior Experience with Transit Oriented Development (TOD)
We asked each interviewee about their previous experience developing in areas within close proximity to transit. For those who had not participated in developing in transit areas, we wanted to find out what has been holding them back. For those who had, we wanted to see what their previous experience had taught them about siting affordable housing in these transit-proximate areas.

Four of the respondents had no experience with developing in transit areas. Out of these four, two said they would be interested in pursuing TOD projects in the future. However, the other two believed the premium cost of land in areas close to transit either priced them out of the market for TOD or made any such pursuit too risky. However, one developer did mention that these risks could be mitigated through the acquisition of additional funding.

Only one respondent had strong experience with affordable housing in TOD, while four of the participants responded that they had experience working near transit, such as bus stops, but not light rail. All of these respondents believed that the dangers of speculative land investment, which drives up the cost of land around transit areas, makes investment in affordable housing in these areas risky. However, they understand that affordable housing needs to have high accessibility to transit, especially for transit-dependent populations.

Partnerships

Partnerships are an essential component of both market-rate and affordable housing development. A range of resources and skill sets are needed to develop affordable housing, and these are generally contributed by multiple partners on any given project. Interviewees expressed the desire to work with

a variety of partners, as long as partners bring some value added to the table. Interviewees discussed both the resources they are able to offer in a partnership for affordable housing, as well as the resources they seek from partners and from the City.

Perhaps of the most relevant driver for partnering related to Durham is acquiring land for affordable housing development. Land is a resource that affordable housing stakeholders seek from partnerships, particularly from public-sector partners. Because arranging financing for affordable housing often depends on the time frame of grants, tax credit awards, and other forms of subsidy, acquiring land for affordable housing can take longer than a typical real estate transaction. Many sellers do not have the patience to wait for financing to be arranged; thus affordable housing developers have to compete for fewer, less desirable pieces of land. This is especially challenging in the future station areas, where high demand for land makes it a sellers' market. Both non-profit and private sector developers expressed interest in public-private partnerships (P3s) in which the City contributes land to make affordable housing development projects more financially feasible.

Durham could partner with affordable housing developers of all types to provide infrastructure and reduce or eliminate parking minimums. An example of this type of partnership is the Mariposa project in Denver, Colorado, which involved redeveloping a Hope VI site into 800 mixed income units. The resulting development retained 200 affordable units closest to the light rail station. This was accomplished via a partnership between the State of Colorado, the City of Denver, and the Denver Housing Authority. The City's contribution was to provide infrastructure and reduce parking requirements on the site. The Mariposa case study is especially relevant to Durham, as nearly 90 acres of opportunity sites are owned or managed by the Durham Housing Authority. This study suggests that the City and County of Durham will need to partner with other departments and agencies, such as DHA, to accomplish the City's and County's affordable housing goals.

In addition to land, the most frequently mentioned resource sought in any type of partnership is financing, both private and public. Those coming from a non-profit organization or agency mentioned the importance of local, state and federal funding sources – in particular the award of HOME and CDBG funds by the Community Development Department, and the award of LIHTC by the North Carolina Housing Finance Agency.

Private-sector developers emphasized the importance of diverse partners to supply loans, investor capital, and cross-subsidies for affordable housing development. However, cross-subsidies for mixed-income housing may not be financially feasible at this time; one interviewee noted that cross-subsidies are challenging in the Triangle's housing market because the premium on high-end rents is not high enough to subsidize the cost difference for affordable rents. Several non-profit housing providers who were interviewed mentioned that they partner with private developers on tax credit projects, or when there is an established relationship between both organizations.

Duke University was cited multiple times as a very desirable partner. The University's discretionary resources mean that it can invest in projects without the same constraints faced by public-sector partners, and there are fewer controls compared to funds from federal housing programs or state tax credits. The University has an interest in ensuring its employees have safe, affordable housing and in stabilizing communities near campus. However, Duke's priorities may not always align with the goals of affordable housing partners; one interviewee noted that the University was unwilling to donate a piece of undeveloped land for affordable housing because Duke intended to sell the land at market rate for new revenue.

Community partners are also important to affordable housing stakeholders. Many of the non-profit stakeholders interviewed identified partners who conduct casework and refer clients on their behalf. Case management partnerships are especially important for transitional and supportive housing providers, as clients may move through several different types of eligibility and housing. Thus, partnerships between different types of affordable housing providers ensure that clients can continue to receive support during a housing transition.

Partnerships with the broader community are also valuable. NIMBYism can be problematic for developers, so building strong relationships with local community groups can help developers identify neighborhoods that are receptive to affordable housing, where projects can be implemented more quickly and effectively. John Hersey, of Enterprise Community Partners, stressed the importance of having representation from all community groups relevant to the goals of the affordable housing program, including partners from the transit agency and environmental communities. Light rail transit and affordable housing have both competing and complimentary goals, so Enterprise recommends forming partnerships with community groups that can reconcile these goals into successful agreements and projects.

Policies & Incentives

As identified in the literature, there are many challenges to developing affordable housing near transit – including financial, political, and regulatory barriers. Removing regulatory barriers, improving financial feasibility and providing incentives can alleviate some of these challenges. Interviewed stakeholders cited four main policies and incentive types -- zoning, financing, parking, and impact fees/permitting – that they believe could better support affordable housing development.

Zoning

Zoning is one of the most impactful tools at the disposal of municipalities for the organization of land use. The restrictions placed on land by zoning can also be a significant barrier for developers. Non-profit developers, private developers, land trusts, and syndicators all cited better development standards as an element that could help make affordable housing development more feasible.

Surprisingly, several interviewees raised the idea of an inclusionary zoning ordinance, despite the fact that local governments are not currently authorized to use this tool in North Carolina. Two private-sector stakeholders stated they would support such an ordinance applied in station areas, and suggested making inclusionary housing policies conditional on the provision of low-cost publicly-owned land to offset the cost of providing housing. A non-profit sector stakeholder mentioned the importance of combining inclusionary housing programs with incentives to ensure that affordable housing requirements do not place too great a cost burden on the local housing market. This suggests that inclusionary housing policies, if eventually authorized by state law, could help translate zoning into a beneficial tool for affordable housing.

> "Inclusionary housing should include incentives to developers."
>
> *-Robert Dowling*

> "Inclusionary zoning—just require it. It's the only way to get [affordable housing]."
>
> *-Scott Harmon*

As noted above, when upzoning occurs too early – before affordable housing developers or the public sector has an opportunity to secure ownership – it can make the cost of land acquisition in station areas unaffordable. Thus, several interviewees noted the importance of sequencing zoning updates carefully in consideration of this issue.

Parking Standards

Minimum parking requirements can be a financial burden on affordable housing developers, as parking is cost prohibitive and takes up valuable land area. Affordable housing developers can often demonstrate that their residents are less auto-dependent and thus parking requirements need to be decreased. Removing parking requirements for affordable housing is a proposed modification to the Unified Development Ordinance. Making this modification is a beneficial incentive, especially for affordable housing developers who already have a limited cash flow.

> "Minimum parking requirements make affordable housing development more difficult…. No one has money to build a garage, especially an affordable housing developer."
> *-John Hersey*

Financing

Financing is the most important element for developers in the affordable housing industry. And in the words of one developer who was interviewed, "Money is always good-it's always the best incentive." Unlike their market rate counterparts, affordable housing developers cannot shift their costs to tenants. Caps on rent and income mean that affordable housing developers must rely on creative financing. Financial incentives are therefore very much sought after within the industry.

> "Lend money at very low interest rates and work through non-profits…to pass those savings through to residents."
> *-Bob Chapman*

Non-profit developers cited the importance of grants and policies that increased the odds of funding for large projects. The Community Development Department's provision of HOME and CDBG funds was cited as critical by nearly all the non-profit stakeholders who were interviewed. One caveat regarding use of CDBG funds is the requirement that all units be indistinguishable in a mixed-income project, which can make production of affordable units more expensive. Grants were also cited as critical for preservation. Both a non-profit and private developer noted that rehabilitation properties offer great opportunity for affordable housing. The City's existing rehabilitation funds were mentioned multiple times as an important resource for preserving affordable housing.

Private developers cited low-cost financing in the form of loans as a meaningful incentive. One stakeholder specifically suggested the City administer a revolving loan fund for affordable housing with a 1% or 2% interest rate, to make it easier for developers to secure the remaining financing needed to carry out a project.

Impact Fees/Permitting

Although they are an important way for municipalities to recover costs associated with servicing new residents and businesses, impact and permit fees can often lead to thousands of dollars per unit in expenses for developers. A non-profit developer noted that the waiving of impact fees could result in huge savings. Impact fee waivers are prohibited by North Carolina state law, but they can be rebated or reimbursed by the City as an alternative.

In addition to rebating fees, expedited permitting is another cited incentive. Timing is of particular importance to developers. Long development processing times increase the risks and development costs, and are therefore often a barrier to affordable housing construction.

Transit-Supportive Programs

Post construction incentives are another line of incentives with potential. One developer cites creating a program where developers provide discounted transit passes to residents as a potential incentive. Such programmatic incentives help cultivate good faith between developers and their residents as well as developers and municipalities.

Recommendations

Partnering

Enhance Inter-Agency Collaboration
Increasing communication and joint-planning/policy efforts between Durham's City-County Planning Department, the City Community Development Department, and the Durham Housing Authority (DHA) will allow the City and County of Durham to take inventory of current affordable housing plans and policies and the stock of existing publicly owned housing units, specifically those properties owned by DHA. This is a crucial step in identifying opportunities for affordable housing development and preservation that are directly under the ownership and control of the City and County of Durham, and aligning future resources and incentives to target shared goals.

Facilitate Partnerships with DHA
The Durham Housing Authority (DHA) is currently transitioning ownership of several of its properties to project-based rental assistance under HUD's Rental Assistance Demonstration program. The future status of DHA's contracts with HUD may affect which properties are most feasible for redevelopment and which are not. Several interviewees from the non-profit sector mentioned an interest in refurbishing or redeveloping DHA properties to maintain quality affordable housing stock. Durham can facilitate collaboration between these organizations and DHA as part of the LRT station area planning process.

Identify Opportunities to Collaborate with Duke University
Duke University is a major employment center, activity center, and land owner. Mutual interests should be sought out with regard to affordable housing provision in station areas. In particular, the City should seek opportunities to facilitate partnerships around the station areas closest to East campus, Duke University Hospital, and LaSalle.

Identify Qualified Partners for Joint Development Projects
Publicly owned land is a crucial affordable housing resource that was mentioned by many interviewees. Both private and non-profit developers expressed interest in public-private partnerships to develop affordable housing on publicly owned property. Durham can better ensure high-quality joint development products by including specific language in its Request for Qualifications (RFQ) for demonstrated experience developing affordable housing in transit areas. Language about affordable housing development in RFQs and Request for Proposals for city-owned land helps affordable housing developers target their efforts.

Financing

Advocate for Changes to the QAP
LIHTC is a critical tool for generating affordable housing projects that are 100% affordable. Yet the current QAP favors developing LIHTC in the lowest-cost areas, which are not likely to be the areas served by light rail. Additionally, the QAP restricts awards to projects near rail lines for environmental health reasons. The City of Charlotte was successfully able to exempt LIHTC projects in its jurisdiction from the rail provisions, in order to accommodate affordable housing development near its light rail system. Durham should advocate to NCHFA for a similar exemption, as well as provisions to increase the favorability of more expensive sites that are better served by transit.

Explore Creative Financing Strategies
North Carolina permits several types of creative financing strategies for local governments to pay for public improvements and catalyze new development. Special assessment districts could be delineated around LRT stations to reimburse for public improvements to streets, sidewalks, water and sewer, lighting, and other infrastructure. Critical infrastructure assessment districts, though scheduled to expire in July 2015, permit the issuance of debt with the special assessments providing debt service payments and security for the bonds; these districts may help alleviate the up-front costs of development for affordable housing developers working in station areas. Tax-increment financing (TIF) can also be used to fund up-front capital expenses. TIF districts create a revenue stream from expected increases in a local government's future property tax assessments. A "Synthetic TIF" allows a local government to issues bonds to finance public infrastructure projects, pledging an asset – such as land – as security. By using its authority to create targeted districts and issue debt, the City and County can help lower the costs of infrastructure provision on the private sector and thus reduce the overall cost of constructing housing in station areas. Note that some districts and financing tools require petitions and/or voter approval.

Establish a Revolving Loan Fund for Affordable Housing Development
A top incentive cited by developers is financial support both in the form of subsidies and low interest loans. Subsidies are an important financing tool, but increasingly require local contributions and supplements. Since 2010, Durham's Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) funds have decreased by 21% and 44%, respectively. Federal support for affordable housing has also been slated to decrease (Sun et al. 2012). In addition, applications requesting tax credit allocations must include documentation of local financial support in order to be competitive. Likewise, state and federal programs for the development of new permanent housing for formerly homeless persons with special needs require a 50% match provided by recipients (Department of Community Development, n.d.). Establishing a revolving loan fund could stretch limited local dollars further to support more projects. The City could earmark a portion of its "Penny for housing" program funds as low-interest revolving loan funds, targeted to affordable housing projects in transit areas.

