

Affordable Housing in a Small Southern Town

By Randall Arendt

The affordable housing approach taken by Davidson NC (population 10,944) is a small-town success story with potential for replication elsewhere. It was conceived during a moratorium following a high-growth period in the early 1990s, in a visioning process to determine what people meant when they said they wanted the town to continue looking like itself, rather than change radically. Although many concerns involved the physical appearance of streets and neighborhoods, and the loss of open space, another arose from the recognition that many existing residents would not be able to afford to live there if they had to buy a home at current prices.

Local leaders realized that the traditional diversity of people in town was an important community asset that was at risk, as most new homes cost far more than salary levels for local policemen, firefighters, teachers, nurses, and librarians would allow. To help persuade a skeptical public, staff put real faces on the statistics and included photographs of a firefighter chief and a school principal as examples of the kinds of local people who would be eligible for affordable homes. This pro-active stance for inclusionary housing is essential if we are to build caring, “complete communities” where people who provide municipal services and others at their economic level can afford to reside.

In the mid-1990’s Davidson formed an affordable housing committee and the nonprofit Davidson Housing Coalition (DHC) to address the issues. To hasten progress, the town amended its ordinances in 2001 to require a mixture of housing types and prices in every neighborhood, recognizing that single-family developments decrease diversity. From then on, it has been Davidson’s official policy to actively discourage development targeted at only one socio-economic group. The affordable housing ordinance of 2001 requires that 12.5 percent of new dwellings be built and sold in the affordable range, based on federal income guidelines. Unlike many other communities, Davidson does not offer density bonuses. Developers either provide the housing as a project component, or they pay a fee in lieu. Developers may opt out of the minimum required percentage by making a payment-in-lieu of \$69,400 per affordable unit (2013 figures) to the affordable housing fund. This is equivalent to the sale price of a dwelling for a household of four with a household income less than 50 percent of the area median income, and whose mortgage payment is 23 percent or less of its total income.

Funds totaling \$225,000 from these fee-in-lieu payments were given by the town in 2007 to Community Housing Partners (a national non-profit housing agency with headquarters in Richmond VA) to help with the purchase and renovation of 73 very low to moderate income rental units, which opened in 2012.

Another progressive requirement is that the design of affordable units must harmonize with neighbors and be dispersed throughout the community. Town policy is that these sites should be supported by public transit or at least by pedestrian and bicycle facilities that connect them with workplaces, shops, schools, community facilities, and parks. Long-term affordability of for-sale units is ensured through deed restrictions on the property for 99 years. To ensure continued affordability, deed restrictions permit original purchase prices to be increased only by the percentage change in the area median income.

The land trust created by the DHC reduces initial housing costs by 25 to 30 percent and retains title to the land when the house is sold. These deed restrictions contain a resale formula that provides a fair return to unit owners who share in part of the appreciation. This formula also ensures that the units will be resold at a price affordable to future income-qualified households. In both programs, households may remain in an affordable unit even if their incomes later increase. To prepare people to manage their own finances and to assume responsibility for home ownership, town government partners with the DHC to

conduct courses on home ownership. Applicants receive free individual counseling and are accompanied to banks by staff who help them secure mortgages and protect their interests.

Four of 15 brownstone townhouses are affordable at Harbour Place, a mixed-use development containing shops and offices near Exit 30 on I-77. The developer used the payment in lieu program to build two additional units (at \$61,000 each) elsewhere. Thirty-two new rental units were generated through the charrette process, required by the town for all major developments, planned with broad community support and built near the town center in 2000 at the Bungalows project. It is occupied by renters earning 50 percent or less of area median income (the lowest income category) and received a Maxwell Award from the Fannie Mae Foundation in 2002.



Figure 9-13: The six-unit residence (left), built on Park Street, was modeled on an older house on Jackson Street-(right), whose owner allowed the Davidson Housing Coalition’s architects to measure it to create a multi-family house similar to a large single-family home. This design was used twice at the Bungalows, on opposite sides of the street, creating a dignified gateway to this moderate-income neighborhood. It has also been used once on Potts Street. Source: Kris Krider (both)

At Creekside Corners, the DHC built 13 rental units in addition to two new single-family houses for sale. In 2006, it built a triplex rental in the bungalow style, adding two two-bedroom units and one three-bedroom unit to this property. Three years later it renovated the historic Ralph Johnson House, adding a one-bedroom unit and a three-bedroom unit to the complex.



Figure 9-14: Affordable single-family units near Harris Teeter grocery, along Jetton Street (left). The Davidson Housing Coalition, a local affordable housing nonprofit, built this affordable fourplex which fits seamlessly into the surrounding neighborhood at Creekside Corners. Duplex units are situated to its left and right, built in compatible styles. Source: Kris Krider and Marguerite Williams

At Summers Walk, a large development involving four phases, 30 single-family affordable homes were built on 24-foot lots by the developer, as required by the planning ordinance. Additional affordable units are required and will be built in later project phases. Resident amenities include a 3,300 SF clubhouse, three pools, a dog park, and walking trails. The homeowners pay only 14 percent of the standard HOA fee per year.

The 48-lot Deer Park neighborhood is part of a mixed-use development that will ultimately contain a business park, retail space, a hotel and conference center, restaurants, and an 11-acre public park with walking trails around Lake Davidson. Ten single-family homes were developed and sold there by the DHC in partnership with local builders, using the land trust model. As a result of creative financing, partner commitments, and several local initiatives, these homes initially sold in 2003 for \$90,000 to income eligible homebuyers, compared with up to \$145,000 for the market rate houses.

The DHC is planning to build 24 apartments in eight cottages (similar to those in the Bungalows neighborhood) on 2.24 acres of land donated by a developer. It will be known as Bailey Springs.



Figure 9-15: The developer of the St. Albans infill neighborhood (left) complied with Davidson's wishes that a number of affordable units not only be provided, but also be integrated physically and not set apart. The design solution was to insert them between market-rate units in townhouse formations, shown above, as was also done at Wyndcrest, noted later in this chapter. In 2006 Davidson College built eight units of attached affordable homes for staff and faculty in an L-shaped building bracketing a small neighborhood green with a large willow oak tree (center). The other side of one of the two wings faces Main Street, with a modest front setback (right).. Ultimate plans call for a second L-shaped building to create a quadrangle and a courtyard. Source: Marguerite Williams (left), Kris Krider (center and right)