



MINUTES

May 16, 2024

SPECIAL CALL MEETING

AFFORDABLE HOUSING SUMMIT

HENDERSONVILLE HIGH SCHOOL AUDITORIUM | 1 BEARCAT BLVD. | 5:30 p.m.

- Present:

Mayor Barbara G. Volk and Council Members: Jeff Miller, Dr. Jennifer Hensley, Lyndsey Simpson and Melinda P. Lowrance
- Staff Present:

City Manager John F. Connet, Assistant City Manager Brian Pahle, City Clerk Jill Murray, Communications Manager Allison Justus, Communications Coordinator Brandy Heatherly, Budget Manager Adam Murr, Community Development Director Lew Holloway, HR Director Jennifer Harrell, IT Manager Jay Heatherly and others

The City of Hendersonville hosted an Affordable Housing Summit on Thursday, May 16, 2024 at Hendersonville High School where a possible quorum of Council members may have been present. Featured guest speaker Shane Phillips spoke about “The Affordable City” and showed the following PowerPoint presentation.

Saying ‘Yes’ to
an Affordable City

Supply, Stability, and Subsidy

City of Hendersonville

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for Regional Policy Studies

Strategies for Putting
Housing Within Reach
(and Keeping it There)

The
Affordable
City

SHANE PHILLIPS

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HOUSING VOICE

Learn more by listening to our podcast:



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- An eight-part series on homelessness (causes, demographics, solutions)
- Community land trusts
- Rents and migration
- Right to counsel
- Social housing in Vienna
- Upzoning in New Zealand
- Inclusionary housing, minimum lot size reform, the Fair Housing Act, de-valuation of homes in Black neighborhoods, suburbanization in Mexico, Singapore’s public housing, bundled parking, transit-induced displacement, homelessness interventions, vacant housing, real estate transfer taxes, public housing and tenant power, rent control, immigration and housing precarity, ADUs, homeownership...

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What does Hendersonville look like today (2020)?

Population: 15,102 (up 15% from 2012)

Housing units: 7,651 (up 20%)

- 1 unit: 49%
- 2-4 unit: 19%
- 5+ unit: 28%

Median home value: \$253,700 (up 19%)

- Zillow estimate in May 2024: \$413,924

Median rent: \$1,107 (up 22%)

Vacancy rate: 7.7% (down from 20.7%)

What does Hendersonville look like today (2020)?

Tenure: 52.5% renter, 47.5% homeowner

Median income: \$50,198 per year

- Renters: \$37,833
- Homeowners: \$64,728

Average household size: 1.9 (down from 2.3)

- 1-person: 47.1% (up from 37.6%)
- 2-person: 34.5% (down from 36.1%)

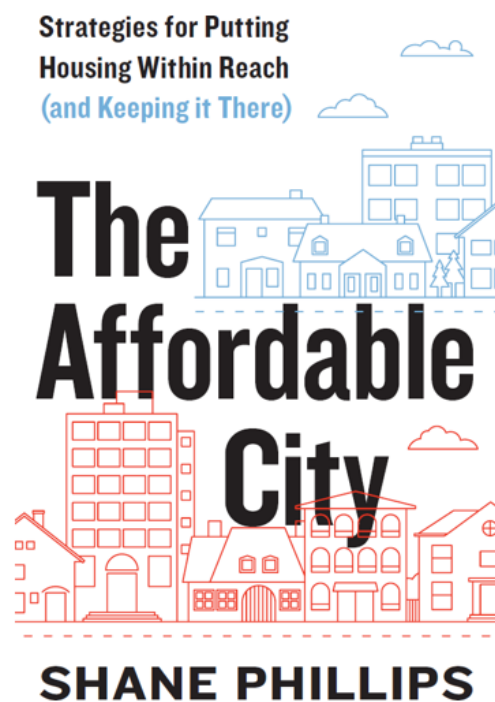
Housing stock:

- Studio / 1 BR: 22%
- 2 BR: 44%

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THE THREE S'S

Supply
Stability
Subsidy



Supply

Physical constraint: Growing, changing populations require a growing and changing stock of homes – you can't redistribute your way out of a shortage

Economic constraint: When housing is scarce, homeowners and landlords gain market power at the expense of homebuyers and renters

Supply Policy Examples

- Build up commercial corridors and centers, where residential displacement is unlikely
- “Broadly upzone” wide swathes of cities and towns
 - Missing middle, mid-rise, high-rise, small lots, micro-units, townhomes, stacked flats
- Make homebuilding “by-right” — increase certainty, lower cost
 - In other words, do quality planning up front, then stick to the plans you’ve made
- Reduce or eliminate parking minimums

Stability

What are our moral obligations?

How do we ensure dignity and a reasonable level of security for every household, regardless of tenure?