Facilitating

Create Incentives for Affordable Housing Developers
Both LIHTC Developers and grant dependent affordable housing developers are restricted by strict timelines. The City and County could offer expedited permits or impact fee rebates as a form of incentive for affordable housing developers. Durham could implement these incentives through a point-based system whereby points are gained based on vicinity to LRT stations as well as the number of affordable units constructed, with an appropriate threshold value for projects to qualify. Alternatively, the City and County could designate specific areas around each transit station in which certain types of affordable housing development or preservation projects would qualify for the incentive. Providing these incentives is a relatively low-cost means by which Durham can facilitate developers' holding costs and development timelines.

Assemble Small Parcels into Larger Units
Ensuring that parcel sizes can accommodate multi-family housing is necessary for affordable housing developers. Several interviewees noted that larger parcels in station areas are more likely to be acquired and developed first by market-rate developers. Affordable housing developers will face competition with market-rate developers for these prime pieces of land. The City and County can

increase the feasibility of developing affordable, multifamily housing by assisting with land assembly. This approach could be initiated using smaller parcels that are already publicly owned, and working with partners to purchase adjacent parcels.

Conduct Compact Neighborhood Planning in Concert with LRT Planning

Higher-density zoning designations and reduced parking standards both promise to result in more transit-oriented development in station areas. The City and County should approve the lifting of parking requirements for all affordable units in order to increase both the financial feasibility of affordable housing development and to increase support for transit use. With regard to zoning, the City and County must ensure that station area designations are amended early enough to prevent development that does not support the forthcoming transit, but not too early to raise property values beyond the reach of affordable housing developers. This will require careful coordination with affordable housing stakeholders throughout the LRT station area planning process.

Station Area Profiles

The stakeholder interviews highlighted several key siting constraints for affordable housing. Combined with our findings from the literature review, we used the site criteria from stakeholder interviews to identify publicly owned land within ½ mile of each station area that is feasible for affordable housing development. A feasibility score system was created based on the following characteristics:

1. Ownership status
2. Existing land use category (e.g. residential multi-family, commercial)
3. Development status (e.g. vacant, underdeveloped)
4. Land value per square foot
5. Building to land value ratio
6. Parcel size
7. Site constraints (e.g. flood zones, historic landmark status)

These characteristics reflect aspects related to the cost of affordable housing development projects using readily available parcel and building data. We used data provided by Triangle J Council of Governments and the City of Durham. Instead of assigning absolute values to parcels themselves, we created an index that categorizes parcels as "less," "somewhat," and "more" feasible for affordable housing development. Higher scores are associated with a greater number of suitable characteristics. Parcels that were incompatible with affordable housing (such as preserved open space) were excluded from the analysis. For full methods, including the scoring system, please see the Appendix.

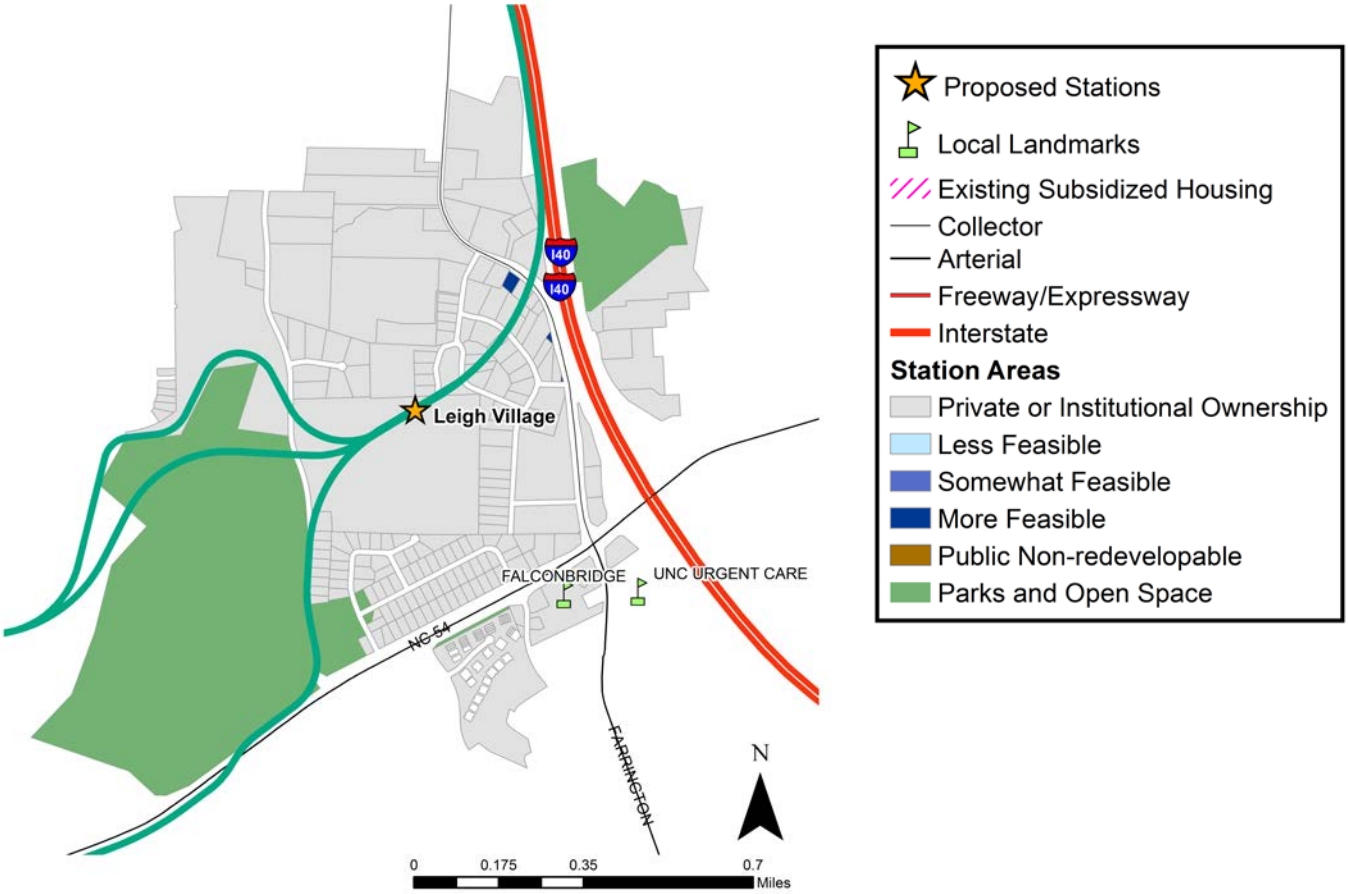
This section provides the results of this feasibility analysis for each station area.

The results of this analysis show that there are 209 acres of redevelopable publicly owned land (across 279 parcels) in station areas. Of that, 190 acres were determined to be "somewhat" (135 acres) or "more" (55 acres) feasible for affordable housing development. The proposed Alston and Dillard station areas have the most publicly owned land that is "more" feasible for affordable housing development (34.5 and 16.8 acres, respectively). The Patterson Place, Medical Center, Leigh Village, and Buchanan station areas have the least amount of public land that is "more" feasible for affordable housing development, each falling under one acre.

Overall, there are 9,488 units of existing affordable housing in station areas in Durham. Nineteen percent of the existing affordable housing is subsidized, while the vast majority - 81% - is estimated to be market-rate affordable. **The Ninth Street, South Square/Martin Luther King, Jr., Patterson Place and Leigh Village station areas all currently have exclusively market-rate affordable units, meaning that escalating land values could threaten the supply of affordable housing in these areas without additional intervention.**

Given the variation in the supply of existing affordable housing and the number of feasible sites for affordable housing development, different types of policy tools and financing strategies will apply for different station areas.

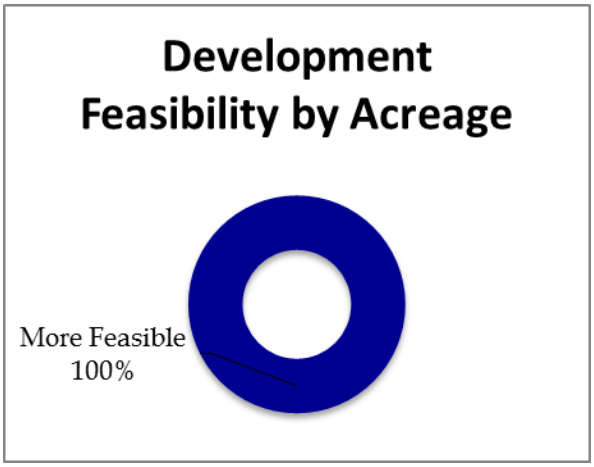
Leigh Village Station



Location: The Leigh Village station is located just east of the Orange/Durham County border, North of NC 54.

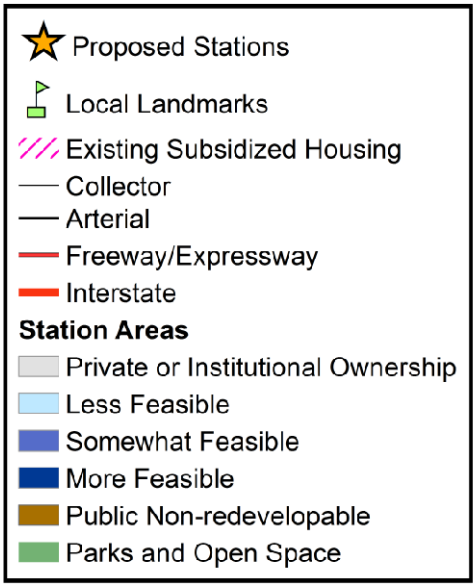
General land use: Leigh Village has very little commercial use. Over one quarter is residential and over one-half is vacant.

Site characteristics: Across all stations, Leigh village accounts for 37% of acreage classified as undeveloped. Leigh Village also has a significant amount of land under public ownership, 26% of publicly owned acres across all stations. However, the station area also has the highest percentage of protected open space with 59% of the open space acres across all stations. The majority of the publicly owned land is that open space, and is owned by the federal government, making it infeasible for development. Only 0.34% of developable public land is located in Leigh Village.



Housing: There are 90 dwelling units in the Leigh Village station area, and approximately 67% of all occupied units are occupied by renters. 14.8% are considered affordable; however, none of these are subsidized.

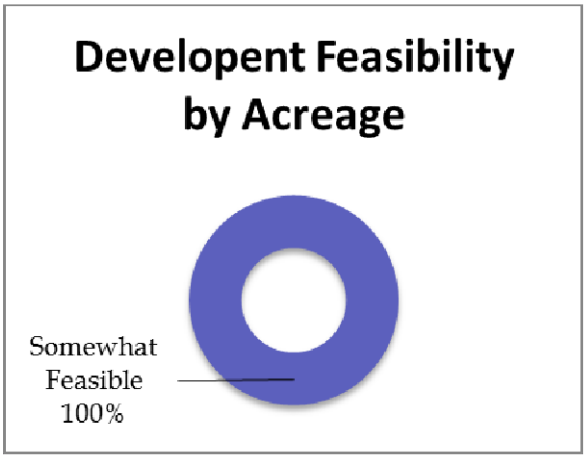
Patterson Place Station



Location: The Patterson Place station is located just over the Orange/Durham County line on the west side of Durham County, south of Durham-Chapel Hill Boulevard and north of Old Chapel Hill Road.

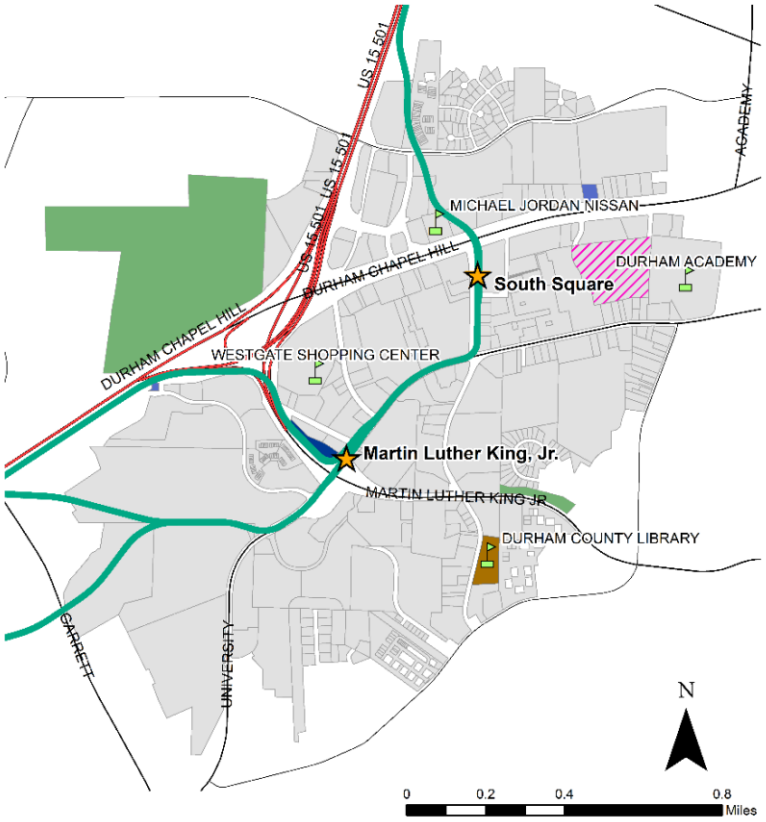
General land use: Almost half of the land use for Patterson Place is considered vacant. There are some commercial uses, and one-fifth of the station area's acreage is residential.

