

insufficient, with significant clusters around the more remote sections of the county.<sup>xiv</sup>

Participants discussed a range of strategies to address infrastructure needs in the region, with varying levels of agreement and disagreement on the best way forward.

### **Proposed Actions to Address Infrastructure Needs in Western NC**

#### **Broad Agreement:**

- Fund housing related infrastructure through occupancy tax
- Have counties collaborate to advocate for more resources and increase the capacity of the region to access state and federal funding for infrastructure and housing

#### **Varying Degrees of Support:**

- Increase regional planning and coordination
  - Have regional development of shared utilities
  - Have regional coordination of housing related planning (e.g. corridor plans)
  - Local governments conduct an audit of assets that could be sold to support housing related infrastructure
- Use local or regional bonds to fund infrastructure that supports housing

#### **Least Agreement:**

- Use State bonds to fund infrastructure that supports housing

### ***Use Occupancy Tax to Support Infrastructure Development to Support Housing***

Overall, there was strong support for changing allocations from the occupancy tax to support housing in the region. Advocates underscored that workforce housing was important to support the local tourism industry. In general, two-thirds of revenue from the occupancy tax is used for marketing of the region for tourism, while the remaining third is used for “tourism-related expenditures” such as operational costs or major tourism-related projects.<sup>xv</sup> Prior to 1997, the legislature allowed seven counties to direct occupancy tax revenue into a general fund, sometimes for a specific purpose, such as “services or programs needed due to the impact of tourism on the county” (Dare County). However, in 1997, uniform provisions were adopted for future occupancy tax legislation that generally favors the conventional allocation of funds to tourism marketing and related purposes.<sup>xvi</sup>

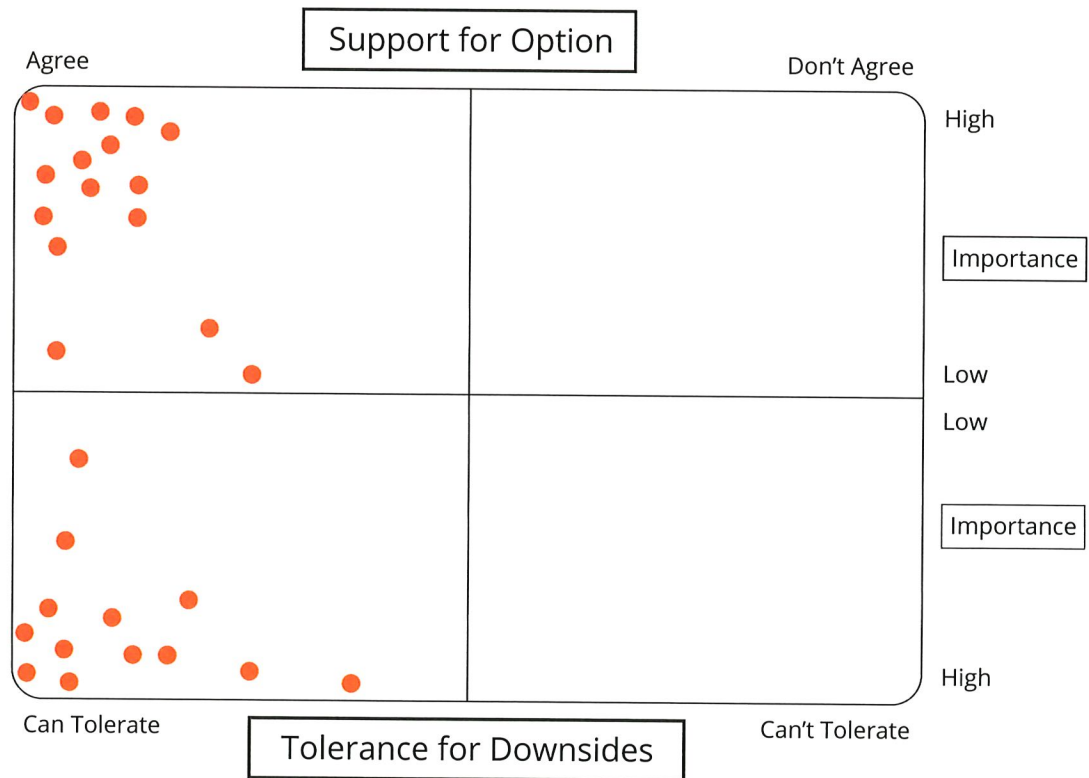
Diversion of some portion of such funds to support the development of workforce housing, particularly for those in the service industry supporting tourism, was viewed as a revenue source that would enable people working in the tourism industry to live closer to where they work and improve local residents’ attitude to be more favorable about tourism in the region. This funding would be a reliable and regular infusion of financial resources, which would allow the community to engage in long-term planning and

financing, and it might be able to be used as a source of repayment of water or housing bonds. This would relieve the burden on local residents/property owners and local government to separately finance housing needs.

Although this proposal had a very high level of support, participants questioned whether changing use of the occupancy tax revenue required action by the General Assembly; if so, was securing such a change realistic; and whether the “juice was worth the squeeze” getting this change across the finish line. Lack of political will at the state level might make the change harder, especially given a lack of precedent for such an action. The concern that predominantly Democratic counties would be left out was also voiced. Finally, cohort members brought up the barriers to coordination and successfully implementing the change.

At a subsequent discussion, the cohort discussed what further action would be needed to successfully change allocations of revenue from the occupancy tax. The group focused on forming a coalition that would advocate for allowing counties to decide how to use these tax funds, and to do more informational meetings on the revenue and learn how funds are allocated in local budgets. They also discussed further engagement with the local chambers on the issue.

