Expanding Housing Choices

June 6, 2018
Joint City County Planning Committee
Overview

• Evidence and impacts of a housing shortage
• Potential causes of housing shortage
• Growth strategies and growing pains
• Expanding Housing Choices project introduction
Evidence of a housing shortage

Between 2010-2015, the number of households grew more than the number of new housing units.

Source: US Census, American Community Survey
Evidence of a housing shortage

Increasingly fewer homes are on the market
814 homes listed for sale
Evidence of a housing shortage

Industry experts estimate only 1.9 months of supply in Durham market
The shortage of housing has had an impact on price

Homes are selling more quickly
Median of 41 days on the market
The shortage of housing has had an impact on price

- Homes are getting more expensive
- $258,000 - median sale price in March 2018
- Up from $168,000 five years ago (March 2013)
The shortage of housing has had an impact on price

Increasingly, homes are sold above the asking price
Affordability has been impacted by the housing shortage

“BIG A”
Subsidized, meets HUD definitions; monitored and tracked by City

“little a”
Naturally occurring through market forces. Affordable for a variety of reasons (age, condition, location, size of unit, size of lot, etc.)
Declining availability of housing that is affordable

Housing is considered “affordable” when expenses amount to less than 30 percent of a household’s income

Source: City-County Planning, American Community Survey
Trends point toward a mismatch in housing supply and demand

- Aging population
- Millennials’ preferences
- Households are shrinking
- More are living with less

Data provided by TJ COG
What’s causing the shortage?

1. Housing development is not keeping pace with population growth
What’s causing the shortage?

1. Housing development is not keeping pace with population growth
2. Attracting populations from wealthy zip codes

*Data and graphic Dr. Jim Johnson, UNC*
People at the bottom of the income ladder have the fewest options

If housing doesn’t exist at higher price points, people will buy “down the ladder,” leaving fewer options for those with the lowest incomes.
What’s causing the shortage?

1. Housing development is not keeping pace with population growth
2. Attracting populations from wealthy zip codes
3. Running out of easily developable land
What’s causing the shortage?

1. Housing development is not keeping pace with population growth
2. Attracting populations from wealthy zip codes
3. Running out of easily developable land
4. **Zoning limitations**
If there is a shortage, why does it feel like there is a building boom?

- Larger, higher profile developments
- Redevelopment in existing neighborhoods
- Development has slowed at the edges
More growth is on the way

- NC Office of State Budget and Management projects 160,000 new people by 2045
- Equivalent to 62,200 new households during that same time period
- Approximately 2,000 units a year to keep up with population growth
An average of 1,720 housing units have been built annually over the last 10 years.
How will we accommodate new growth?

A. Grow Out?
B. Grow Up?
C. Grow In?
Grow Out?

Limited amount of large tract vacant land remaining in the City’s utility service area.
Grow Up?

Compact Neighborhoods and Downtown are expected to attract significant new development.
Grow In?

Context sensitive, small scale development within the core of the City
How will we accommodate new growth?

A. Grow Out?
B. Grow Up?
C. Grow In?
D. All of the above
The Challenge

What do we do when “development” feels like the solution at the regional scale (housing shortage) but the problem at the neighborhood scale (gentrification)?
At the neighborhood scale ...

- Recent experience is that “development” has led to fewer affordable options
  - Felt more acutely in some neighborhoods and by some populations
  - Rising rents
  - Escalating property values
  - Accelerating evictions
At the neighborhood scale ...

• Infill and redevelopment feels out of scale and character, causing neighbors to:
  o Oppose developments
  o Seek Neighborhood Protection Overlays
  o Seek Local Historic District designations
Finding a middle ground

- Build more to address housing shortage ... but build differently to promote housing choices in character with neighborhoods

- “Missing Middle housing offers a range of multi-unit housing types compatible in scale with single-family homes that help meet the growing demand for walkable urban living” Opticos Planning
Current zoning rules perpetuate status quo

Countywide, less than 12 percent of existing housing units are “Missing Middle” types

Source: City County Planning
Current zoning rules perpetuate status quo

- Single family housing is permitted “by right in 77 percent of the County
- “Missing Middle” Housing types are permitted “by right” in only 8 percent (or less) of the County
Current zoning rules perpetuate status quo

Large lots sizes promote a low density urban character
Expanding Housing Choices Project

Encourage a wider range of housing choices by removing regulatory impediments.

• Introduce Missing Middle housing types in strategic locations
• Review lot sizes and dimensional standards
• Promote Accessory Dwelling Units (ADUs)
• Offer greater regulatory flexibility for “Big A” affordable housing
• Highlight additional development standards (outside the purview of Planning) that are obstacles to a wider range of housing choice
What’s happened already

• Eliminated parking minimums for “Big A” affordable units in the Compact and Urban Tiers
• Allow Accessory Dwelling Units (ADUs) by-right for single family
• Eliminated minimum parking requirement for ADUs
• Updated the Affordable Housing Bonus program
  • Allow 100 percent affordable projects to qualify
  • Allows smaller projects (<15 units) to qualify
  • Introduced Interim Bonus in Compact Neighborhoods
Issues and Cautions

• “Big A” is not guaranteed outcome
• Increasing supply is a “long-game” strategy
• The tradeoffs are not insignificant
  • Tree canopy/open space
  • Impervious surface/stormwater
  • Neighborhood/historic character
  • Incentivize teardowns?
Anticipated Workflow

- Compile comprehensive list of regulatory impediments
- Evaluate impact of concepts; develop a short-list of priorities
- Public input – surveys and pop-up workshops
- Draft text amendments
- Public workshop
- Adoption process