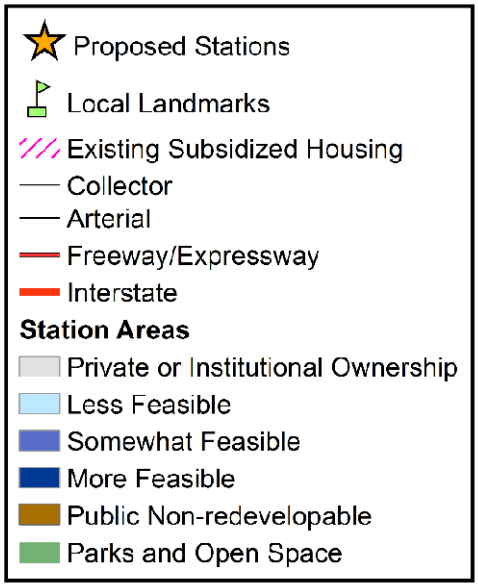
Site characteristics: Patterson Place has a significant amount of undeveloped acreage, and accounts for 37% of the undeveloped acres across all station areas. Patterson Place has a high percentage of preserved open space, as nearly 30% of all preserved open space across station areas can be found here. While much of that land is publicly owned, less than 1% of developable public land in the study area is located in Patterson Place.



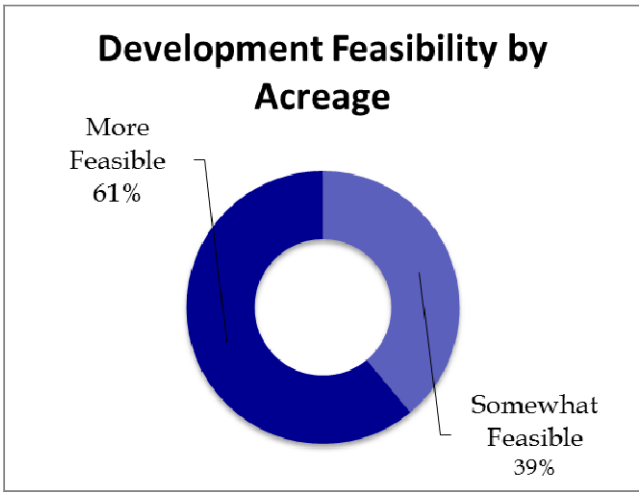
Housing: Patterson Place has 1,215 dwelling units, with 96.4% of the occupied units as rentals. 31.2% are affordable, none of which are subsidized.

South Square/Martin Luther King Jr. Parkway Stations





Location: The South Square and Martin Luther King Jr. Parkway stations are approximately one-half mile apart from each other. Both stations are east of US 15-501, south of Durham Chapel Hill Boulevard and north of University Street.

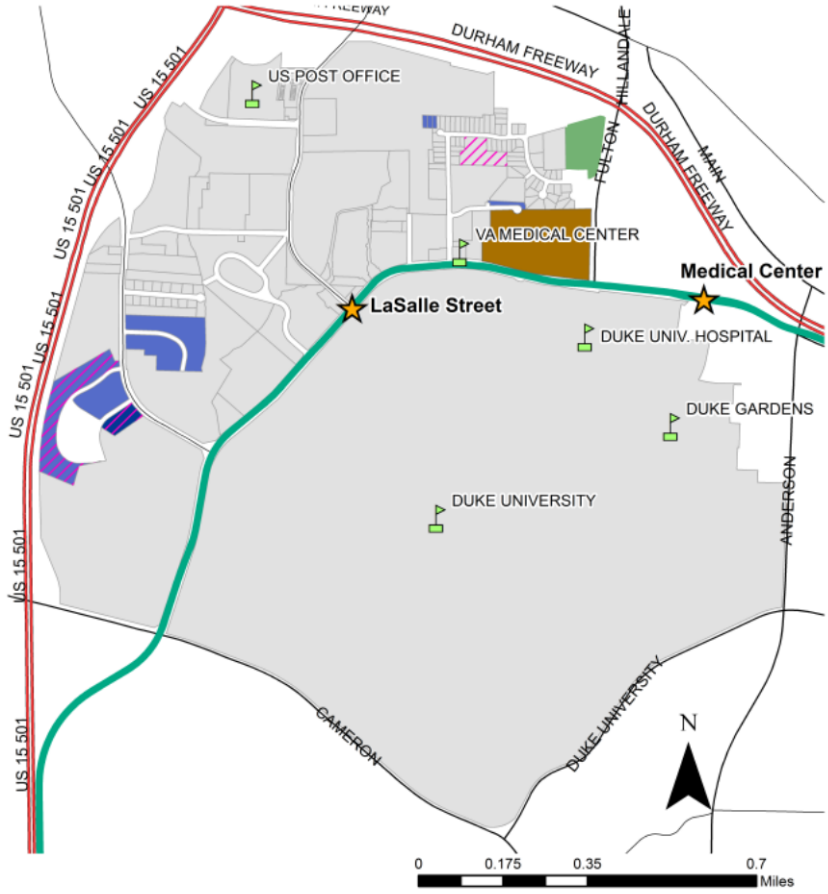


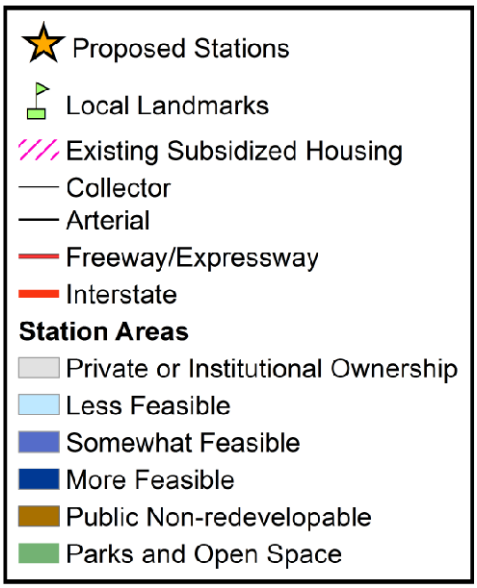
General land use: This station area is dominated primarily by residential and commercial uses. There is also a significant amount of recreational and public service use within the station area.

Site characteristics: South Square and MLK have a large share of underdeveloped land, but a very small share of publicly owned land, at just 1.5% of total public land in the study area.

Housing: In the South Square/MLK station area there are 4,103 dwelling units. 95% are renter occupied. 59.8% are considered to be affordable, yet no units considered to be affordable are subsidized.

LaSalle Street Station

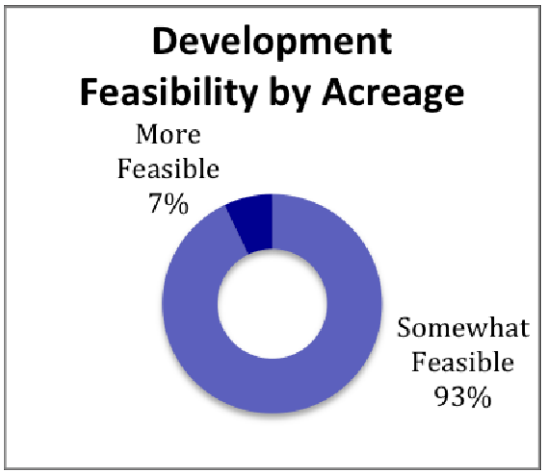




Location: The LaSalle Street station is located at the intersection of Erwin Road and LaSalle Street between the Durham Freeway and US 15-501. Duke University's West Campus is located across from the station.

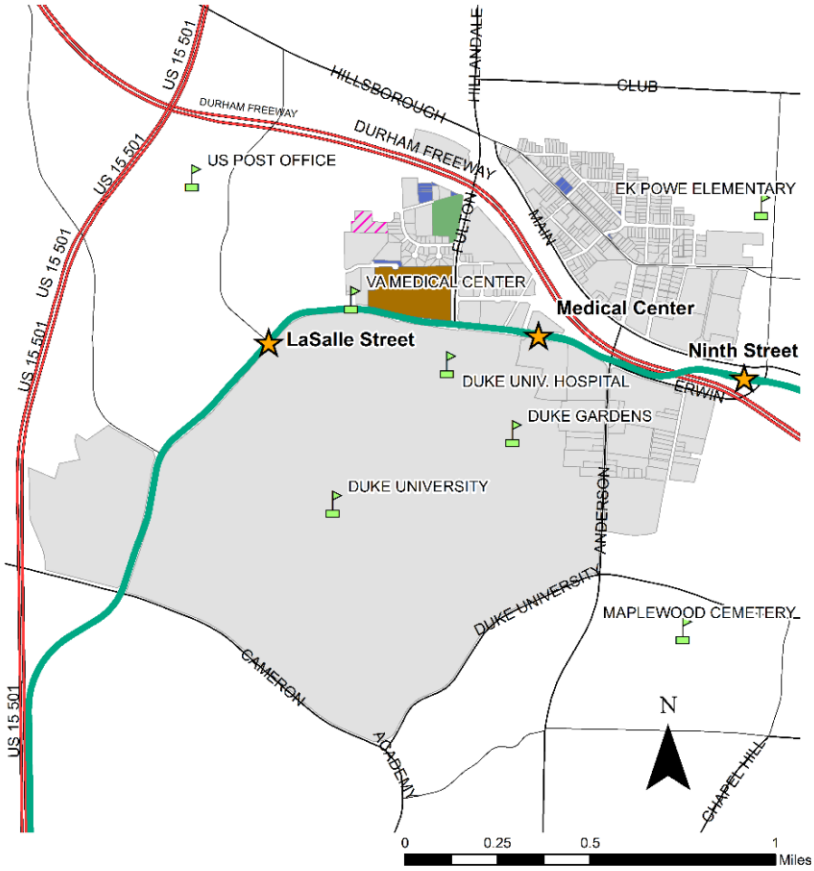
General land use: Approximately 70% of land around the LaSalle Street station is used for community services, which includes Duke University and the post office. Nearly 20% of the station area has residential use, including multi-family, townhomes and single family residences.

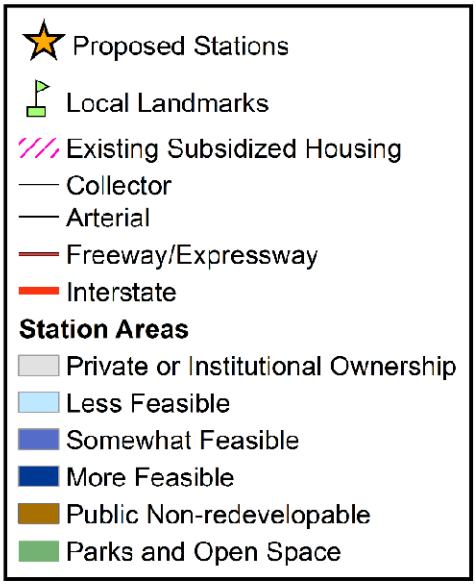
Site characteristics: A high percentage of land in this station area is owned by Duke University.



Housing: The LaSalle Street station has 3,642 dwelling units, and over 99% of the occupied units are rentals. Of occupied units, 71.7% are considered affordable, and 9% of affordable units are subsidized.

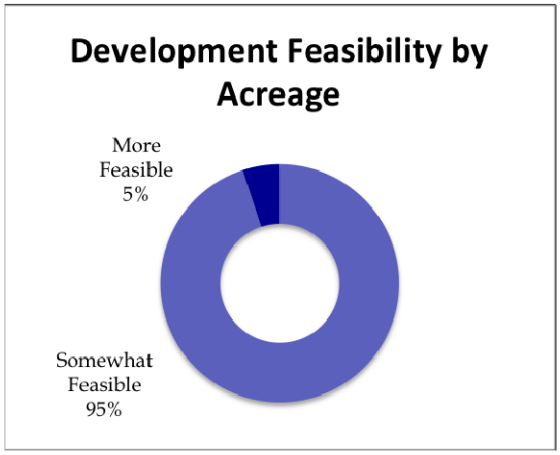
Medical Center Station





Location: The Medical Center station is located on Erwin Road, just south of the Durham Freeway and across from the Duke Medical site.