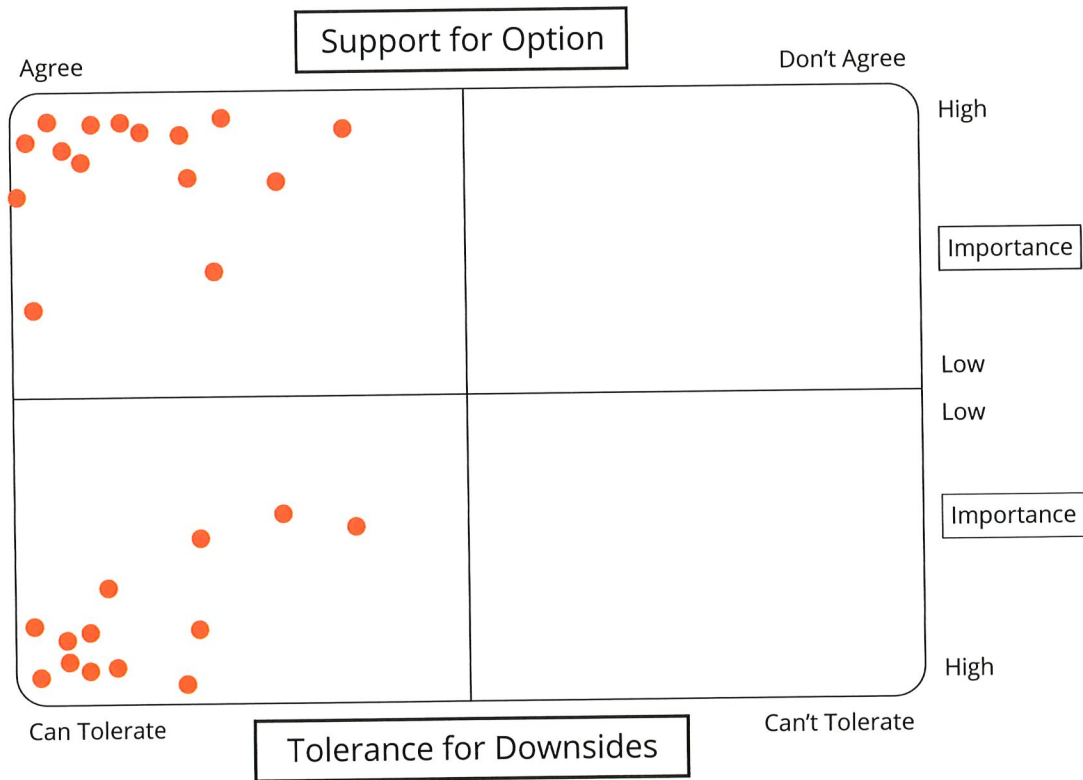
**Use Occupancy Tax to Support Infrastructure Development to Support Housing**



**Regional Coordination and Comprehensive Plan for Housing Development, Especially Along Corridors**

The cohort in general supported regional coordination in planning along key corridors where municipalities connected across counties within the region and industry and/or housing clustered, such that longer-term strategies could be put in place to plan for needed infrastructure and encourage development in the area. Proponents pointed to shared resources and lower costs, leveraging funds, and the assistance smaller communities would receive to stay ahead of development. It would also be easier for them to coordinate to create a financial plan. Improved communication, better connectivity, stronger regional network could lead to more collaboration, cost-effectiveness, and efficiency. Multiple issues could be tackled at once, and common problems would engender common solutions. A participant noted that the “weakest link is everyone’s issue.” A better vision or plan for growth and investment could be realized. Such a plan could better develop underutilized areas and improve tax base, providing opportunities for local investment to stay in local areas. Finally, larger, more regional governments could help younger areas grow “better” cities faster.

**Regional Coordination and Comprehensive Plan for Economic Development, Especially Along Corridors**



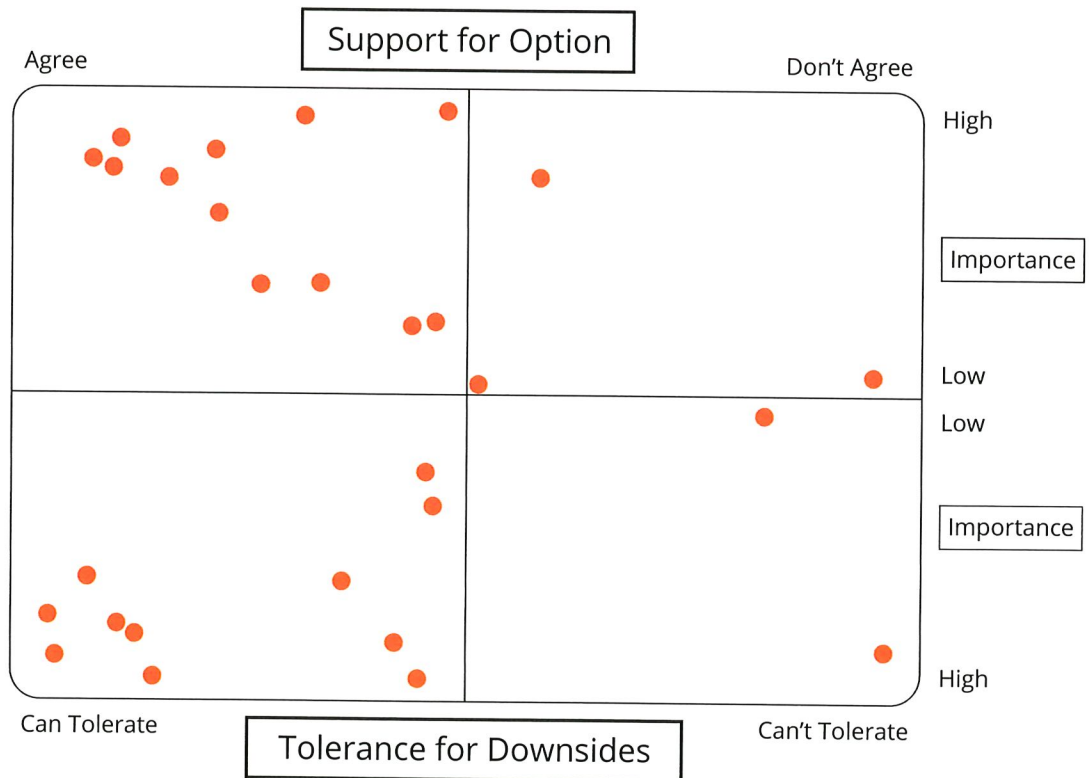
Although there was much support, disadvantages included smaller areas being dwarfed by larger areas and so having less clout. Those same smaller jurisdictions might suffer from lack of expertise to participate, impacting their ability to be part of the process. Participation more generally was questioned, especially given that the political will for cross-municipal participation is low.

Forum participants wondered about resistance to conversation and agreement, and what the costs or local return on investment might result. Different needs between communities could mean different strategies would be needed and these forum members underscored their view that community uniqueness matters. Despite the strong support for the proposal, participants were aware of needing to work around the potential loss of opportunities to improve local communities.

**Regional Development of Shared Utilities, Especially Broadband Access**

There was mixed support for regional development of shared utilities, with some strongly in favor, some in the middle, and some opposed. Those supporting regional development of shared utilities pointed first to lower, shared costs among jurisdictions. They thought shared efficiencies could eliminate redundant expenses. For their part, developers would only have to interact with one regional entity. Proponents thought this regional development would lead to more industrial growth and more developable land for affordable projects. It could also lead to more service and more consistency/reliability. Supporters saw better long-term planning, for example for water and sewer. It was noted that certain utility rates would be subject to the NC Public Utilities Commission.