Stability Policy Examples

- Rent-stabilizing older housing
 - Usually paired with “just cause” eviction protections
- Limiting “low-yield” redevelopments
- Facilitating negotiated buyouts or “right of return” for displaced households

Subsidy

What gaps aren't being fully addressed by supply or stability policies?

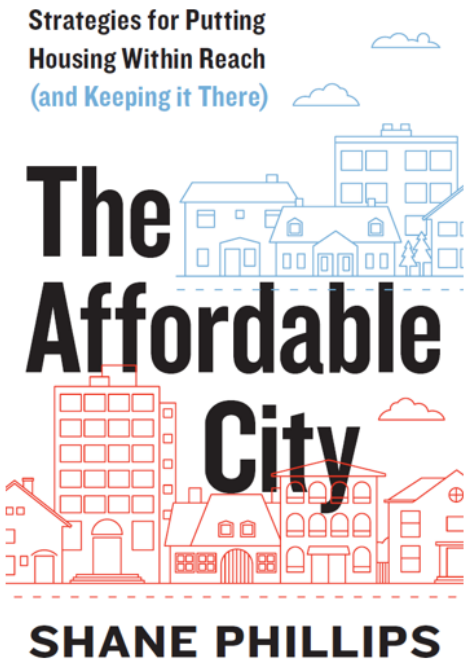
How can funds be generated in ways that also incentivize helpful behavior?

Subsidy Policy Examples

- Affordable housing construction subsidies and rent assistance
- Property tax abatements
- Taxing underutilized property
 - Not just empty units, but empty or underutilized land

THE
THREE
S'S

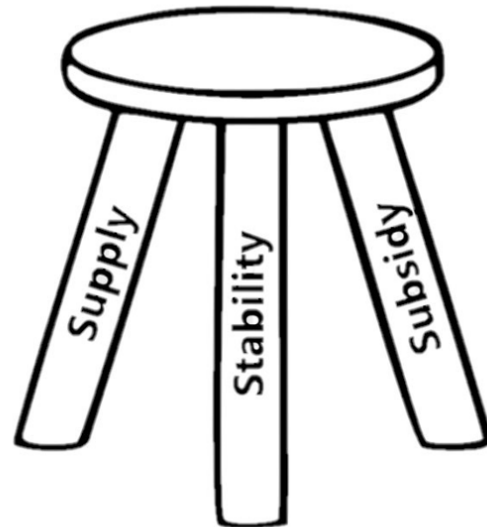
Supply
Stability
Subsidy



A Three-Legged Stool for Affordability

Supply, Stability, and
Subsidy work better in
combination, mutually
reinforcing each other

Remove any, and it topples



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"IF YOU
CAN'T SOLVE
A PROBLEM,
ENLARGE IT."

Housing markets are complex, and most policies have both positive and negative impacts, winners and losers.

Instead of abandoning good policies (with much more benefits than costs), we can "enlarge the problem" by adding complementary policies that tackle unintended consequences directly.

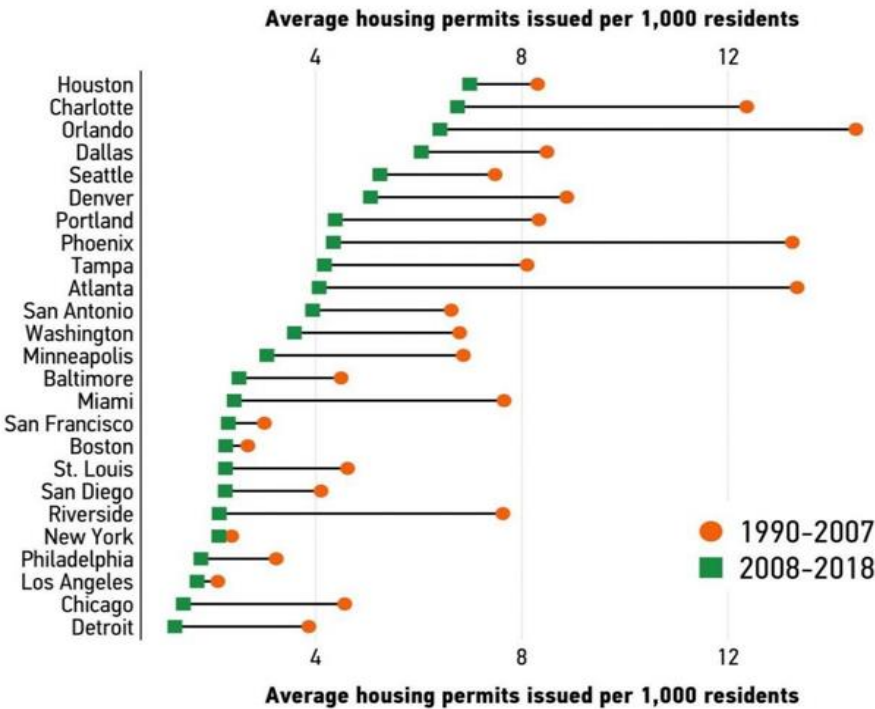
ENLARGING THE PROBLEM EXAMPLE

If increased homebuilding raises concerns about gentrification and displacement, the solution isn't to permit less housing – which we need.