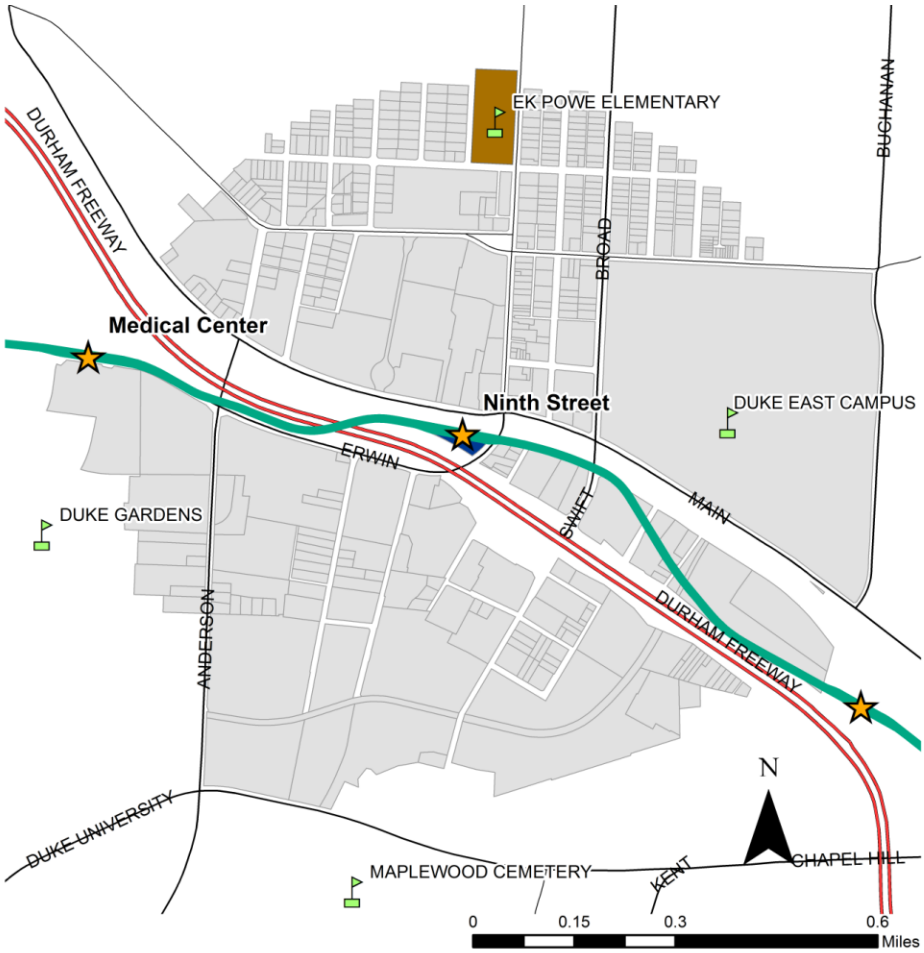
General land use: The majority of this station area, 78.5%, is dedicated to community services, such as educational and health facilities, most of which are associated with Duke University. Only about 10% is used for residential purposes with small amounts of land for commercial.

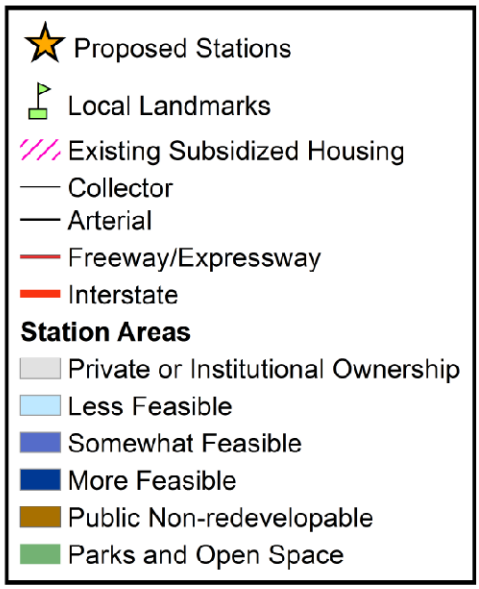


Site characteristics: This station has a high percentage of land owned by Duke University. The main campus of Duke is considered to be part of both the LaSalle Street and Medical Center station areas, creating quite a bit of "double counted" land area. Only 1.6% of land in the station area is publicly owned.

Housing: There are 2,658 dwelling units in the Medical Center station area. 97.8% of the occupied units are renter occupied. Only 31.5% of occupied units are currently considered affordable, while only 3.35% of affordable units are subsidized.

Ninth Street Station



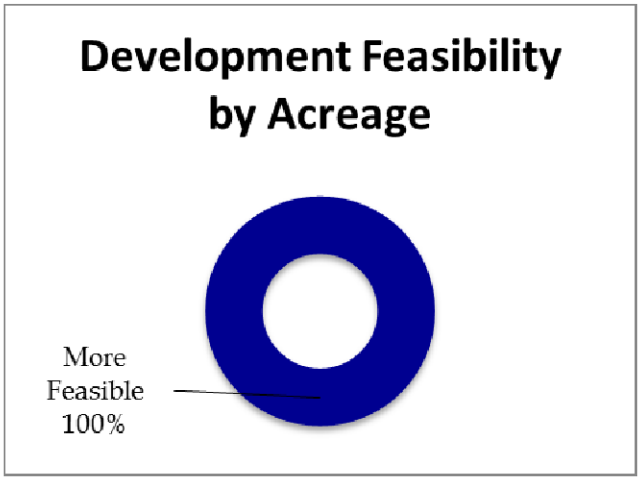


Location: The Ninth Street station is located on Ninth Street between the Durham Freeway and Main Street.

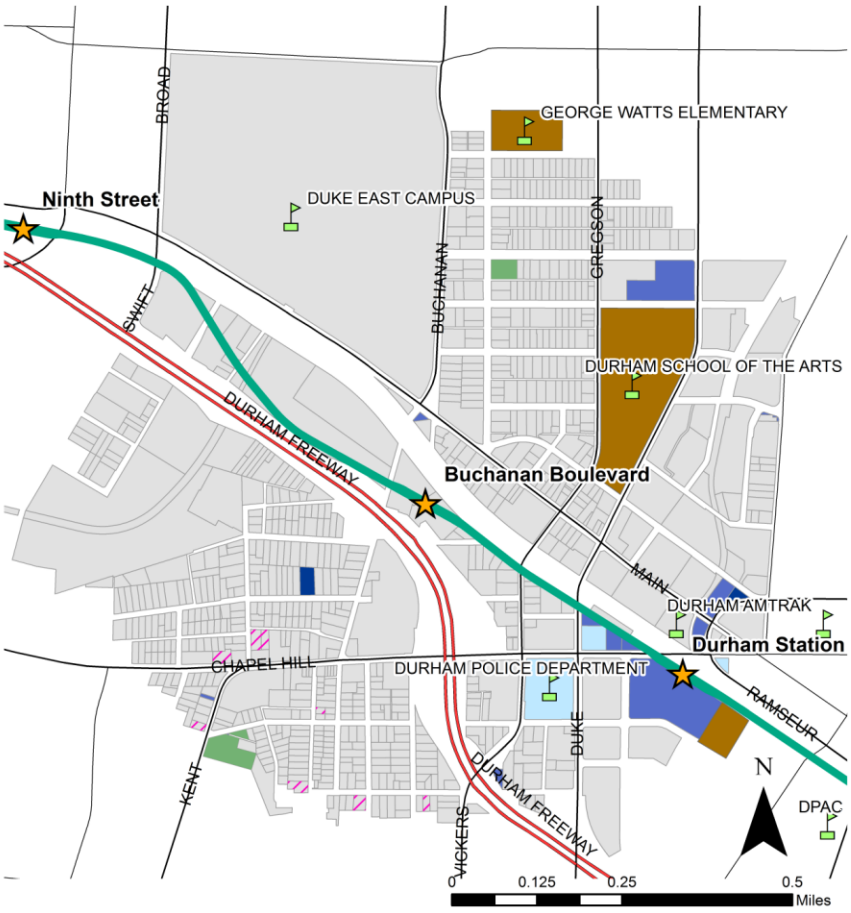
General land use: About one-fifth of the station area is used for commercial purposes while another fifth has residential uses. Meanwhile another fifth is vacant.

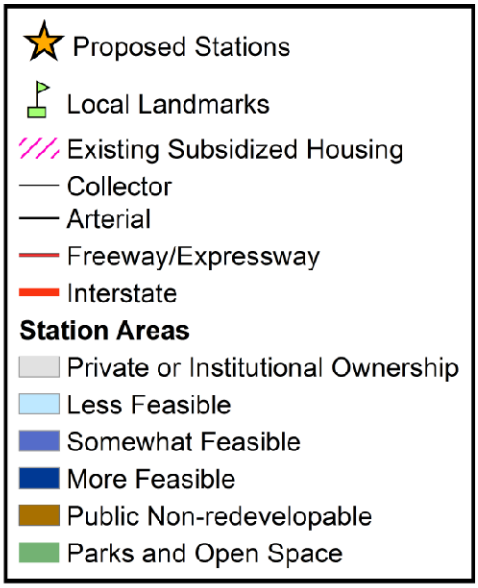
Site characteristics: A large proportion of the land on the south side of the Durham Freeway is owned by Duke University, in addition to the East Campus to the north of Main Street. Very little land is publicly owned, only 0.6% of the study area's total.

Housing: The Ninth Street station area has 1,912 dwelling units. 94.74% of the occupied units are renter occupied. Approximately 53.73% of occupied units are currently considered affordable; however, none of these units are subsidized.



Buchanan Boulevard Station

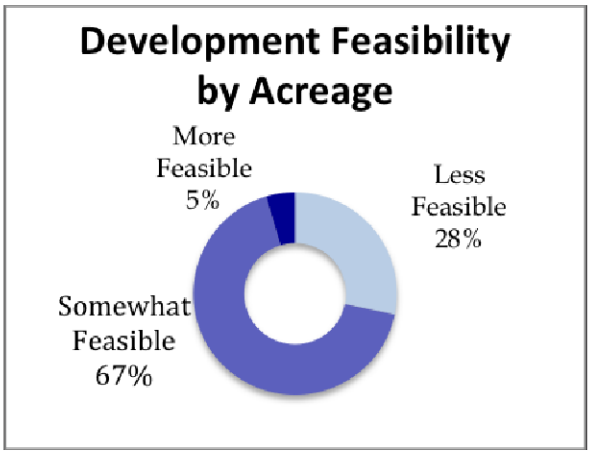




Location: The Buchanan Boulevard station is located between Pettigrew Street and the Durham Freeway, and is west of Watts and east of Buchanan Boulevard.

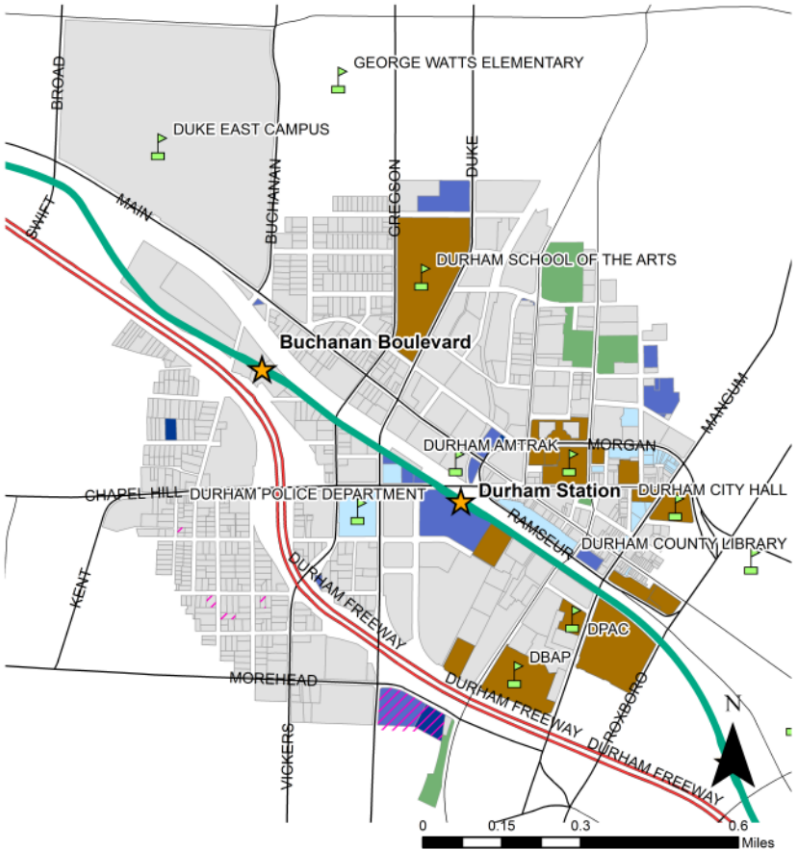
General land use: The Buchanan station is considered a "suburban commercial" station, with about one-quarter of the land zoned for commercial uses. Nearly one-quarter has residential uses, the majority of which are single-family homes. There is also a high percentage of land used for community services such as religious centers and educational facilities, including parking lots for such uses.

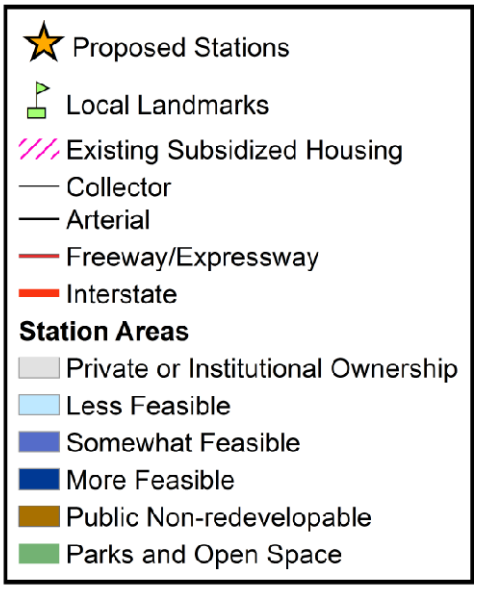
Site characteristics: The Buchanan station has a fairly significant amount of land owned by private exempt organizations, such as Durham Community Land Trust, representing over 20% of the acreage in this category across all station areas. The station also has a considerable amount of institutionally owned properties as well as some university owned property.