**Regional Development of Shared Utilities**



Although there was a good deal of support, this policy change did have some who did not agree. Potential downsides included loss of control of natural resources such as water and contested ownership of resources more generally. There was a concern around the varying levels of participant investment and that smaller communities might be unable to participate, get overlooked, or have less power. It would be important to clarify roles and obtain commitments to perform and fund the process and projects. Related to funding, it was not clear what the end-user cost would be and whether this would be affordable. Questions about the political will and potential NIMBY pushback surfaced. The potential for increased taxes and/or the elimination of city revenues was raised. Forum participants voiced concern about potentially taking assets from local governments. Finally, the required change in state law and the potential barrier this caused was again noted.

### *Levy Local Bonds for Infrastructure*

Supporters of this idea liked that it would keep money in the area and that economic development would follow. They noted such bond revenues could raise some road projects to the top of the list and generally help needed infrastructure be built. They saw the possibility of diverting existing tax revenues to a new pressing need while creating a bond cycle for local jurisdictions. Moreover, historical precedent exists for this idea, so it might be easier to pass and might eliminate some possibility of otherwise disparate funding.

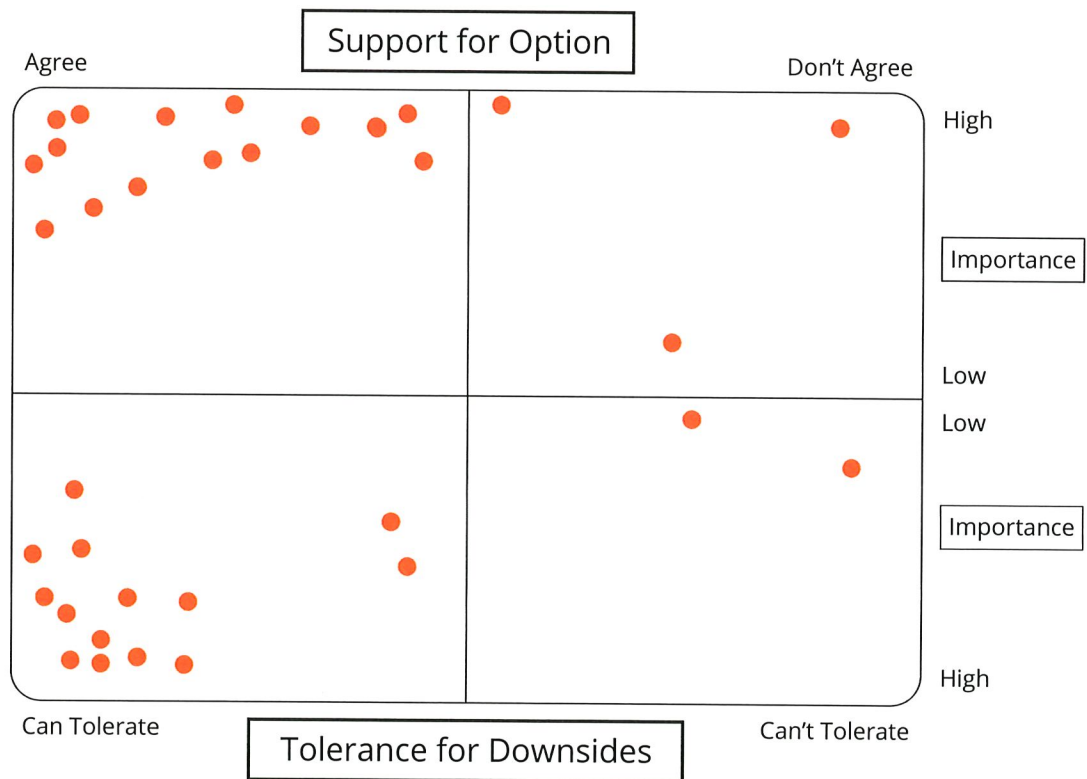
However, such a bond plan could raise local taxes, which could cause resistance. There could also be too much revenue too fast, causing difficulty in spending the money in a required time frame. Alternatively, in some cases the revenue might not be enough to meet the need. This spoke to a larger capacity problem: in some communities, there could be too few residents to create revenues to repay the bonds and/or a government that is not able to administer the bond program.

At a subsequent meeting, the group discussed further what it would take to increase support for locally funded bonds for infrastructure. The needs of smaller- versus larger-population communities were noted. Smaller communities focused on water and sewer, road improvements including sidewalks and streetlights that improve access to housing. They also discussed the need for additional schools for areas with increased population. Finally, they highlighted broadband in rural areas. In the larger communities, forum participants noted that bonds would be needed for changing infrastructure versus maintaining. These leaders advocated for identifying corridors with comprehensive development plans. Such corridors would be planned to have sufficient infrastructure, would develop marginalized communities without displacement in the face of gentrification, and would include regional transportation (express buses, park and rides, etc.), housing, high speed internet. The corridors would be set where leaders and communities wanted to accommodate growth, because infrastructure investment enables growth. Although it was noted that bonds themselves cannot be used for displacement-mitigation measures, they could replace other funds spent on infrastructure so local governments could spend more on anti-displacement strategies.

Following on the most important uses of the bonds, participants from smaller communities expressed their concern about improvements to state roads with local money. They also were cautious about tax increases, especially given inflation. People could lose housing as a result of increased costs, so there was a preference for increased sales tax, some of which would be paid by outsiders. For a similar reason, they also liked the option of a recreation tax. The need for water and sewer expansion, or to protect the environment motivated some participants. An overall realization that very few options exist for small municipalities to fund infrastructure informed the conversation.

In the larger urban areas, forum members were interested in the specifics of where and how money from a bond would actually be used. They also wanted to know who will be making decisions and how those decisions would be made. They noted that bonds would result in increased taxes, so residents would want to know what would those tax increases be, and what location, number of units, and level of affordability would be achieved. Advocates wanted to protect against potential downsides such as "Urban Removal" and to look at affordable housing on county-owned land. One participant argued that it was time to take action, complaining that local communities talk for too long without moving forward.