It's to tackle those unintended consequences head-on, both in the ways we encourage development and with protections and mitigations against harm.

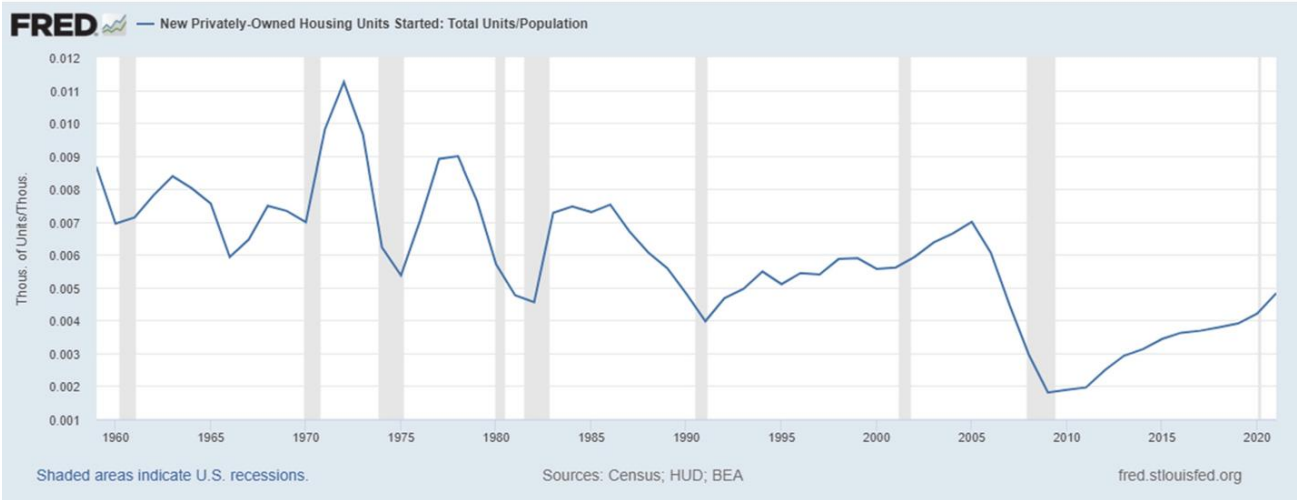
Housing scarcity is worsening

Every major U.S. metro is building less housing



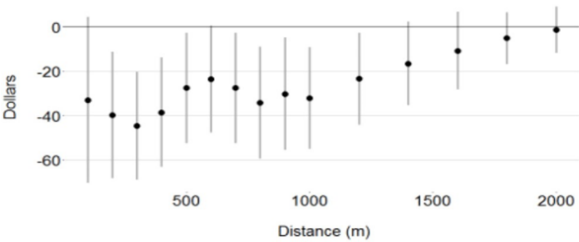
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Housing scarcity is worsening



All else equal, places that build more housing are more affordable than those that build less

See: “Supply Skepticism Revisited”
from the NYU Furman Center



(a) 1BR Rents

Pennington, K. (2021). Does building new housing cause displacement? The supply and demand effects of construction in San Francisco. *Working paper*.

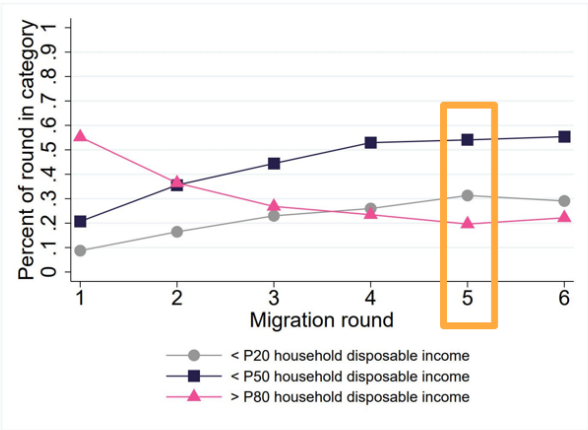
New buildings “pull people up” into higher quality homes, loosening pressure across the market

Move 1: Household A moves into new \$2,000/month market-rate unit, leaving behind a \$1,600 unit.

Move 2: Household B moves into \$1,600 unit, vacating \$1,300 unit.