Housing: Buchanan station has 2,068 dwelling units, and 78.48% of the occupied units are renters. 45.2% of occupied units are considered to be affordable; however, only 0.73% of occupied units are subsidized.

Downtown Durham Station

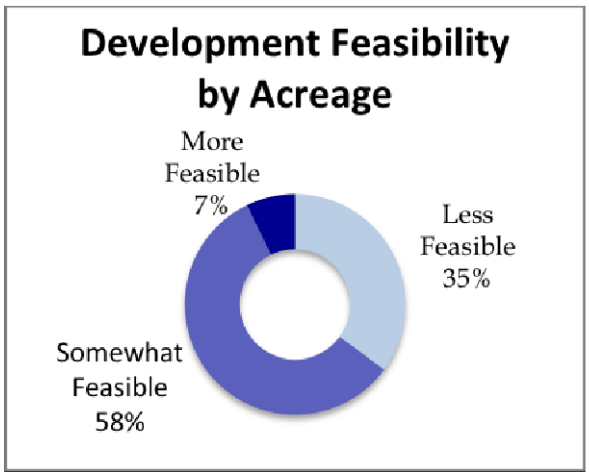




Location: The Durham Station location is located in Downtown, adjacent to the Greyhound bus and Amtrak station on Pettigrew Street.

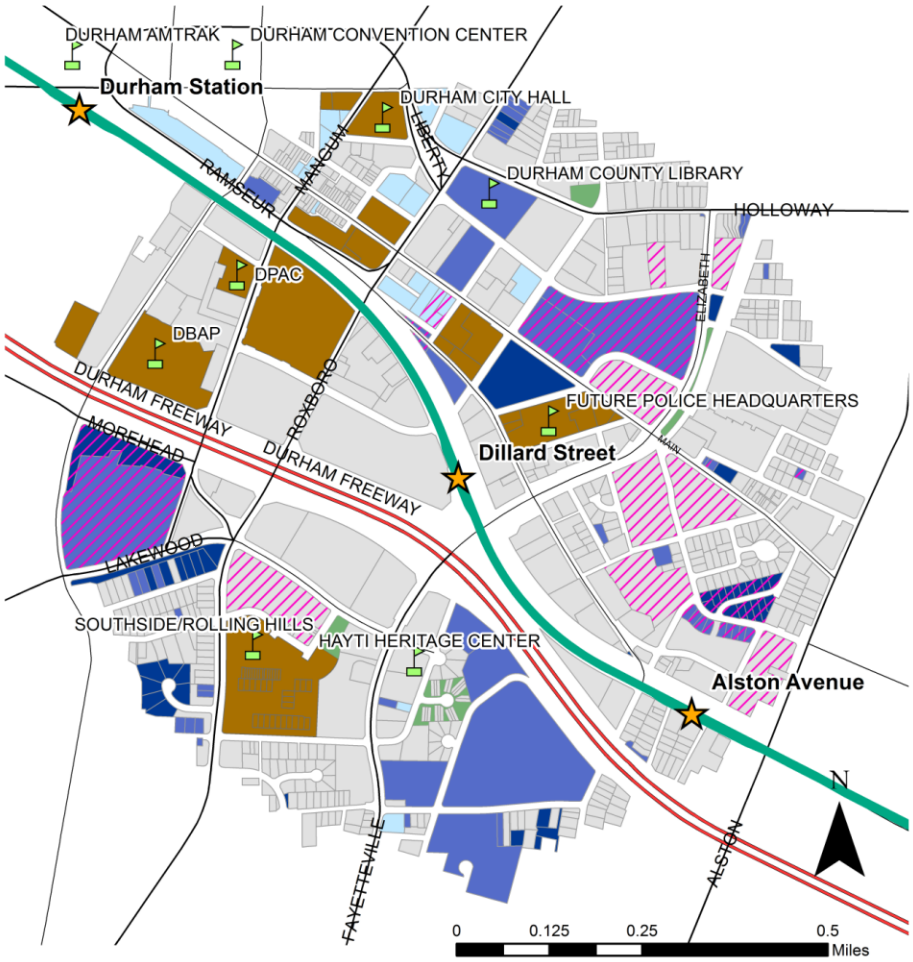
General land use: Nearly one-third of the Durham Station is devoted to commercial use and another third to community services, such as government services and churches, including parking lots for these uses. Meanwhile, nearly 14% has residential uses.

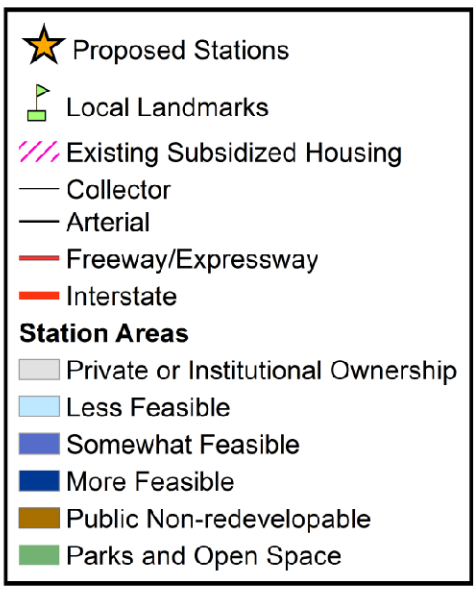
Site characteristics: Durham Station has a significant percentage of the total acres owned by private exempt organizations across all station areas, such as Durham Community Land Trust and Self-Help.



Housing: There are 1,789 total dwelling units in the Durham Station station area. Among occupied units in this area, 73% are renter-occupied. Of the occupied units, 46.2% are currently considered affordable, and 10.62% of affordable units are subsidized.

Dillard Street Station

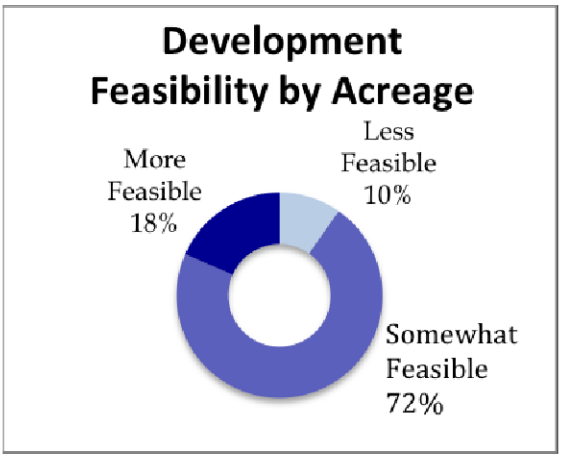




Location: The Dillard Street station is located north of Durham Freeway at the intersection of Pettigrew Street and Fayetteville.

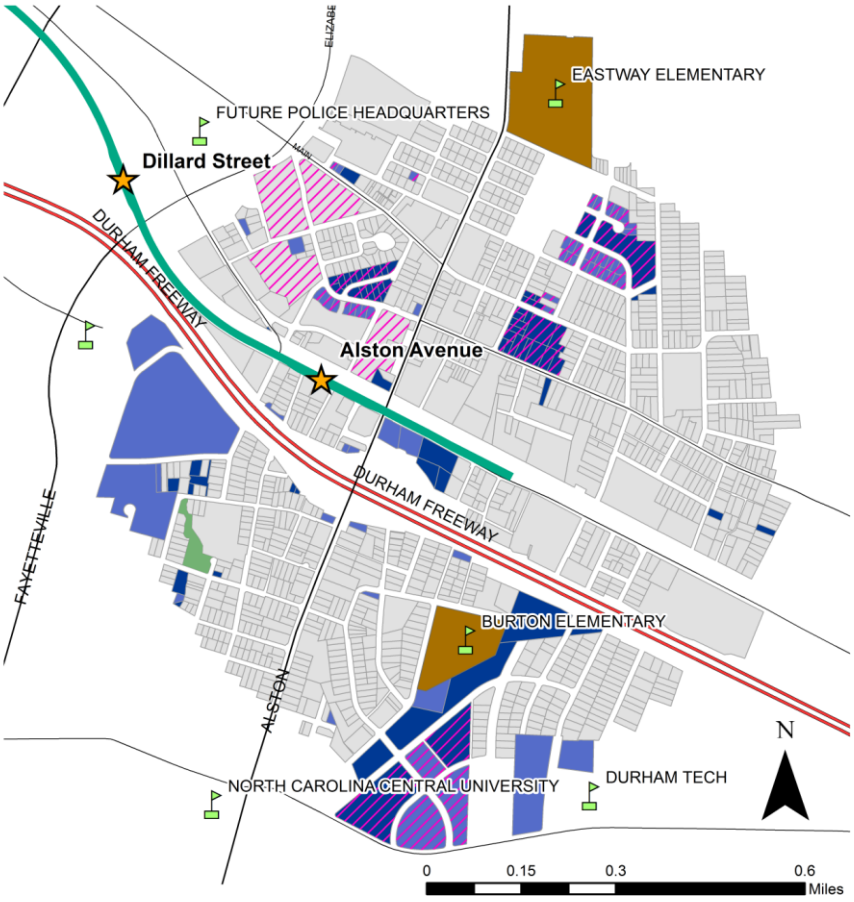
General land use: About one-fifth of the Dillard Station's land area is devoted to residential uses, with another fifth used for community services, such as government buildings and churches and associated parking lots. There is significant commercial use in the station area, making up one-quarter of the designated land uses. Over one-fifth of the land is also vacant, about one third of which is residentially zoned.

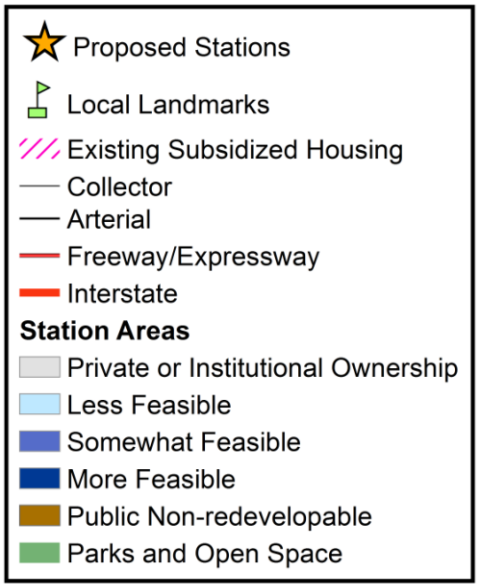
Site characteristics: Dillard Street station has a fairly significant portion, over 40%, of the developable publicly owned land across all station areas.



Housing: Of the 1,325 dwelling units in this station area, 85.92% of the occupied units are rentals. 71.7% of the occupied units are affordable, while 54.5% of occupied units are currently subsidized.

Alston Avenue Station

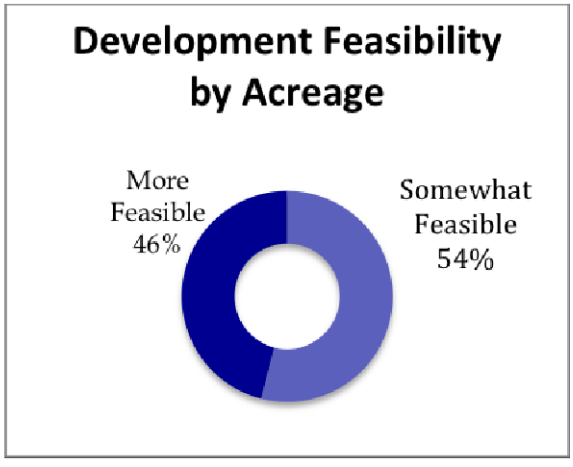




Location: The Alston Avenue station is located on Pettigrew Street, north of the Durham Freeway and west of Alston Avenue.

General land use: Alston Avenue is predominantly residential with nearly half of the station area's parcels currently in residential uses, most of which are single family residences.

Site characteristics: Alston Avenue has a large amount of undeveloped parcels, representing over 10% of acreage classified as "undeveloped" among all station areas. Alston Avenue has a significant percentage, approximately one-third, of the total acres in the transit areas that are owned by private tax-exempt organizations, such as the Durham Community Land Trust and Habitat for Humanity.



Housing: There are 1,500 dwelling units in the Alston Avenue station area. Of the occupied units, 77.5% are renter occupied. 55.8% of the occupied dwelling units are considered to be affordable, and 25% of occupied units are subsidized.

Tool Matrix

A development management tool matrix was developed based on findings from interviews and GIS/parcel analysis. In addition, emphasis was placed on tools that can be implemented by the City-County Planning Department.

In this matrix, a particular development management tool is matched with best-fitting partner types and station areas. The station area(s) are matched with different tools based on their location, status as urban or suburban, current number of affordable units, and existing land uses. Partner types include private, public, nonprofit, and institutional partners. Partner types were matched with tools based on the entities that will participate in both implementing the tool and receiving its benefits. Lastly, City-County agencies responsible for carrying out the implementation of proposed tools are included, as is the current status of each tools use in Durham. For tools not specifically carried out by the City-County (i.e. LIHTC), the role that the City-County can play in supporting the tool is outlined.