#### Fund Infrastructure Through Local or Regional Bonds

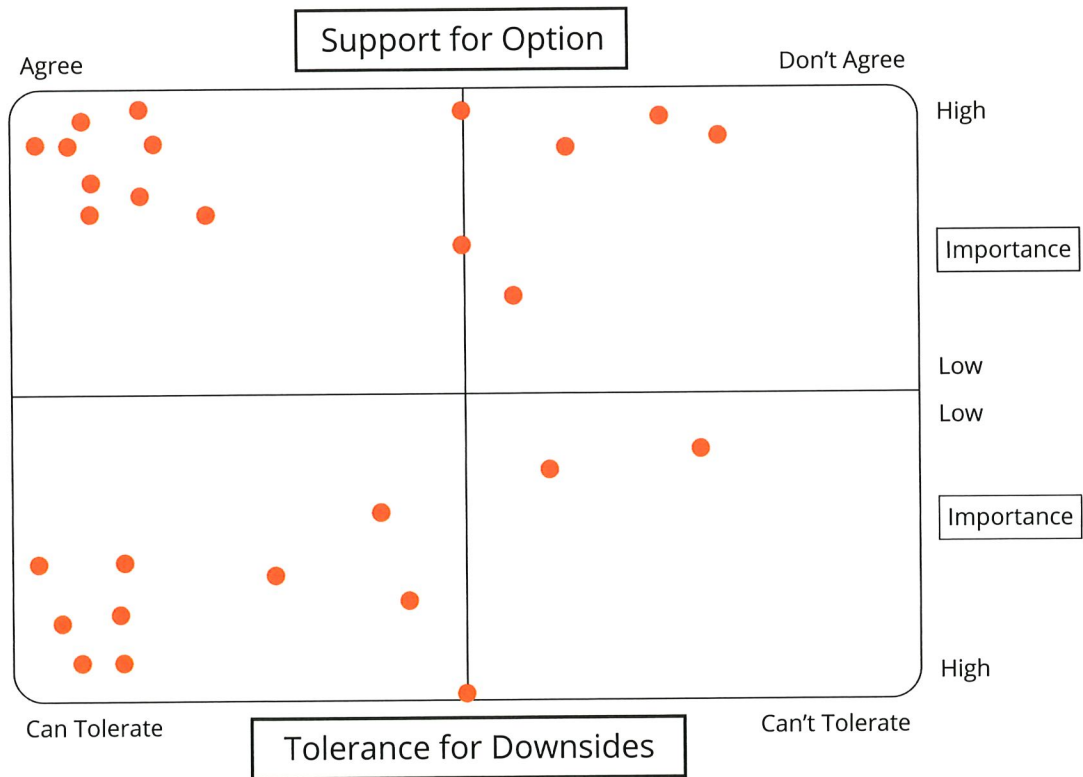


To pass bonds issues like those proposed, residents from smaller or more rural communities suggested a public relations campaign that explained specific projects and how the bonds would help. Relatedly, local leaders could create a toolkit with specific asks. A tax, such as a recreation tax, would be needed to pay the bond, or leaders would have to relocate existing tax money. Forum participants suggested the Chamber of Commerce leadership would be helpful, as could supporting local improvements to complement the bond work. In the more highly populated counties or municipalities, forum participants highlighted the importance of broadly involving constituents, stakeholders, local government leaders and staff and leveraging objective data. They thought advocacy for bonds would benefit from giving a clear, full, and objective picture of who's impacted by the proposal and how it affects them, as well as where infrastructure has the greatest return on investment. Participants also emphasized the importance of ensuring public relations campaigns were bilingual and inclusive of the full community.

**Lobby for a State Bond Referendum for Water and Sewer Projects**

Participants believed lobbying for a state bond for water and sewer projects could educate and raise awareness to increase public buy-in for development that would encourage housing development and ultimately benefit the local economy. Passing the bond would provide predictable funding over time, which could speed projects. Participants believed that if infrastructure could prepare more land to be ready for housing development, economic development would follow. Forum members also noted that historical precedent exists for this kind of action.

**Fund Infrastructure by Lobbying for a State Bond for Water and Sewer**



However, participants also noted that increased taxes would also result, which are not popular with voters. There was concern that Western North Carolina would not receive its fair share of a statewide bond, based on past regional experience. Concern also existed that increased spending on these projects could cause the state or federal government to reduce other funding, or for the water and sewer funding to take away from other needs. Some communities might not know what or how to implement the projects.

Finally, it was recognized that it would take an act of the North Carolina General Assembly, and likely a statewide referendum, to enact a bond, making this policy action more difficult to achieve. In a subsequent discussion, the group identified allies that might help successfully persuade the state to pursue such a bond. Ideas included leveraging the Land of Sky Council of Government to represent regional interests, working with local economic development groups, businesses, investors, and real estate groups, and bringing the state legislative delegation from Western NC on board for the idea. Groups talked about focusing on the need in rural North Carolina for housing in particular and in highlighting bonds as a long-term investment strategy.

### **Increasing Housing Supply While Minimizing Opposition to Housing Development**

NCLF combined two of the cohort's concerns because they were frequently raised in combination, increasing housing development and minimizing opposition to housing growth. We framed this concern as:

*How can we increase housing supply and protect what we value about our communities and neighborhoods?*

Before considering solutions, NCLF asked participants to think of examples of times they favored or opposed a development and share with a partner what drove their different points of view. They also considered what concerns they have heard in their own communities from others.

#### **Proposed Actions to Facilitate Development of Housing While Addressing Resident Resistance**

##### **Broad Agreement:**

- Implement a broad-based public relations strategy that addresses affordable housing issues in Western North Carolina, highlighting how housing connects to health outcomes, counters NIMBYism, and seeks land availability
- Have counties collaborate to advocate for more resources and increase the capacity of the region to access state and federal funding for infrastructure and housing

##### **Varying Degree of Support:**

- Create an 'ownership and development of your real estate' course for property owners in WNC that presents opportunities for property owners to learn about real estate, financing, land development



During this discussion, participants observed that there is a lack of communication between institutions and the public, from not-for-profit, business, and government perspectives. As a result, few people understand the role of local government in regulating and producing housing. Moreover, participants believe that the community has not “bought into” the concept of having more housing, despite many of the participants’ feeling that more development is necessary. Anecdotally, participants also expressed frustration that the loudest voices, termed as NIMBYs (Not-In-My-Backyard) and BANANAs (Build Absolutely Nothing Near Anything), drown out the many who may be in favor of more housing or of a particular development.

Because there was widespread support for two possible solutions to this concern, and because of the overlap with prior discussions, we asked Forum participants to focus on what would be needed to implement the favored strategy. They considered in particular what barriers existed that made action difficult at the current time, as well as what resources would be needed to take further steps.

### *Develop and Implement a Broad-Based Pr Strategy to Increase Public Buy-In to Addressing Housing Supply and Affordability Issues in Western NC*

Cohort participants felt strongly that there should be a collective effort to build more public support for housing in the region, through a focused and expansive public relations campaign. Building on their own regional network from the program, participants focused on a range of local actors that could help raise the profile of the housing issue, including the Land of Sky Council of Government and similar regional entities, developers, community groups, the religious community, and Dogwood Trust. They also wanted to focus on engaging more local elected officials in support of increasing housing supply.

One key need that emerged from the conversation was access to centralized resources, such as usable examples of housing development from the area that would instill confidence and inspire further action. They also wanted resources that would help educate leaders and the community about the market and population dynamics driving the need for increased housing supply. The group was also interested in a sense of the history of communities in the region and good underlying data related to the case for housing.

