



Remarks for Charlotte Housing Forum 2007 February 22, 2007

Thank you, Bart, for your kind introduction. It has been a good productive, full day, with many useful ideas.

I'd like to thank Stanley Watkins, the City Council and the Housing Charlotte Planning Committee for inviting me, and all of you for devoting your time and resources to a critical question for Charlotte but really every major city – how can you be inclusive in the design of the future of the city, how do you retain and enhance the life of the service sector – the working people – and their families – how do you provide for those who have been left behind? How is this best done in a post global world most efficiently, most smartly, most productively for the future of the city that you care so deeply about? What are best practices?

Yet, this event is not only about being a good houser or a good citizen or a visionary leader but even more importantly, about self interest in sustaining services you need, helping small businesses, creating a vibrant urban life that is attractive for you, your families and others. You should be building a first class city and metro area and stopping at nothing less. I'm sure Hugh McColl, who I see is honorary co-chair for this event, could have stopped and said NCNB was big enough, good enough, many times over. **No**, he wanted it to be exceptional, and he spurred First Union and Wachovia and vice-versa until Bank of America formerly headquartered in S. F. is headquartered in Charlotte, and First Union and Wachovia are now Wachovia, and Charlotte is the center (along with the smaller cities of Chicago and New York) of the banking industry.

You in this room should not say you've done enough affordable housing or good enough, or tried hard enough – you should set out to do the whole job. There is certain defiance in Charlotte's history that has created it the way it is; Charlotte has had to overcome numerous obstacles to succeed so elegantly. You in this room can make Charlotte the best it can be; you can experiment with housing policy, you can



endure failure until you get to success, you can shape the nature of this society along the lines you would like to see. Great cities are diverse, interesting, creative, and attract people of all incomes with special attention paid by the best cities to accommodate those who need help. So should you! You heard this morning from Bruce Katz that compared to many other cities, you have the capacity for that to happen.

So why does affordable housing matter so much anyway? I was privileged to serve on the bipartisan Millennial Housing Commission in 2000 and we went all over the country looking at what worked and what didn't and the impact of housing policy on cities and people. I believe this summary statement is pretty good at getting at what we found:

“Decent and affordable housing has a demonstrable impact on family stability and the life outcomes of children. Decent housing is an indispensable building block of healthy neighborhoods, and thus shapes the quality of community life. Better housing can lead to better outcomes for individuals, communities, and American society as a whole. In short, housing matters.”

It matters in all kinds of outcomes. . .

I also remember feeling righteous indignation that we couldn't do a better job, in a very wealthy country, of putting affordable housing where it was most needed and where it was best economically and socially - sort of a moral imperative given all we know, let alone maximizing an economic asset.

I was chastened by one of the other Millennial Housing Commissioners, as we were called, and promptly put in my place. [Permit me. Story of Parish priest in Cork County, Ireland]

So I'd like to turn away from holy indignation and moral imperatives to take a very practical look at what can be done. You have heard the statistics, seen the trends today. Bruce Katz gave you a wonderful overview of what you should strive for.



A Community Forum on **Affordable Housing** Keeping The Economic Engine Running *Solutions for Tomorrow*



There is a significant need not only for the lowest income people which is where Enterprise spends most of its effort but also for moderate income people – the average teacher, office worker, firefighter, medical assistant who can't afford a median-priced home in Charlotte. Then there are the special needs housing populations – for instance, your large state mental institutions are shutting down and many formerly institutionalized people who could live independently well with supportive services will become homeless and seek out Charlotte and cost a great deal to your emergency room hospital care and your quality of life, at their own expense and yours unless they are helped appropriately.

There is a better way. So in short, there is a whole continuum of people who need different levels of help, and there are proven ways to serve them. Today is not just about land, financing, and units but also about community – creating a better opportunity for a more productive life for low and moderate income families which in turn helps Charlotte. It is ultimately about Charlotte's competitiveness.

Many best practices have been mentioned today, all are worthy of exploration and adaption. All involve land and resources and capacity. You can be creative and should find every available affordable site – excess land for schools, public sites, brownfield sites, grayfield sites, whatever is available and you should use every resource available and employ fully your mission driven capacity. Yet it will not be enough to meet the need. That doesn't mean don't do it, but it does mean that solutions need to be bigger. So I would like to concentrate on a few key items – 5 to be exact: Locational policy, inclusionary zoning, and connection to schools, green affordable housing, and property tax relief.

You have a very sensible locational policy already in place to try and disperse affordable housing throughout the Charlotte community. It is admirable. If I understand it right, no subsidized housing development can be built within a half mile of another subsidized housing development. It makes sense as a policy but does it work? It forces affordable housing developers to try to funnel development into higher cost housing and land areas or at the margins where there aren't adequate services, or a supportive community, it forces the negative economics of



costly land or development in undesirable locations. It is very expensive to buy your way into desirable locations for affordable housing without a proper policy environment that directly addresses these issues. Your locational policy may hinder new affordable housing development without all the tools necessary to carry it out.

Furthermore, as important as the efforts of the nonprofit community are, and Enterprise sponsors many nonprofit groups around the country because of what else, besides housing, they can bring to the table around community, the sheer magnitude of the projected shortage, 17,000 primarily rental units, means the private sector has to be more deeply involved. They are typically building in the more costly housing and land areas.