Tool	Partner Type	Station Areas	City Agency	Current Status
Impact fee rebates	Nonprofit	Leigh Village, South Square/MLK, Patterson Place, LaSalle	Planning, Inspections, Public Works, Parks & Recreation, and Budget	Not in use
Reduced Parking Requirements	Private, Nonprofit, Institutional	Leigh Village, Patterson Place, South Square/MLK, LaSalle, Medical Center, Ninth Street, Alston Avenue	Planning, can be paired with transit passes provided by developer	In use in compact design districts
Housing Trust Fund/ TOD Fund	Nonprofit, Public, Private	All stations	Community Development	Not in use
Land Banking	Public, Nonprofit	All stations	Planning can provide support and coordination	Informally used, potential for increased use
Joint Development	Public, Institutional (including transit agency), Private	All stations	Community Development, Economic & Workforce Development	In use (Southside)
Creative Financing for Capital Improvements	Public, Nonprofit, Private, Institutional	All stations	Finance, Community Development, Economic & Workforce Development	Synthetic TIFs used for economic development; not in use for affordable housing
LIHTC	Public, Private, Nonprofit	All Stations	Community Development	In use but does not encourage projects near light rail stations

Tool	Partner Type	Station Areas	City Agency	Current Status
Flexible infill zoning	n/a	Alston Avenue, Dillard, Durham Station, Buchanan, Ninth Street, Medical Center, LaSalle	Planning	In use in compact design districts
Density Bonuses	Private	Ninth Street, Duke Medical Center, LaSalle, Patterson Place, MLK/South Square, Leigh Village	Planning	Yes, but never used; currently a 1:1 bonus
Application fee rebates	Private, Nonprofit	All stations	Planning, Inspections, Public Works, Transportation, Budget	Not in use
Expedited Review and Permitting	Private, Nonprofit	All stations	Planning, Inspections, Public Works, Transportation	Not in use
Housing Code allowing for micro-units	n/a	Dillard, Durham Station, Buchanan	Planning, Inspections	Not in use
Direct Financial Participation	Public, Private, Nonprofit, Institutional	All stations	Finance, Community Development	In use (Some direct financing - Penny for Housing)
HOME/CDBG	Public, Private, Nonprofit	All stations	Community Development	In use
Inclusionary Zoning	n/a	All stations	Planning	Not currently authorized for use in North Carolina

Impact fee rebates/reductions: Best suited for suburban station area, as impact fees are likely to be highest in these locations and in projects that involve lower density, greenfield development.

Reduced Parking Requirements: Best suited for urban areas that are less automobile dependent and parcels are likely to be smaller. Smaller parcels with parking minimums/high parking requirements reduce the number of units included in projects. Reduced parking requirements will be useful in all station areas as they build out at high densities. Therefore, it is recommended that reduced requirements be implemented in stations that do not currently have them.

Housing Trust Fund/TOD Fund: This fund could direct local funds to affordable housing projects in station areas. This tool could be used in any station area.

Land Banking: As all of the land values around future station areas are expected to rise, land banking can be done at all station areas. This project identifies parcels already owned by

Durham that could be banked for future affordable housing projects. In this way, Durham has managed an informal bank land.

Joint Development: Can be done in all station areas. Public agencies, and potentially universities, can partner with nonprofit or for-profit organizations in need for land or other resources to make affordable housing projects feasible.

Creative financing for capital improvements: Can be done in all station areas. It is more likely that funding for new infrastructure will be needed on greenfield sites, whereas funding for improvements may be needed in urban or infill areas. Market analysis would better identify station areas that have highest expected land value increases.

LIHTC: Best suited for all stations, as LIHTC can be sought at any site meeting QAP standards.

Flexible infill zoning: Best suited for parcels in urban or heavily developed areas.

Density Bonuses: Best suited for urban areas and suburban commercial areas expected to experience rapid growth/densification. May also be suitable for areas where mixed-income projects are desirable, such as employment centers for low- to moderate-income households.

Application fee waivers/reduction: Suitable for all stations, application fee waivers will be more dependent on the needs of the developer than the site.

Expedited review/permitting: Suitable for all stations, as projects of all types and sizes can be aided by expedited review.

Micro-unit Housing Code: Best suited for urban station areas, as a micro-units will make development on small infill parcels more feasible.

Direct Financial Participation: Suitable for all stations, as direct participation would be an affordable housing financing mechanism that could include revolving loan programs, housing bonds, and/or local low-interest loan or grant programs.

HOME/CDBG funds: Suitable for all stations, but is probably best suited to station areas in most need of redevelopment.

Inclusionary Zoning: Suitable for all stations, but North Carolina does not currently have enabling legislation for mandatory inclusionary zoning, so it is not legally feasible in the station areas (or elsewhere).

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Appendix

Glossary

Accessibility The ease of reaching valued destinations, such as jobs, shops, schools, entertainment, and recreation[3]. Or a term that describes the usability of a facility product, or service by people with disabilities[4].

Affordable housing Housing capable of being purchased or rented by persons whose income level is categorized as very low, low, or moderate within standards set by the U.S. Department of Housing and Urban Development that does not exceed 30% of a household's income[2]

> **Fair Market rate** Amount of rent, including utility allowances, determined by the U.S. Department of Housing and Urban Development for purposes of administering the Section 8 Existing Housing Program[2]
> **Subsidized** Projects receiving government financial assistance

Area Median Income (AMI) The area median income (AMI) is a statistic generated by the U.S. Department of Housing and Urban Development (HUD) for the purpose of determining the eligibility of applicants for certain federal housing programs. HUD determines AMI on an annual basis for each metropolitan area and non-metropolitan county, making adjustments for household size and other factors[5]

Brownfield Former industrial or commercial facilities abandoned partly because of its environmental contamination[6]

Community Development Block Grants (CDBG) A Federal program created under the Housing and Community Development Act of 1974. This program provides annual grants on a formula basis to states and larger cities and urban counties. The funds are to be used for a wide range of community development activities directed toward neighborhood revitalization, economic development, affordable housing and improved community facilities and services[3]

Compact Neighborhood District Zoning designation used by City of Durham for land surrounding transit stations. A pattern of development that provides increased densities, mixed uses, and alternative modes of transportation are encouraged in these zones[7].

Density bonus An increase in the allowable number of residences granted by the city or county in return for the project's providing low- or moderate-income housing[2]

eTOD (Equitable Transit Oriented Development) Investments that support the production and preservation of affordable housing near transit; provides other transit-accessible community services such as schools, health clinics, and food stores; and enhances access for

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[3] From US Department of Transportation's Planning for Operations' Glossary
[4] From the Institute for Local Government's Glossary of Land Use and Planning Terms
[5] From the Center for Housing Policy's Glossary
[6] From New Jersey's Transit Oriented Development TOD Glossary
[7] From Durham's Unified Development Ordinance Article 4

transit-dependent populations through connecting bicycle and pedestrian facilities. Equitable TOD is about creating equal opportunities for people of all incomes to capture the benefits of transit oriented locations[8]

Greenfield Land parcels that have not been previously developed[3]

HOME Established by Congress in 1990, this federal program is designed to expand the supply of decent affordable housing for low- and very low-income families and individuals. HOME funds are provided each year by HUD to states and localities, which determine how the funds are spent. HOME funds may be used for: tenant-based rental assistance; assistance to homebuyers; property acquisition; new construction; rehabilitation; site improvements; demolition; relocation; and administrative costs[3]

HOPE VI A federal program designed to revitalize distressed public housing through demolition and reconstruction. HOPE VI grants are made to public housing authorities based on a competition administered by HUD. Many HOPE VI developments include households with a mix of incomes and provide supportive services[3]

Impact Fees A fee, also called a development fee, levied on the developer of a project by a city, county, or other public agency to pay for improvements and facilities required to serve new development. Impact fees are used to reduce the impacts of new development on a community[2].

Inclusionary zoning A locally adopted regulatory program requiring that a specific percentage of housing units in a project or development remain affordable for a specified period, specifically for households with incomes that are defined as moderate, low and/or very low. Often such regulations require a minimum percentage of housing for very-low, low- and moderate-income households in new housing developments and in conversions of apartments to condominiums[2]

Infill development Development of vacant or underutilized land (usually individual lots or leftover properties) within areas that are already largely developed[2]

Joint development When associated with transit-oriented development, joint development refers to partnerships between private developers and transit agencies. These partnerships can take a variety of forms, most commonly revenue-or cost-sharing or co-development. In the former, the public and private entities split either costs or revenues from development around transit lines. Co-development is a non-financial agreement wherein the partners coordinate their projects[3]

Land Assembly Joining contiguous lots to make one larger parcel of developable land[9].

Land Banking The purchase of land by a local government for use or resale at a later date. Banked lands have been used for development of low- and moderate-income housing,

[8] From the Center for Transit Oriented Development
[9] From the Georgia Department of Community Affairs

expansion of parks, and development of industrial and commercial centers. The federal rail-banking law allows railroads to bank unused rail corridors for future rail use while allowing interim use as trails[2]

Light rail transit A metropolitan electric railway system characterized by its ability to operate single cars or short trains along exclusive rights-of-way at ground level, on aerial structures, in subways, or occasionally, in streets and to board and discharge passengers at track or car floor level[10]

Low Income Housing Tax Credit (LIHTC) Tax reductions provided by the federal and state governments for investors in housing for low-income households.

LULU Locally Unwanted Land Uses

Mixed use Development characterized by a mix of land uses in a multi-story building. Typically consists of commercial uses on the first floor and residential uses on the upper floors[4]

NIMBY An acronym for Not in My Back Yard, which refers to opposition to development that is perceived as undesirable by nearby residents to development[3].

Qualified Allocation Plan (QAP) A document issued by a state housing finance agency explaining the standards and priorities by which applicants will receive federal low-income housing tax credits[3].

Request for Proposals (RFP) An invitation - often issued as part of a competitive bidding process--for consultants, suppliers, vendors, etc. to submit a proposal on a specific service or commodity[11]

Tax Increment Financing (TIF) A financing measure that allows governments and public agencies to raise funds based on anticipated property tax revenues that will come from major infrastructure improvements[4]

Transit Oriented Development (TOD) Compact, pedestrian-friendly, mixed-use development near bus and rail stations that serves housing, transportation, and neighborhood goals[9]

Upzoning The rezoning of land to a less restrictive zone (for example, from industrial to residential). Upzoning generally increases the economic value of land[2]

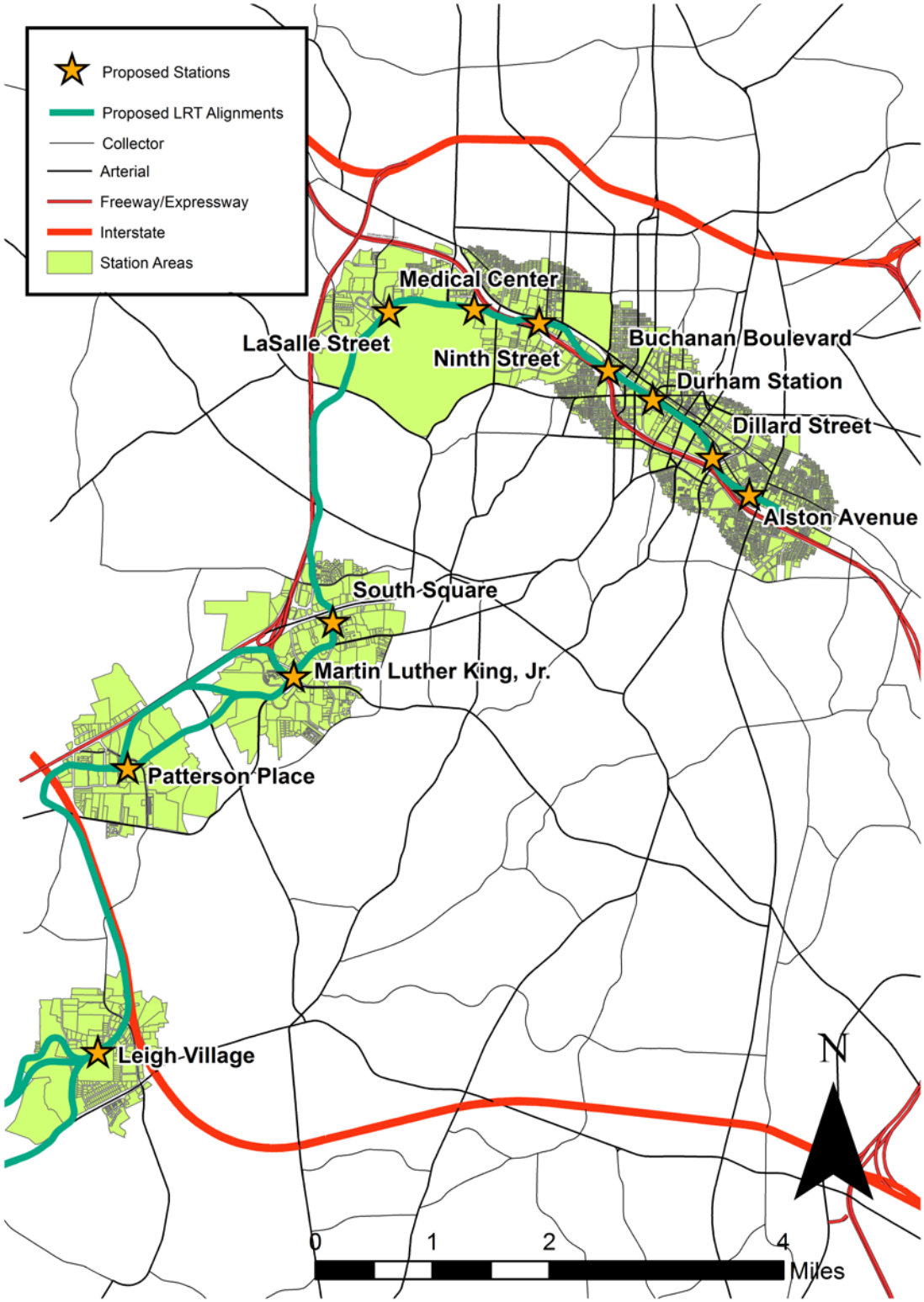
WalkScore Measures the walkability of any address using a patented system. For each address, Walk Score analyzes hundreds of walking routes to nearby amenities. Points are awarded based on the distance to amenities in each category. Amenities within a 5 minute walk (.25 miles) are given maximum points. A decay function is used to give points to more distant amenities, with no points given after a 30 minute walk. Walk Score also measures pedestrian friendliness by analyzing population density and road metrics such as block length and intersection density.