There was some interest in the group in securing funding to hire a public relations firm that could help leaders and communities organize around a clear thoughtfully developed message, talking points, and desired results. The public relations firm might also help to conduct focus groups in crafting messaging and a plan for the region. One key theme was emphasizing the collective interest in housing, so that individual leaders did not feel alone in their advocacy. A second theme highlighted the need for a clear vision and action plan around housing growth, and then disciplined messaging and advocacy that stuck to the vision and plan presented.

There was also a distinct environmental sentiment championing density as a way to preserve open spaces and reminding the group not to sacrifice progress for perfection.

### *Increase Regional Capacity to Access Available Funding (State, Federal, Philanthropic) for Infrastructure and Housing*

The group discussed the need across the region to develop better local capacity to access financial resources to support housing development. Ideally, the group desired staffing and time allocated to support housing development and better regional collaboration on the topic as well. The group talked about making bipartisan, joint presentations to city and county leaders to advocate for investment in housing. They also explored asking the existing regional housing consortium to support further information, presentations, and action on housing.

Participants shared that a prior local effort to couple support for conservation and housing bonds at the same time had been promising in Asheville and could be a model for future collaboration. The US Department of Transportation and NC Department of Transportation uses a pooled fund program to enable state DOTs and public and private entities to partner and share resources around transportation assessments, and there was interest in a similar state pool of funds for housing.<sup>xvii</sup>

One barrier to success that was identified was current state and federal preferences to fund projects that have “walkability”, favoring urban centers. Because this approach disfavors Western NC, and rural areas in particular, there was a desire to advocate further on this specific issue and to recruit officials to visit the area.

## Next Steps

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Once participants had talked through all of the selected actions, they chose five for further discussion and action planning at a final session. The participants selected the following topics for further exploration of how to best move forward with action:

- Change zoning rules to allow multifamily developments and increase density
- Conduct public relations campaign on need for housing
- Advocate with the state to allow use of the occupancy tax to fund housing-related infrastructure needs (directly or as security for bonds)
- Advocate with the state to support bonds for Western NC infrastructure
- Encourage regional coordination and planning around Housing and Economic Development (i.e. corridor planning, comprehensive plans for housing)

Ideas from these discussions are incorporated in the description of the action above. Action planning largely focused on who in the group could lead the efforts forward and who else to involve from the community to make the effort successful.

In December 2022, the group asked NCLF to facilitate a follow-up meeting that continued conversations from the formal set of cohort meetings. About half of the cohort attended and many participants shared examples of successful efforts around housing that had occurred since the cohort concluded its meetings in May 2022. The group then brainstormed next steps around several efforts:

- Legislative advocacy on four topics: 1) using the occupancy tax to fund infrastructure to support housing development; 2) state-level bonds for infrastructure; 3) protecting the capacity of local governments to regulate short-term rentals; and 4) broadening “Economic Development” to include housing development
- Develop a public relations strategy to increase public buy-in to address housing supply and affordability needs in Western NC
- Encourage regional coordination for planning around housing and economic development



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# What We Learned

NCLF provides policy leaders both the opportunity to learn about a topic of importance to the state or their region and the chance to build the capacity to work more constructively with a wide range of leaders going forward. In 2022, NCLF participants in Western North Carolina engaged each other about how access to adequate housing could be increased for people in their communities, to provide more opportunity and quality of life to area residents.

## What Participants Gained and Valued About the Process

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### Valuable New Relationships

When asked what they had gained from the program, participants overwhelmingly emphasized the new relationships they had built and connections they had formed, particularly across counties and across political party. In a post-program survey, 83% of participants reported that they had formed new or deepened relationships that would not have occurred without the program, with about 70% of relationships forming across sectors and 60% across political party. Several people identified specific new relationships they had formed that had led to immediate new opportunities, for example an elected official referring a colleague to someone in the group for assistance, or inviting someone in the cohort to be a speaker at an event. After the program, we heard of several participants who continued to collaborate with, provide opportunities for, and serve as a resource to each other.

### Increased Understanding and Motivation to Work on Housing Issues

Participants also pointed to increased motivation and energy to work on housing issues. “Seeing the shared passion on the issue has inspired collaboration,” said one participant. Another said, “Beyond the technical knowledge I’ve gained, I think this group has a motivation to improve housing inventory in Western North Carolina.” One veteran of the housing world said:

*“I’ve been an affordable housing advocate for over 20 years and it comes with some victories, some losses, and some disillusion. Seeing this problem even bigger than it used to be, participating has given me some hope to know that there are people in our region that care, and it is a good reminder to me that I’m not alone from my perspective. The relationships I’ve built with this group are going to be beneficial down the road, and I could call anyone in this room to work together on something.”*

Following the learning of new information and perspectives, a strong sense of taking the learning out into their communities and prioritizing action steps emerged from cohort members. One said “I want to be able to connect people beyond all my busy work. I want to be able to get people to know

their business and get them to know what they need and connect to you all." Another stated "I want to have a 1:1 meeting with my community about participating more with elected officials." A third participant said "I want to be more intentional about where my networks are and managing my time and space and effort and having a cup of coffee or something with certain people because that's necessary for my small county." There was a sense with participants generally that it was important to be "educating people because we have to share what we learned" and "not just elected officials but what we could be doing together and building out the coalition beyond this."

### Broadened Perspective on Approaches to Housing

Participants also reflected on how the program had expanded their thinking about their leadership and their approach to addressing housing in the community. 83% of participants reported that participating in the program helped them learn more about possible responses to housing needs in Western NC.

One participating elected official related

*"I came into this group with a feeling that the majority would think government is the solution to the problem, and I had to see as an elected official if I needed to change my perspective on that. I came out thinking it needs to be a private-public partnership where everybody steps up and participates, not just through property taxes but a whole bunch of ways. Now I have to figure out how I can move the private sector to see this as a priority, and convince them to participate and step up in a reasonable and rational way."*

Several participants remarked on their new perspective on the scope of the housing challenge and thinking more broadly about the problem. One participant addressed the tension between the urban Asheville area and other parts of the region, noting a need for action: "I feel a new responsibility with how Asheville is doing more for our neighboring communities for a critical consortium. I chair the group that people think isn't doing enough!" A second commented, "All the smaller counties are facing a very similar situation, and the larger counties are seeing it as a city issue and not a county issue." Another said, "The common ground was refreshing. I appreciate getting out of my county and being with a renewed sense about one North Carolina. There's rarely a regional conversation." One participant summarized their takeaway by stating, "It's not a problem by race, place, or something else... It's a problem problem for us!" One local leader commented "We've had this identity for a very long time as a bedroom community, but it doesn't have to stay that way. Maybe we're not just a single-bedroom community going forward. If we want to push forward effectively, we need homes."