If Charlotte wants to be truly serious about its efforts in housing, like it was in banking, it needs to tackle this issue at size and scale to make a real impact upon the issue. The dirty word, inclusionary zoning, mandatory inclusionary zoning, ought to be a topic of conversation. Charlotte needs to explore the concept and the incentives necessary. Not only density bonuses, that might not do enough for developers here, but real subsidies that help pave the way. The object would be to get developers interested who can create the prototype for a vibrant development environment that truly embraces mixed income development, and shows how inclusionary zoning can both work and be profitable.

Enterprise has been working in Atlanta with Ron Terwilliger, CEO of Trammel Crow Residential, the largest multifamily developer in our country, who has proposed inclusionary zoning for Atlanta. By statute in Georgia, inclusionary zoning needs to start voluntary until a state change can be instituted. For all the reasons we have enumerated, Ron believes developers are going to find that mandatory inclusionary zoning makes sense to do. He wants it to serve workforce families, those from 60 – 120% of median income but with the right to buy it down further. Ron has just recently donated \$5 million dollars and set up the Terwilliger Center at the ULI to forward the goals of workforce housing including inclusionary zoning and other best practices.



I believe that connecting viable subsidies to a mandatory inclusionary zoning ordinance will move Charlotte toward its goals. You have a housing trust fund; it needs to be more fully funded and might be made to easily interface with other policy initiatives such as inclusionary zoning.

For the more mission driven developers there is also the opportunity to look at making project-based Section 8's from the Housing Authority through its moving to work demonstration interface with inclusionary zoning. If incentives are certain, for profit and nonprofit developers will figure out ways to better address the workforce housing issue and to get down to those lower income residents and families that could take advantage of a better living environment and greater opportunity.

You also have opportunities around Charlotte's new light rail stops and denser transit-oriented development certainly makes sense, particularly since transportation is the second highest cost for low income families after shelter. Encouraging changes to the existing locational policy that prohibits no more than 20% affordable housing per project to the larger objective of encouraging more than 20% affordable housing in these half mile areas makes great sense. Low income housing tax credit allocations in North Carolina unfortunately, tend to be 100% affordable per project. And until there is a viable inclusionary zoning policy in place, encouraging affordable housing around transit stops may need to reflect the realities of how affordable rental housing is allocated in North Carolina.

To summarize, as a short term strategy, while you do all you can to take the ideas of today and maximize use of surplus and underutilized land, increase resources through the Housing Trust Fund and other means, adopt best practices around supportive housing – case management coupled with affordable housing – utilize available federal, state and local resources, building nonprofit capacity. . .while you do this and reach out to faith-based groups who might , partner with skilled developers, to enhance the reality of community, you should also tap the for –profit development community to more fully implement your locational policy which can



only really be carried out through inclusionary zoning that works – not only density bonus but real subsidies.

All of this is not mechanistic – real community comes where there is a mix of incomes and uses that generate jobs but also real opportunity and that means school reform and schools must be connected to community development. Education is the elevator in our global society, yet it needs to be tied to community change in low-income area. Enterprise has worked closely with a number of developers, nonprofit and for profit, who have tied mixed income community development to better schools. You heard from Carol Naughton of East Lake in Atlanta; Richard Barron connects all his developments around the country to school reform, has done so in Atlanta and Baltimore, and there are numerous Hope VI's that connect better schools to specific community development. We need to offer good educational opportunity as part of any affordable housing strategy.

Let me add a further thought of how affordable housing might be conceived. In a time of accelerating energy and other property management costs, “green” affordable housing makes sense – by that I mean energy efficient, water efficient, well located affordable homes with good indoor air quality. Enterprise has led the country in this effort through our Green Communities criteria, an initiative that has caught fire – a ½ billion, 8,500 unit, 5 year initiative that will be completed in 3 years. Simply stated, you can build affordable housing within a 3% capital cost premium that will provide energy and operating efficiencies that pay back that investment within a couple of years. And Enterprise will ease the way with grants! While Charlotte is building affordable housing, it should do it right for the future benefit of itself and its residents.

And as you do your building right, and increase the value of close in locations, as formerly low income areas – in essence as gentrification and market forces intervene to potentially undermine your very success, many cities are turning to property tax relief strategies to help seniors and first time homeowners stay in place, to allow affordable homes to remain affordable, to lower the operating costs on affordable rental housing.



Usually property tax abatements need state legislative approval and if you can't use this tool in your arsenal, you need others. Getting to mixed income communities is hard enough; keeping them that way is an even bigger issue.

Charlotte is a *can do* community. It thinks big. It has done so in its financial institutions; it wanted major league franchises and it got them. It is a smart, self created metropolitan area. Why not think big about its housing policy, its current workforce, its services, its future workers, the way it provides opportunity, the character of its values.

This is not just about housing. It is about how you think about what you do. Jim Rouse, founder of Enterprise, was a can do developer, who thought of more than success as a developer or in monetary terms, although he succeeded at both. He felt we were a co-creators with God of an unfinished work. Quoting Jim's realization through a course he took in religious studies, "This book spoke of creation not as a single act in time, but as a continuing process in which God uses man and woman as his instruments for the continuing process of creation. Each of us can see ourselves as co-creators, with God in relationship to human institutions, with one another and with the natural environment. Seeing oneself with that marvelous sense of importance and responsibility is a great North Star out there to sail by. . ."

And if he believed in the importance of what and how we create, he acted according to another precept he loved: "Whatever you can do, or dream you can, begin it. Boldness has genius, power and magic in it." Take the momentum of today, think big, act wisely and be bold.

Thank you!