[10] From the Transportation Research Board's Urban Public Transportation Glossary
[11] From the South Jersey Transportation Planning Organization's Glossary

Data sources include Google, Education.com, Open Street Map, the U.S. Census, Localeze, and places added by the Walk Score user community[12].

[12] From Walkscore

Study Area


Proposed Stations
Proposed LRT Alignments
Collector
Arterial
Freeway/Expressway
Interstate
Station Areas
Medical Center
LaSalle Street
Ninth Street
Buchanan Boulevard
Durham Station
Dillard Street
Alston Avenue
South Square
Martin Luther King, Jr.
Patterson Place
Leigh Village
N
0
1
2
4
Miles

Interview Methods

Interviews formed the primary data source for this report. Content analysis on interview feedback was used as the basis for findings. Two sets of interview questions were developed based on a range of concerns and criteria associated with (1) developing affordable housing near transit, and (2) preserving the affordability and quality of existing housing near transit, as identified in the literature. The initial sets of questions were developed with input from real estate faculty in the Department of City and Regional Planning at UNC Chapel Hill. Questions were vetted with city staff and other experts at UNC. Questions were prioritized to ensure that, given time constraints, the most essential questions would be answered first.

A preliminary list of interviewees was developed with input from real estate faculty, city staff, TJCOG staff, and industry experts. The list of interviewees included market-rate developers, affordable housing developers, affordable housing organizations or non-profits, and other researchers or professionals engaged in the study or development of affordable housing. This list was supplemented with data from the city's database of existing market-rate affordable housing in the future station areas. The database was sorted to rank owners by number of units, and property owners with the greatest number of units were prioritized under the assumption that their decisions will have the greatest impact of preservation of existing affordable housing. Finally, these lists were supplemented by asking for additional contacts at the end of each interview.

Interview requests were made by phone or email, depending on availability of contact information. Of the 24 stakeholders contacted, 17 responded and were interviewed (see Appendix for full list). Each interviewee was asked questions from either the "development" set of questions or the "preservation" set of questions, depending on which questions were most relevant to the person's role. One stakeholder was asked questions from both sets, as they engage in both preservation and development. All interviewees were asked for permission to identify their feedback; where participants requested anonymity their responses have been de-identified.

Feedback was sorted according to the question set and type of interviewee to identify trends in practices and preferences. The dominant responses to questions about site selection and development criteria formed the basis for site categorization. Responses to questions about incentives and policies formed the basis for recommendations regarding tools the city can use. Responses to questions about incentives, policies and partnerships informed findings regarding the resources and strategies available to support affordable housing development in future station areas.

List of Stakeholders Interviewed

Bob Chapman, President
TND Partners | http://www.tndpartners.com

Christy Raulli, Associate Director
Development Finance Initiative, UNC | http://www.sog.unc.edu/node/2200

Dan Levine, Director of Business Development and Project Management
Self-Help Credit Union | https://www.self-help.org

Gregg Warren, President
DHIC | http://dhic.org

Jessica Brandes, Housing Developer
CASA | http://www.casanc.org

John Hersey, Program Officer
Enterprise Community Partners | http://www.enterprisecommunity.com

Karen Lado, VP Solutions
Enterprise Community Partners | http://www.enterprisecommunity.com

Lanier Blum, Residential Development Coordinator
Self-Help Credit Union | https://www.self-help.org

Meredith Daye, Development Officer
Durham Housing Authority | https://www.durhamhousingauthority.org

Michael Eubanks, Senior Associate
Blue Heron Asset Management | http://blueheronassetmanagement.com

Mike Rodgers, Acquisitions Manager
CAHEC | http://www.cahec.com

Mike Spotts, Senior Analyst, Project Manager
Enterprise Community Partners | http://www.enterprisecommunity.com

Reginald Johnson, Director
Durham Community Development Department | http://durhamnc.gov

Robert Dowling, Executive Director
Community Home Trust | http://communityhometrust.org

Ron Strom, Principal
Blue Heron Asset Management | http://blueheronassetmanagement.com

Scott Harmon, Owner & Architect
Center Studio Architecture | http://centerstudioarchitecture.com

Selina Mack, Executive Director
Durham Community Land Trustees | http://www.dclt.org/index.cfm

Station Area Feasibility Analysis

Mapping the presence or proximity of relevant natural, structural and regulatory features will help to determine which areas of the future light rail corridor are best suited to affordable housing development for Durham and partnering agencies. Using logic similar to that of a land use suitability analysis, a feasibility score system was created based on the following characteristics:

1. ownership status
2. existing land use category (e.g. residential multi-family, commercial)
3. development status (e.g. vacant, underdeveloped)
4. land value per square foot of property
5. building to land value ratio
6. parcel size
7. site constraints (e.g. floodplains)

These characteristics attempt to reflect aspects related to the cost of affordable housing development projects using readily available parcel and building data. Additionally, we have refined these parameters based on information gleaned in key informant interviews and the literature review.

Instead of assigning absolute values to parcels themselves, we created an index that assesses "more" or "less" feasible sites for affordable housing development. Higher scores are associated with a greater number of suitable characteristics, described in detail in tables below. Parcels that were incompatible with affordable housing (such as current industrial uses and preserved open space) were excluded from the analysis. Based on its total score, each parcel will receive a designation of less feasible, somewhat feasible and more feasible (Table A1).

Table A1. Feasibility Scoring System

Total Points per Parcel	Affordable Housing Feasibility Designation
3 or less	Less Feasible
4 to 6	Somewhat Feasible
7 to 10	More Feasible

The results of the analysis have been aggregated for each opportunity area in order to demonstrate the proportion of "less", "somewhat" or "more" feasible parcels for affordable housing development within each area. Additionally, total acreage of each feasibility category per opportunity area was also calculated, along with a total for the entire study area. This categorization is intended to provide an overview of favorable criteria for affordable housing development regardless of the type of developer or partner. The tools matrix will provide information on how to implement and by whom.

Analysis Methods
Data for this analysis were acquired from the City of Durham in the form of GIS shapefiles. Data used and included data regarding parcel ownership, value, and land use, subsidized housing, zoning districts, building characteristics, floodplains, historic districts, and more. All relevant data was joined into a single dataset at a parcel level and the "opportunity areas" defined in the City's dataset as provided to our team were used as the final study area for the analysis.

As defined by the City, many station areas overlap somewhat, meaning that analysis at a station level rather than at a system level creates overlaps that result in parcels being "double counted." We did not attempt to correct for this, except in one case. We made the decision to remove Duke University's main campus from the Ninth Street station area, as it was included in LaSalle and the Medical Center already, is such a large parcel, and was most far removed from the Ninth Street station compared to the others. Due to the double counting that occurs, values in the tables displayed in the appendix often add to a greater total than the true totals displayed.

Details of the scoring system used in the analysis are provided below. Parcels were assigned a score manually using ArcGIS 10.2 software and maps displaying each station were generated to display the feasibility of publicly owned land for redevelopment or maintenance as affordable housing. Parcels deemed to be "non-redevelopable" were excluded from the analysis. These parcels included school buildings, parking structures, recently developed or major public facilities (such as City Hall or the DBAP), and federally owned land. Parks and open space were also excluded from the analysis since they are unlikely to redevelop.

Scoring Criteria

1. Ownership Status

Category/Criteria	Point Value
Public	+2
Private exempt (LU: housing)	+2
Institutional	+1
University (Dev: undeveloped)	+1
Private	0

2. Existing Uses

Category/Criteria	Point Value
Residential Multi-family	+2
Residential Single-family	+1
Nonresidential	0

3. Development Status

Category/Criteria	Point Value
Vacant (undeveloped)	+2
Underdeveloped	+2
Developed	0

4. Land Value per Square Foot of Property

Category/Criteria	Point Value
Less than $1.84/sf	+2
$1.85- $3.12/sf	+1
$3.12- $7.58/sf	0
More than $7.58/sf	-1

Divided by quartiles under the assumption that parcels in the bottom quartile are more feasible to develop

5. Ratio of Building Value to Land Value

Category/Criteria	Point Value
<1	+1
>1	0

6. Parcel Size

Category/Criteria	Point Value
0 to 0.25 acres	0
0.25 to 7.5 acres	+2
7.5 to 11.5 acres	+1
More than 11.5 acres	0

Parcels under 0.25 acres were given a score of zero based on expert interviews, and cut-offs of 7.5 (+/- 1 standard deviation from the mean) and 11.5 (1-2 standard deviations from the mean) were determined using the size of existing affordable housing parcels in Durham.

7. Site Constraints

Category/Criteria	Point Value
Local Historic District Overlay and Local Historic Landmarks	-2
100-Year Floodplain	-2
Brownfield/vacant industrial	-2

Determining Point Designations

Ownership Status
Publicly owned property and property that is currently categorized as private exempt for housing (for example, nonprofit organizations that work specifically in affordable housing development) receive the highest number of points because both owners have high interest in affordable housing development. Institutionally owned properties, along with undeveloped university owned property are also favorable because of potential partnership opportunities. Nonetheless, these entities often have long range development plans where affordable housing may not fit in, earning one point. Finally, privately owned land is more challenging to acquire, and often once owners are interested in selling, they are less patient and unwilling to wait for prospective buyers to secure necessary financing required for affordable housing.

Existing Uses
While existing zoning and uses are not permanent, they can indicate the type of development an area is suited for and will more easily be redeveloped as that use. For this reason, existing residential development receives positive points, with existing multi-family residential receiving additional points. Other uses are simply given a score of zero, as there are many opportunities for mixed-use developments but there is no direct benefit to affordable housing development. Existing industrial uses, however, are excluded from the analysis as they are not suitable for siting residential uses, particularly affordable multi-family residential.

Development Status
Vacant and underdeveloped sites represent the greatest opportunity for development. This is true from both a financial feasibility point of view, as well as the likelihood to receive positive support from the City as efforts are made to continue revitalization and redevelopment.

Land Value per Square Foot of Property
The value of a parcel is an indication of how costly acquisition will be for a potential developer. Lower land costs create more financially feasible projects, which is particularly important for affordable housing. Existing land values were analyzed, extreme outliers were removed, and values were broken into quartiles, with lower cost quartiles receiving more points.

Ratio of Building Value to Land Value
The ratio of building value to land value is a strong indicator of a parcel's potential for redevelopment. Tax assessment data was used to calculate the ratio of a building's value to the value of its parcel. Buildings worth less than the land value of their parcel (building value:land value < 1) are considered redevelopable, and received one point. Buildings worth more than the land value of their parcel (building value:land value > 1) are less opportune for redevelopment, and received no additional points. This criteria has been used in similar analyses for the City.

Parcel Size
The size of the parcel, while seemingly a straightforward criteria, is very context-specific given the type of projects and other requirements, such as parking, setbacks, and stormwater management. Therefore, we based feasibility on project size from current affordable housing developments. After excluding outliers, we found the mean parcel size. Parcels with an acreage of one standard deviation from the mean were allotted two points, up to 7.5 acres. Sites between

one and two standard deviations away from the mean were given one point while those above two standard deviations were given zero points. Additionally, parcels less than 0.25 acres were given a value of zero as they are small lots that would likely require assembling several parcels. These are mostly single family residences that are less likely to be redeveloped into new multi-family affordable housing due to neighborhood character. These thresholds somewhat comply with information we obtained in interviews as one affordable housing developer noted that much larger parcels are often not feasible for nonprofit developers to purchase and market rate developers will be less likely to build affordable housing on the entire property. Additionally, on the smaller end, literature suggests that sites as small as 0.25 acres are possible, which also is close to the mean lot size for existing residential development.