The cohort reported learning about new ways to develop and fund housing, while at the same time feeling the need to protect their communities and long-time residents. Cohort members expressed new learnings around the occupancy tax and its uses, bonds, Section 8, rural development, as well as approaches like advocacy and involving new partners. Forum members expressed being glad at the opportunity to learn new ideas, even if it meant "digging into these really big reports."

## Understanding the Views of Others and the Value of Constructive Engagement

Finally, participants clearly deepened their understanding of the perspectives of people that held different points of view. 87% of participants in a post-program survey said that after the program, they were feeling hopeful about my ability to work across political parties or ideologies, and 83% were more confident in their skills at engaging with different political views and perspectives. One participant commented, “I feel I have relationships with people in my region on housing that have a different political background. I feel that we could work together on housing issues.” Another said, “I understand different ideologies are just that... they are the ideas of others. They are still human beings having an experience and each are entitled to their opinions.” A third stated “Most people truly want the best for others and the community even if we disagree on how it should be solved.” Finally, one person shared that the program “made me understand that beliefs come from experiences.”

## What NCLF Learned

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The Western NC regional cohort was the first program in which the NC Leadership Forum took its statewide model and applied it in a regional, multi-county format. This change required developing buy-in from local leaders who helped us identify and recruit participants, identifying new facilitators for the meetings, and testing our model in a smaller region. We learned several key lessons:

- There is an appetite for constructive engagement on critical policy issues at the regional and county level. When we first approached local leaders, several welcomed us eagerly to the area, expressing frustration at the barriers to addressing housing needs in the area. These leaders also played a critical role in identifying participants, convincing them to attend forum meetings, and setting the tone for engagement at the meetings. In addition, we learned that while the participants live within an hour’s drive of each other, many had never met and did not previously see each other as resources. Since the program, the participants have shared several examples of new collaborations that grew out of the forum.
- The NCLF model can be replicated with trained facilitators. While at the state level, our steering committee designs the program, invites participants, and facilitates the program, we separated the facilitation role for regional programs. A key ingredient of success was developing a diverse team of facilitators that brought different political perspectives to the table and different areas of expertise, from policy to group dynamics. We provided training to the facilitators and moved from a volunteer facilitation team to a paid team, with significant success. In addition to the facilitators, we were able to recruit a local advisory committee that helped with selecting and recruiting participants, and this advisory committee played an essential role in setting the tone for the group and in providing feedback throughout the program.

- We saw value in selecting a region of about 4-5 counties, which allowed us to identify a very diverse range of leadership perspectives, both in terms of urban-rural, racial and ethnic diversity, and political views. The difference in urban and rural perspectives is particularly noteworthy at the regional level, and we saw leaders learn a great deal about neighboring views that they had previously not considered. We made it a priority to use the Forum as an opportunity for participants to learn about each county, rotating the program to each represented county, and making an effort to incorporate speakers, presentations, or tours that showed off at least a piece of each area. Participants valued this component of the program and have continued to think more expansively about the region since the program.
- A new exercise that was implemented in this WNCLF session was “Where do you stand?” In this WNCLF cohort, participants demonstrated their stance on values and concerns by physically moving to a spot in the room that represented their viewpoint on the question presented. Participants engaged in this exercise with more energy than they had engaged in the previous method of polling, as they were able to see and engage with other cohort members during the exercise more freely. We will continue to incorporate this exercise and other opportunities for participants to move around and engage actively going forward.
- One challenge of moving from the statewide to regional/multi-county level was calibrating the right amount of time for meetings and the right level of policy education to incorporate. Because our statewide participants travel from across the state, we typically conduct meetings across two-day periods, starting late one day and ending early the other. Since participants in the Western NC forum lived within an hour of each other, we planned five full-day meetings. Some participants expressed a preference for shorter meetings so that they could also work part of the day. The tighter full-day meetings also limited the time available to supplement participants’ proposed ideas with external research or information.

NCLF also worked with a third-party evaluator to conduct some semi-structured interviews and focus groups with participants after the program:

- Participants overwhelmingly praised the program and in particular highlighted increased courage and confidence to take action after the forum concluded;
- Several noted the value of building relationships in their region and connecting with people on a personal level;
- They also noted being inspired and hopeful after seeing people with genuinely different perspectives engage in good faith conversations about housing in the region;
- Participants highlighted that the program gave them increased self-confidence in their own leadership and perspective, including in their ability to talk with elected officials and speak about housing.

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## Conclusion

With continued population growth in Western North Carolina, there are acute pressures on the housing market in all five counties that were part of the Leadership Forum. Regardless of political ideology, urban or rural residence, or sector of engagement, the participants in the WNC Leadership Forum attended the program with a strong interest in identifying strategies for increasing the housing supply in the region. While they had different interests and views on the best path forward, participants listened with curiosity and good faith, and emerged with a deeper understanding of different perspectives and ideas for addressing the region's housing needs. Moving forward, the networks they developed and priorities identified by the group provide an opportunity for further collaboration and improved leadership in the region.

## Acknowledgments

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NCLF was founded at Duke's Sanford School of Public Policy and is now housed within the Office of the Provost at Duke University. The Western NCLF was primarily funded by Dogwood Health Trust. The Duke Endowment, the John William Pope Foundation, the Z. Smith Reynolds Foundation, the Hewlett Foundation, and the Bank of America also provide general support to all of NCLF's programming.

Thank you to the NCLF Steering Committee for their continued leadership and steady facilitation of the NCLF program and to the Western NC advisory committee for encouraging this project in the Western region. Research support was provided by Kerry Graham-Walter, an undergraduate at UNC Asheville and Joey Rauch, an undergraduate student at Duke University.