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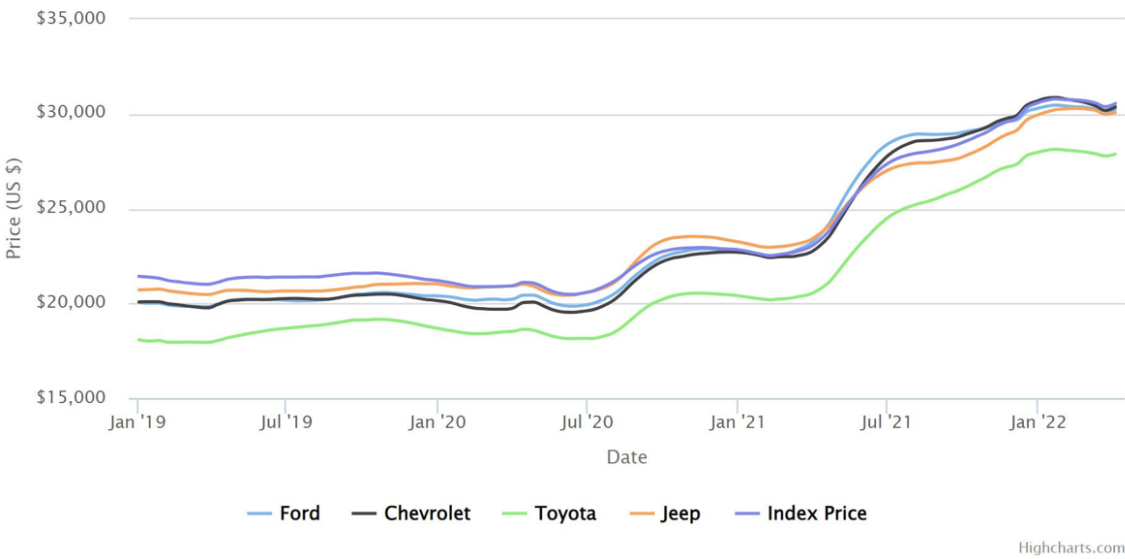
Move 5: A vacancy is created in an \$800/month unit – without subsidies



(e) Market-rate, individuals

Bratu, C., Harjunen, O., & Saarimaa, T. (2023). JUE Insight: City-wide effects of new housing supply: Evidence from moving chains. *Journal of Urban Economics*, 133, 103528.

Learning from the used car market



There’s no such thing as “no growth”

Cities and towns generally have three paths:

1. Growing housing stock
2. Growing housing prices
3. Stagnation and decline



What's New and Next?

Where housing is headed

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Missing middle housing

Missing middle: Everything from rowhouses to 3-4 story apartment and condo buildings

Benefits:

- Low construction costs
- Shared land costs
- Low barrier to entry for homebuilders
- Similar scale to existing buildings



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Broad upzoning

Broad upzoning: Allowing denser, more affordable housing citywide, not one n'hood/corridor/parcel at a time

Benefits:

- Reduces windfall increase in land value from targeted upzones
- Lower land costs can be passed on as lower rents/prices
- Shares burdens of growth

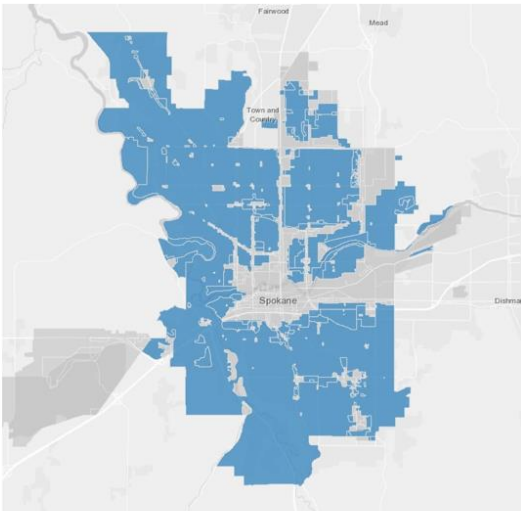


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U.S. cities are already pursuing broad upzoning + missing middle in big ways

In late 2022, Spokane, WA upzoned 2/3 of the city, allowing 3 stories, unlimited floor area and density, and at least 50% lot coverage on all residential parcels



Other places to watch:

- Burlington, VT
- Sacramento, CA

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**LEARNING
FROM THE
“MONTANA
MIRACLE”**

- Big tent
- Quick process
- Open dissent
- Healthy fear about the consequences of inaction

Stay Positive!

You’ve created a wonderful community that people want to call home. If you were able to do that, then there’s nothing stopping you from making it even better.



Following the presentation, a panel of speakers addressed questions that had been submitted by the community. The panel consisted of: City Community Development Director, Lew Holloway, County Community Development Director Chris Todd, UNC School of Government DFI representative Sarah Odio, Dogwood Trust representative Sarah Grymes; and Shane Phillips.

The meeting ended at approximately 7:45 p.m.

ATTEST:

Barbara G. Volk, Mayor

Jill Murray, City Clerk