

WORKFORCE HOUSING POLICY

Primary Workforce Housing Policy:

Buncombe County recognizes that affordable housing opportunities for all segments of the community is an important part of developing and maintaining a healthy economy, and is a high priority for our county leaders. The difficulties working families face in affording a safe and decent place to live in our area has given rise to the need to create additional incentives for the private and non-profit sector to develop affordable workforce housing.

Workforce Housing Defined:

The term Workforce Housing refers to housing that a household with an income up to 140% of Average Median Income of the area can afford without spending more than 30% of the income in mortgage payments (including insurance and taxes). Workforce housing is housing intended to appeal to the backbone of our community: the police officers, nurses, teachers, medical technicians, office workers, etc. These jobs provide a wage that does not qualify workers as low income, but renders it difficult to purchase housing. In this context, the underserved population identified as the "workforce" in need of assistance, are those families with an income of up to 140% of the County median, or \$73,500 (2008 AMI).

Workforce Housing Program Description:

Development assistance funding, which may include funding for infrastructure, land development costs, and stick built or modular home construction costs, for the creation of units of workforce housing within a single development.

Development Assistance Funding

The project must be located within Buncombe County. If condominium or town home development is proposed, there must be a minimum of 100 units of workforce housing proposed, and all units must be sold for less than \$175,000; if traditional single family home construction is proposed, there must be a minimum of 50 units of workforce housing proposed, and all units must be sold for less than \$220,000.

Housing must be sold to families who intend to use the home as their primary residence (i.e., no landlords), and to fulltime residents of Buncombe County. Affordable units may be and are encouraged to be mixed with market rate units within the same development.

Housing must be sold to families at or below 140% of the AMI.

Projects must be able to begin development within 12 months of submission of application.

Assistance to the developer will be provided on a reimbursement basis through one of two methods:

- A deferred construction loan at 0% annual interest payable once the homes are sold and affordability is guaranteed through deed restrictions for up to 5 years. The developer must provide copies of the selling statements with the home purchase price and loan documents stating the applicants' income. A Note and Deed of Trust will be recorded between the County and the developer for the construction period up through total sell of affordable units. The construction loan will be payable with 4% annual interest within 5 years if required number of units have not resulted.
- A deferred construction loan that rolls into a second mortgage for the homebuyer. The construction loan will exist on each lot/unit within the development. As each unit is sold, the construction loan will convert into the second mortgage for the homebuyer. The developer must provide copies of the selling statements with the home purchase price and loan documents stating the applicants' income. The mortgage will be repayable to the County once the homebuyer no longer lives in the home, at the percent increase of appreciation for what the home sells for, but no less than the original amount of the home loan. The construction loan will be payable with 4% annual interest within 5 years if required number of units have not resulted.

Assistance can be provided up to \$2,500 per unit. Additional funding up to \$2,500 per unit may be awarded for a combination of the following: energy efficient design¹ and inclusion of ADA accessible units (up to \$500 per unit); multiple housing designs and house sizes offered within development (\$500); if 50% of the workforce homes provided are sold to families at or below 120% of the AMI (\$500); and if 50% of the homes provided are sold below \$150,000 for condos/\$175,000 for single family site built homes (\$1,000). Consideration will be given to the number of bedrooms per unit as well as the square footage in each unit assisted.

Development Assistance Related to Sewer Costs

A separate option for developers to consider is sewerline assistance. Developers can apply for sewerline easement and installation financial assistance, based on the same criteria as listed above (i.e., income guidelines, house sales price, number of units, etc.). Instead of financial assistance provided on a reimbursement basis, assistance could be provided through contract, repayable once units are sold or at the end of five years, whichever occurs first. The funding will be secured through a Guarantee of Improvements or other similar bond structure. The bond will be for the total amount of the sewer project cost. A portion of the bond can be reduced each time a block of units are sold. Loan funds will be returned to the County upon transfer of each unit. The

¹ Energy efficient design could include several components such as site orientation to take advantage of natural daylight; exterior shading devices such as trees, sunshades, or dual glaze windows; Energy Star rated roof, doors, windows, and appliances; building materials that are constructed with non-toxic materials or renewable sources; or other considerations.

maximum amount of loan will be based on the total number of workforce housing units supplied, and the amount of County funds available, but will generally not exceed \$500,000.

Projects will be evaluated on an individual basis. Availability of funds or changing conditions may cause the Board of Commissioners to modify, amend, or discontinue this program.