## Appendix A | WNCLF 2021-22 Participants

1. **Kenny Barnwell**, Kenny Barnwell Orchards
2. **Preston Blakely**, Mayor of Fletcher
3. **Vivian Bolanos**, Business Development Officer, First Citizens Bank
4. **Greg Borom**, Children First/Communities in Schools Buncombe County
5. **Maureen Copelof**, Mayor of Brevard
6. **Kit Cramer**, Asheville Chamber of Commerce
7. **Clark Duncan**, Economic Development Coalition for Asheville and Buncombe
8. **Kevin Ensley**, Chair, Haywood County Board of Commissioners\*
9. **Tony Floyd**, President of Mars Hill College
10. **Lori Garcia-McCammon**, True Ridge Ministries and Foundation
11. **Sarah Grymes**, VP of Impact for Housing, Dogwood Health Trust
12. **Neal Hanks**, President, Beverly-Hanks Realtors
13. **Mike Hawkins**, Pisgah Enterprises; Former Transylvania County Commissioner
14. **Kevin Hefner**, First Horizon Bank
15. **Jennifer Hensley**, Hendersonville Town Council
16. **Holly Jones**, NC Department of Justice\*
17. **William Lapsley**, Chair, Henderson County Board of Commissioners\*
18. **Melinda Lowrance**, Chair Henderson NAACP
19. **Julie Mayfield**, NC Senate\*
20. **Robin Merrell**, Pisgah Legal Services; Chair, NC Housing Coalition
21. **Andy Nadeau**, President, Bank of America Asheville and East Region Market Executive
22. **Angela Owen**, TBL Leadership Partners; VISION Transylvania
23. **Robin Ramsey**, Office of Senator Richard Burr\*
24. **Jay Richardson**, New Belgium Brewing\*
25. **April Riddle**, Western Director, NC Department of Insurance
26. **Jeremiah Robinson**, Mountain BizWorks
27. **Michelle Rogers**, Select Homes
28. **O'Neal Shelton**, Wolf Mountain Realty; Madison County Chamber of Commerce
29. **Anthony Sutton**, Alderman, City of Waynesville; Information Systems Director, Biltmore Farms
30. **Hilton Swing**, Chair, Board Chair, Henderson County Housing Assistance Corporation
31. **Sage Turner**, Asheville City Council
32. **Stephanie Swepson-Twitty**, Eagle Street Markets Development Corporation\*
33. **Gregory Wheeler**, Business Leader Haywood County
34. **Angelica Wind**, NC Counts Coalition, Healthier Together Regional Director, Region 1

\*Denotes Steering Committee Member

## Appendix B | Full List of Concerns, as Identified by Participants

During our initial meeting, NCLF staff recorded the concerns of each participant. Later on, the issues were later grouped by theme so that they could be more easily navigated. Facilitators then narrowed the list to a select set of concerns for discussion. The original full list included the following:

### To create adequate housing, we will negatively impact existing neighborhoods, communities, and the natural and built environment

- Monetary expense to communities
- Whether or not adequate housing is located well in neighborhoods
- Losing the character of existing neighborhoods
- Protecting vulnerable and legacy neighborhoods
- Minimizing the effects of adequate housing on the agricultural community, especially to stop the loss of farmland
- Protecting farmland and mountains while accommodating necessary growth
- Managing sprawl, including the increased traffic & pollution related to sprawl
- Ensuring that housing is environmentally sustainable and growing
  - Ensuring that planning is location-based, rather than generalizing
- Realizing if communities are starting to have diminishing returns on growth
- The Topography of Western NC limits certain abilities
- Worrying if increasing density loses the ability to have community
- Ensuring that denser communities have access to services and shopping
- Worrying about gentrification
  - Long-term residents being priced out of their homes
  - Displacement of communities of color and lower-wealth neighborhoods
  - Ensuring that those in affordable housing also have access to affordable services
  - Mitigating the effect of out-of-towners who drive up costs for locals

### Because of NIMBYism and a lack of communication, it is hard to build new housing

- Dealing with Nimbyism and BANANA (Build Absolutely Nothing Near Anything) attitudes
  - Not enough community buy-in
  - Not enough people understand the role of local government
- The 'loudest voices' are preventing the growth necessary for everybody

### Financing is inadequate and inequitable

- Lacking equitable lending
  - Racism
  - No reward for sweat equity

- Lending approval does not consider rental history in most cases
- Redlining is ongoing
- Managing homeownership disparities by race
- Educational disparity is a barrier to financing
- Credit education is emphasized more than credit repair
- Inability to build equity
  - Seems like we are preparing our community to become borrowers rather than owners

### People can no longer afford to buy houses, especially near where they work

- Percentage of owners to renters is worsening
- Availability of certain homes
  - Starter homes seem non-existent
  - Cheaper entry options like townhomes & condos are not available
  - No housing availability families
    - Especially middle- to low-income
  - Current workforce can no longer purchase a home in the area
    - Difficult to attract employees
    - Many service industry employees in the area who have little economic mobility
- The Influx of people who want to live in area are driving the housing prices up
  - Especially Remote workers from high paying jobs are moving to the area and purchasing homes
- People view houses seen as an investment rather than homes
- Difficult to use some means-based programs
  - People who do not earn enough to pay for certain things, but earn too much to get assistance
  - Definition of “affordable” in affordable housing feels unrealistic
- Cost of Living is rising higher than wages
  - Becomes a disincentive for young people to remain in the community; It could start a bad cycle in which people leave and area diminishes
- Ability to rectify generation deficits as well as generational wealth
- Ability to address rural and metropolitan concerns

### Cost of home ownership is too high

- HOAs are exclusionary
- Ongoing costs like mortgages and utilities can be difficult to keep up with
- Affordability is a moving target
  - Influxes of out-of-towners distort the AMI in comparison to historical trends
- Costly to maintain a home
- Regressive tax increases for utilities and taxes

### Costs of building new housing is too high

- High construction costs with little control over costs
- Experiencing inflation in cost of materials & labor shortages
- Cost and lack of supply of land
- Mitigating climate change

### Governments hinder rather than help increasing the supply of adequate housing

- Governments are not nimble enough to purchase land for housing in comparison to developers
- Lack of expertise in county governments
- Too many state level restrictions which hinder the ability for the local government to act
- Zoning laws hinder the ability for development
  - Single family zoning is an incredibly impediment
  - Widespread prohibitions on mobile home parks
- Feeling like there is not enough public money to create adequacy
- Financial burdens are placed on developers while builders are driving up costs
  - Utilities
  - "We make it too hard to build here"
- Harder to build a shelter or PSH (permanent supportive housing) than a hotel
- State-owned and University-owned land constricts the supply of land for building housing and limits revenue base
- Bonds need to be regularly updated to keep up with housing needs

### Rental concerns

- Short-Term Vacation Rentals (STVR) increasing; Mitigating spillover effects
  - New Rental Laws are allowing abuse of STVRs
  - STVRs taking housing off of the market
  - Excessive rental stock for visitors; Not enough housing for citizens
  - Long term rentals being converted into short term rentals
  - Locals feel second-class to visitors
- Excessive rental application fees
- Evictions cannot be expunged currently
- Landlords are choosing to evict instead of accepting back rent
- High movership rate; Diminishes community
- Vouchers
  - Low acceptance in private market
  - Aging of Section 8; Inability to keep up with needs

- Landlord Protections
  - Need to know what they can expect of tenants
  - Landlords have limited protection
  - Deposits are not covering losses

### Abundant Low-Quality Housing

- Concerned for Health and Safety
- Standards not assuring adequate quality
- Inadequate support for rehabbing owner-occupied housing
- Inadequate housing starts cycle of poor health
- People will still buy/rent subpar housing due to need

### Homelessness is inadequately addressed

- Not addressing mental health and substance use needs for homeless
- Thousands teetering on homelessness
- Need more wrap-around services
- Need support for re-entry; Stopping cycles of homelessness