Site Constraints

Site constraints include being significantly within the 100-year floodplain and historic designations that would make development on a site very challenging. Parcels within a local historic district and local historic landmark sites receive negative points as there are additional requirements that are costly, time intensive and restrictive. These historic and floodplain sites received a point designation of -2. Parcels that have current industrial land uses were excluded, while those that are vacant industrial were assumed to be brownfield or contaminated sites and received a point designation of -2.

Table A-1. Station Areas by Ownership Type

Ownership Type	Dillard	Buchanan	South Square/ MLK	Durham Station	Alston	Ninth Street	Medical Center	LaSalle	Patterson Place	Leigh Village	Grand Totals
Institutional (count)	45	32	5	35	67	23	31	0	0	0	177
Count percentage	25.42%	18.08%	2.82%	19.77%	37.85%	12.99%	17.51%	0.00%	0.00%	0.00%	100.00%
Institutional (acreage)	44.37	37.16	31.42	39.2	21.79	13.79	15.76	0	0	0	131.3
Acreage percentage	33.79%	28.30%	23.93%	29.86%	16.60%	10.50%	12.00%	0.00%	0.00%	0.00%	100.00%
Private (count)	548	734	475	675	1077	376	323	164	147	220	3939
Count percentage	13.91%	18.63%	12.06%	17.14%	27.34%	9.55%	8.20%	4.16%	3.73%	5.59%	100.00%
Private (acreage)	202.16	210.75	833.05	245.48	272.05	143.93	127.49	226.75	511.19	444.56	2905.73
Acreage percentage	6.96%	7.25%	28.67%	8.45%	9.36%	4.95%	4.39%	7.80%	17.59%	15.30%	100.00%
Private-exempt (count)	18	49	2	43	63	3	9	8	0	0	157
Count percentage	11.46%	31.21%	1.27%	27.39%	40.13%	1.91%	5.73%	5.10%	0.00%	0.00%	100.00%
Private-exempt (acreage)	5.61	10.86	4.02	9.34	15.6	3.88	5	1.91	0	0	47
Acreage percentage	11.94%	23.11%	8.55%	19.87%	33.19%	8.26%	10.64%	4.06%	0.00%	0.00%	100.00%
Public (count)	116	18	3	48	131	3	15	9	1	3	279
Count percentage	41.58%	6.45%	1.08%	17.20%	46.95%	1.08%	5.38%	3.23%	0.36%	1.08%	100.00%
Public (acreage)	93.5	17.99	3.29	33.07	81.74	1.27	3.35	24.87	1.96	0.72	209
Acreage percentage	44.74%	8.61%	1.57%	15.82%	39.11%	0.61%	1.60%	11.90%	0.94%	0.34%	100.00%
Public-exempt (count)	58	2	1	16	4	1	2	3	1	0	80
Count percentage	72.50%	2.50%	1.25%	20.00%	5.00%	1.25%	2.50%	3.75%	1.25%	0.00%	100.00%
Public-exempt (acreage)	46.03	20.65	4.07	50.71	28.5	5.5	35.84	43.97	38.52	0	199.26
Acreage percentage	23.10%	10.36%	2.04%	25.45%	14.30%	2.76%	17.99%	22.07%	19.33%	0.00%	100.00%
Public POS (count)	4	2	1	8	1	0	1	1	5	6	29
Count percentage	13.79%	6.90%	3.45%	27.59%	3.45%	0.00%	3.45%	3.45%	17.24%	20.69%	100.00%
Public POS (acreage)	1.05	1.64	101.82	13.62	1.53	0	5.2	11.9	147.18	229.69	513.62
Acreage percentage	0.20%	0.32%	19.82%	2.65%	0.30%	0.00%	1.01%	2.32%	28.66%	44.72%	100.00%
University (count)	0	43	0	18	0	97	62	6	0	0	132
Count percentage	0.00%	32.58%	0.00%	13.64%	0.00%	73.48%	46.97%	4.55%	0.00%	0.00%	100.00%
University (acreage)	0	166.64	0	118.7	0	990.14	800.95	700.37	0	0	1044.37
Acreage percentage	0.00%	15.96%	0.00%	11.37%	0.00%	94.81%	76.69%	67.06%	0.00%	0.00%	100.00%

Not reported (count)	0	0	0	0	3	0	0	0	0	0	3
Count percentage	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Not reported (acreage)	0	0	0	0	11.18	0	0	0	0	0	11.18
Acreage percentage	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Station Total (count)	789	880	487	843	1346	503	443	191	154	229	4796
Count percentage	15.16%	18.27%	10.18%	17.58%	27.97%	10.47%	9.18%	3.90%	3.09%	4.65%	100.00%
Station Total (acreage)	392.72	465.69	977.67	510.12	432.39	1158.51	993.59	1009.77	698.85	674.97	5061.46
Acreage percentage	6.86%	8.85%	19.58%	10.19%	7.90%	23.02%	19.02%	19.05%	10.25%	8.89%	100.00%

Table A-2. Station Areas by Development Status

Development Status	Dillard	Buchanan	South Square/ MLK	Durham Station	Alston	Ninth Street	Medical Center	LaSalle	Patterson Place	Leigh Village	Grand Totals
Developed (count)	563	695	378	663	849	351	341	179	54	100	3419
Count percentage	16.47%	20.33%	11.06%	19.39%	24.83%	10.27%	9.97%	5.24%	1.58%	2.92%	100.00%
Developed (acreage)	268.01	356.56	657.15	401.76	255.4	976.54	879.79	977.89	140.47	117.68	3017.77
Acreage percentage	8.88%	11.82%	21.78%	13.31%	8.46%	32.36%	29.15%	32.40%	4.65%	3.90%	100.00%
Underdeveloped (count)	84	70	71	78	178	94	56	4	55	10	545
Count percentage	15.41%	12.84%	13.03%	14.31%	32.66%	17.25%	10.28%	0.73%	10.09%	1.83%	100.00%
Underdeveloped (acreage)	71.31	80.44	269.14	67.83	59.74	157.17	75.28	0.66	140.94	41.36	799.42
Acreage percentage	8.92%	10.06%	33.67%	8.48%	7.47%	19.66%	9.42%	0.08%	17.63%	5.17%	100.00%
Undeveloped (count)	137	112	38	94	323	75	59	5	40	115	795
Count percentage	17.23%	14.09%	4.78%	11.82%	40.63%	9.43%	7.42%	0.63%	5.03%	14.47%	100.00%
Undeveloped (acreage)	48.93	26.36	51.38	26.93	91.76	34.55	24.17	0.8	320.91	318	867.16
Acreage percentage	5.64%	3.04%	5.92%	3.11%	10.58%	3.98%	2.79%	0.09%	37.01%	36.67%	100.00%
Protected open space (count)	9	3	1	8	1	0	2	2	5	3	33
Count percentage	27.27%	9.09%	3.03%	24.24%	3.03%	0.00%	6.06%	6.06%	15.15%	9.09%	100.00%
Protected open space (acreage)	2.78	2.33	2.69	13.62	1.52	0	5.54	12.24	96.53	193.24	330.17
Acreage percentage	0.84%	0.71%	0.82%	4.13%	0.46%	0.00%	1.68%	3.71%	29.24%	58.53%	100.00%
Not reported (count)	0	0	0	0	3	0	0	0	0	0	3
Count percentage	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Not reported (acreage)	0	0	0	0	11.18	0	0	0	0	0	11.18
Acreage percentage	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%

Table A-3. Station Areas by Subsidized Housing Units

Housing	Dillard	Buchanan	South Square/ MLK	Durham Station	Alston	Ninth Street	Medical Center	LaSalle	Patterson Place	Leigh Village	Totals
Occupied DU	**1065**	**1831**	**1622**	**1545**	**1224**	**1788**	**2398**	**3066**	**1181**	**85**	**17350**
Owner-occupied	150	394	101	417	276	94	53	25	42	28	
Percent renter	*14.08%*	*21.52%*	*6.23%*	*26.99%*	*22.55%*	*5.26%*	*2.21%*	*0.82%*	*3.56%*	*32.94%*	
Renter-occupied	915	1437	1521	1128	948	1694	2345	3041	1139	57	
Percent owner	*85.92%*	*78.48%*	*93.77%*	*73.01%*	*77.45%*	*94.74%*	*97.79%*	*99.18%*	*96.44%*	*67.06%*	

Table A-4. Station Areas by Land Use

Land Use Mix (acreage)	Dillard	Buchanan	South Square/ MLK	Durham Station	Alston	Ninth Street	Medical Center	LaSalle	Patterson Place	Leigh Village
Commercial	**89.92**	**104.9**	253.81	**159.27**	**60.28**	**87.97**	**58.88**	**33.28**	**94.52**	**25.16**
Percentage	24.09%	23.42%	25.89%	32.34%	14.37%	18.40%	6.04%	3.36%	13.52%	3.73%
Community Services	**80.95**	**156.94**	75.77	**173.37**	**49.62**	**868.92**	**765.77**	**700.16**	**38.52**	**33.55**
Percentage	21.68%	35.03%	7.73%	35.21%	11.82%	181.78%	78.53%	70.62%	5.51%	4.97%
Public Services	**1.25**	**7.19**	102.24	**7.42**	**1.02**	**3.89**	**2.24**	**0**	**25.91**	**0**
Percentage	0.34%	1.61%	10.43%	1.51%	0.24%	0.81%	0.23%	0.00%	3.71%	0.00%
Recreation	**14.19**	**0**	36.08	**22.85**	**5.83**	**5.61**	**5.61**	**5.61**	**0**	**0**
Percentage	3.80%	0.00%	9.66%	6.12%	1.56%	1.50%	1.50%	1.50%	0.00%	0.00%
Residential	**96.81**	**103.82**	345.67	**68.08**	**182.67**	**94.87**	**96.21**	**198.12**	**135**	**181.19**
Residential- Single-family	32.51	69.28	56.85	43.39	117.73	35.41	39.86	15.33	28.38	135.54
Percentage	8.71%	15.47%	5.80%	8.81%	28.06%	7.41%	4.09%	1.55%	4.06%	20.08%
Residential- Multi-family	8.32	13.35	0	8.69	21.04	6.82	7.04	0.39	0.7	0
Percentage	2.23%	2.98%	0.00%	1.76%	5.01%	1.43%	0.72%	0.04%	0.10%	0.00%
Residential- Other	39.42	21.18	288.82	16	43.9	52.64	49.31	182.4	105.92	45.65
Percentage	10.56%	4.73%	29.46%	3.25%	10.46%	11.01%	5.06%	18.40%	15.16%	6.76%
Vacant	**80.93**	**60.14**	122.86	**47.88**	**103.06**	**87.38**	**44.01**	**46.67**	**320.95**	**340.24**
Vacant- Residential	30.77	16.2	66.65	7.68	42.85	5.44	3.21	5.9	32.82	121.79
Percentage	8.24%	3.62%	6.80%	1.56%	10.21%	1.14%	0.33%	0.60%	4.70%	18.04%
Vacant- Other	50.15	43.94	56.21	40.2	60.21	81.94	40.8	40.76	288.13	218.46
Percentage	13.43%	9.81%	5.73%	8.16%	14.35%	17.14%	4.18%	4.11%	41.23%	32.37%
Other	**9.28**	**10.43**	19.66	**13.07**	**16.38**	**8.69**	**0**	**0**	**83.95**	**94.82**
Percentage	2.49%	2.33%	2.01%	2.65%	3.90%	1.82%	0.00%	0.00%	12.01%	14.05%
Station Totals	**373.33**	**447.98**	980.35	**492.43**	**419.6**	**478**	**975.15**	**991.41**	**698.85**	**674.97**

Table A-5. Station Areas by Development Feasibility (Developable public only)

Feasibility	Dillard	Buchanan	South Square/ MLK	Durham Station	Alston	Ninth Street	Medical Center	LaSalle	Patterson Place	Leigh Village
Less Feasible (count)	18	3	0	28	0	0	0	0	0	0
Count percentage	15.52%	16.67%	0.00%	58.33%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Less Feasible (acreage)	8.95	5.09	0	11.59	0	0	0	0	0	0
Acreage percentage	9.79%	28.30%	0.00%	35.06%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Somewhat Feasible (count)	55	13	2	17	67	0	13	8	1	0
Count percentage	47.41%	72.22%	66.67%	35.42%	51.15%	0.00%	86.67%	88.89%	100.00%	0.00%
Somewhat Feasible (acreage)	65.67	12.07	1.28	19.1	40.47	0	3.19	23.09	1.96	0
Acreage percentage	71.80%	67.10%	38.97%	57.74%	53.98%	0.00%	94.96%	92.85%	100.00%	0.00%
More Feasible (count)	43	2	1	3	64	3	2	1	0	3
Count percentage	37.07%	11.11%	33.33%	6.25%	48.85%	100.00%	13.33%	11.11%	0.00%	100.00%
More Feasible (acreage)	16.84	0.83	2.01	2.38	34.49	1.27	0.17	1.78	0	0.72
Acreage percentage	18.41%	4.60%	61.03%	7.19%	46.02%	100.00%	5.04%	7.15%	0.00%	100.00%
Station Total (count)	**116**	**18**	**3**	**48**	**131**	**3**	**15**	**9**	**1**	**3**
Station Total (acreage)	**93.5**	**17.99**	**3.29**	**33.07**	**81.74**	**1.27**	**3.35**	**24.87**	**1.96**	**0.72**