### Infrastructure

- Rural counties missing water, sewer, & internet
  - Many unable due to cost
- No water & sewer stops higher density development
- Lack of long-term planning across region
- Current roads at capacity

## Appendix C | Full List of Actions in Response to Major Concerns

- Landlord/tenant partnership to increase voucher/section 8 outreach to landlords. Educate tenant. City has funds to cover the gap, damage.
  - Close gap in voucher rent to incent landlords to accept vouchers and keep properties affordable
  - Landlord incentive program
- Hotel, motel tax only used for tourism: change so it can be used for affordable housing (state-level) (See AZ conversions as example)
  - TDA allow funds for rental subsidy
- Allow zoning multifamily
- Improve tenant/landlord rules
  - Universal background checks for people looking for places to rent
  - Eviction expungement after 3-5 years so records don't show past history at that point
    - More programs that mediate issues
- Allow zoning of short term rentals
- Explore alternative housing models like micro housing, motel conversion
- Public sector incentive for employee housing
- Economic development creates jobs, leads to housing affordability
- Lower capital gains tax on property owners who sell for affordable housing and substantial tax credit for having property classified as affordable housing
- Expedite affordable housing projects
- Tax on second homes
  - Looking towards SC who increases property tax rates from 4% to 6% on second homes and rental properties
- More public funding and/or land to build more aff housing and repair existing
- Waive tap fees (water and sewer) to developers who agree to keep rents low for X number years
- Increase density on particular parcels and zone appropriately. Then community understands potential
- State level tax program
- "upzoning" homes in major corridors

### Regional coordination

- Local government cooperation to discuss strategies
- Infrastructure planning/cooperation
- Communication between groups

## Shared development

- Rural broadband
- Promote cross-country regional transportation priorities
- Opportunity zones: use them for infrastructure improvement. Muni or county that has them should ID where they can expand for water and sewer, allows private investors to put \$ in without capital gains tax.
- Use impact fees to leverage development private money to address impact on community around them. NC doesn't do, other areas typically do it. [Don't allow localities to do]
- Develop affordable housing adjacent to public schools
- Plan further in advance/longer lens—needs around social determinants of health
- County/City add existing land holdings to sell for use
- Get counties to buy into comprehensive zoning, land use standards

## Sales tax/bonds for infrastructure or state bond referendum

- What can localities do? Could you do regional 5 county bond issuance?
- Financing, pay as go vs pay it all at once
- Regional body that could propose bond/infrastructure changes?

## Water

- Coordinate across cities. Each city has own water system (Rosman and Brevard ea have own system; lack of coordination across and within county, no water authority or overarching body).
- Marshall–Weaverville: Water/Sewer coordination across cities which crosses county lines, requires coordination across corridors.

## Endnotes

<sup>i</sup> Bowen National Research, Housing Needs Assessment: Western North Carolina (2021) available at <https://dogwoodhealthtrust.org/data/>.

<sup>ii</sup> Census Quickfacts,” US Census, 2021, <https://www.census.gov/quickfacts/buncombecountynorthcarolina>

<sup>iii</sup> “Hotel Development Briefing Book.” *The City of Asheville*, January 30, 2020, [https://drive.google.com/file/d/1-IMkuo\\_zfk\\_Npfuo-V4tSPHIOOCXdPI8/view](https://drive.google.com/file/d/1-IMkuo_zfk_Npfuo-V4tSPHIOOCXdPI8/view).

<sup>iv</sup> Bowen Housing Needs Assessment.

<sup>v</sup> Bowen Housing Needs Assessment.

<sup>vi</sup> The range reflects the differing methodologies of the US Housing and Urban Development and the North Carolina Housing Finance Agency.

<sup>vii</sup> Bowen Housing Needs Assessment.

<sup>viii</sup> [https://www.pdx.edu/realestate/sites/g/files/znlidhr3251/files/2020-10/01\\_impact\\_of\\_slope\\_on\\_development\\_SU20\\_p2.pdf](https://www.pdx.edu/realestate/sites/g/files/znlidhr3251/files/2020-10/01_impact_of_slope_on_development_SU20_p2.pdf).

<sup>ix</sup> <https://www.ncceh.org/datacenter/pitdata/>. Of note, homeless individuals are often undercounted by Point in Time surveys.

<sup>x</sup> In later 2022, after the WNC cohort had finished its discussions, HUD did in fact take action and promulgated a new “Fair Market Rent” policy. For the first time, HUD will use up-to-date private rent data to help set fair market rent subsidy caps for vouchers. As this is implemented, it will help to close the voucher versus market rent gap as participants sought, for example raising the Asheville HCV Fair Market Rent from \$1,152 for a two-bedroom apartment in 2022 to closer to the higher \$1790/month. Some questions remain, however, about the availability, transparency, and dependability of private market data. And the long wait list issue discussed above could still be a limit to the HCV program.

<https://www.cbpp.org/research/housing/new-hud-fair-market-rent-policy-can-help-local-agencies-reduce-homelessness-and>.

<sup>xi</sup> Survey by The Asheville Homestay Network, an association of STR owners.

<sup>xii</sup> Brooke Randle, “Asheville struggles to rein in illegal short-term rentals,” Mountain Xpress, July 21, 2019, <https://mountainx.com/news/asheville-struggles-to-rein-in-illegal-short-term-rentals/>.

<sup>xiii</sup> “Coalition of Asheville Neighborhoods Government Lobbying,” *Coalition of Asheville Neighborhoods*, May 2021, <https://www.asheville-can.org/government.php>.

<sup>xiv</sup> Land of Sky Regional Council, Transylvania County Broadband Community Profile, June 2019 available at [https://www.landofsky.org/pdf/LGS/Broadband/TransylvaniaCounty\\_CommunityProfile2019.pdf](https://www.landofsky.org/pdf/LGS/Broadband/TransylvaniaCounty_CommunityProfile2019.pdf).

<sup>xv</sup> For a summary of the specific allocation of occupancy tax funds by NC locality, see the NC General Assembly’s Occupancy Tax Overview at <https://webservices.ncleg.gov/ViewDocSiteFile/56369>.

<sup>xvi</sup> Magellan Strategy Group, Profile of NC Occupancy Taxes and Their Allocation, available at [www.ncrla.org/wp-content/uploads/2018/08/NC-Occupancy-Tax-Profile.-July-2018.-Version-5.0-Final.pdf](http://www.ncrla.org/wp-content/uploads/2018/08/NC-Occupancy-Tax-Profile.-July-2018.-Version-5.0-Final.pdf).

<sup>xvii</sup> [https://pooledfund.org//StaticDocuments/Reports/TPF\\_Factsheet.pdf](https://pooledfund.org//StaticDocuments/Reports/TPF_Factsheet.pdf).