Inclusionary Housing in North Carolina:
An Exploratory Case Study of Four North Carolina Communities

by

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Chapter 1: Introduction

Housing, especially affordable housing (AH), influences health outcomes on both an individual and on a community-wide level (Freeman, 2002). AH is a crucial component of healthy communities; its availability ensures the continued ability to attract and retain businesses and the means to sustain employment growth (Feldman, 2004). Therefore, a lack of AH can negatively influence the local economy and health. Both from a public health and a planning standpoint, housing is an important entry-point for interventions (Krieger & Higgins, 2002).

According to the Department of Housing and Urban Development (HUD), for housing to be affordable, it requires the expenditure of 30 percent or less of a household's annual income (U.S. Department of Housing and Urban Development, 2007). An estimated 12 million individuals in the United States, both homeowners and renters, pay more than 50 percent of their annual income for housing, (U.S. Department of Housing and Urban Development, 2007) and one-third of all households currently spend 30 percent or more of their income on housing (Joint Center for Housing Studies of Harvard University, 2004). Sadly, "a substantial proportion of households with worst case needs, low-income renters paying 50% or more of their income on housing expenses, experience these problem's despite being fully employed" (U.S. Department of Housing and Urban Development, 2003). In fact, 41 percent of families experiencing worst case needs earn the equivalent of a low-wage, full-time position (U.S. Department of Housing and Urban Development, 2003), defying the perceptions of who is in need of AH.

The ability to access AH is important on an individual level because it influences health in three important ways: The *quality* of a house can lead to individual health outcomes

(i.e., asthma and lead poisoning) (Northridge & Sclar, 2003); the *location* of a house can influence life-long opportunities (i.e., access to education, quality healthcare) and have other neighborhood level health effects (Braubach, 2007); and the *affordability* of a house can influence opportunity costs (i.e., forcing individuals to make choices between spending money on housing and other needed items) and hinder a family's ability to pay for other necessities, such as nutritious food and healthcare (Anderson et al., 2003). The affordability of housing is a key determinant of health (Fullilove & Fullilove, 2000; Hood, 2005; Krieger & Higgins, 2002).

North Carolina has experienced rapid growth in recent years, with an estimated addition of over 500,000 residents and a 6% growth rate between 2000 and 2006 (United States Census, 2000). Predictions are that the state will grow substantially in the near future, adding at least four million residents (the current population of South Carolina) by 2030 (United States Census, 2000). Today, nearly 30 percent of North Carolinians pay a burdensome proportion of their income on housing costs (North Carolina Housing Coalition, 2007) suggesting that North Carolina could be on its way to an affordability crisis.

One strategy that attempts to alleviate the health-related issues of limited affordable housing (quality, location and affordability) is inclusionary zoning. Inclusionary zoning, also referred to as inclusionary housing (IH), requires that developers provide a percentage of units as affordable to low- and moderate-income households in new developments (Brown-Graham, Schofield, Hill, & Corbett, 2004). IH requires that private developers provide much needed AH which will benefit the "working poor" in growing municipalities. The policy has been successfully implemented across the United States, including communities in

California, Colorado, Virginia and Montgomery County, Maryland (Brown-Graham et al., 2004).

Despite the success of IH policies in other growing states, few North Carolina municipalities have successfully incorporated IH as an approach to address their increasing needs for AH. It has been suggested that this is because there is no state enabling legislation that gives municipalities the explicit legal authority to implement IH policies within their communities (Brown-Graham et al., 2004). However, even though there is a lack of legislative authority, four municipalities in North Carolina currently have mandatory IH policies. With this precedent the question becomes, why are more municipalities in North Carolina not adopting this approach?

The project's overall goal was to understand why some municipalities in North Carolina have created an inclusionary housing (IH) policy, while others have not. In-depth interviews with public officials, affordable housing advocates, and developers in a sampling of four North Carolina municipalities using or considering an IH policy will be utilized to answer the following research questions:

1. What is the economic, social, and political context in which affordable housing is articulated as a policy problem?

2. What economic, social, and political factors are associated with using inclusionary housing as the policy solution?

Results from this project will inform affordable housing advocates, community leaders and policymakers about affordable housing policy development within North Carolina municipalities, including the policy of IH.

The next chapter provides a review of the relevant literature on the importance of affordable housing to health, historic federal housing and affordable housing policy solutions and a detailed discussion of one fairly recent policy – inclusionary housing. Chapter three outlines the method used and presents the conceptual model that guided the research process and development of interview questions. Chapter four summarizes the results, Chapter five provides a revised conceptual model, a discussion of the results and limitations of the study, and Chapter six provides conclusions and suggested strategies for ways to increase the potential for creating and adopting an IH policy within North Carolina municipalities.

Chapter 2: Background - Health, Housing and Policy Solutions

A shelter from the elements, a space of refuge and security, a location one returns to every night for rest, a component of a neighborhood, a place one can call home and, for some, an investment and capital resource. All of these various aspects of housing are what make it an essential component of every individual's daily existence. Even if someone is homeless, the desire for housing or the necessity of finding a place to sleep at night can dictate daily activities – housing is a central _need_ for every human being. Not surprisingly, housing can be found among Abraham Maslow's hierarchy of needs as one of the most basic requirements for human life (Fullilove & Fullilove, 2000).

Despite the fact that most Americans' are well housed – in 2003, 68.3% of American's owned their own home - there continues to be a prevalent affordability problem, increased crowding conditions, a continued homelessness issue and a large number of households that live in substandard housing units (Joint Center for Housing Studies of Harvard University, 2004). These challenges affect the health and well-being of American's in their ability to secure affordable and healthy housing. This chapter will describe the importance of focusing on housing because of the relationship between housing characteristics and health. It will further provide a brief snapshot of the role the government has played in the housing market and through policy level AH solutions. Finally it will provide one policy level solution that has found an innovative way to leverage private dollars to help further meet the AH needs of the community – the policy of inclusionary housing.

I. Housing Characteristics and Health

Many studies have shown the complex relationships that exist among housing, education, employment opportunities, healthcare and health (Wehrwein & Pollack, 2005). Specifically, research has focused on how housing influences health outcomes within three primary areas – housing quality, housing location and housing affordability.

> *"The quality of housing* conditions *plays a decisive role in the*
>
> *health status of the residents." (Bonnefoy, 2007)*

A. *Housing Quality and Health*

Housing quality contributes to the health status of individuals, with many health problems either directly or indirectly linked to the physical dwelling (Morley, 2004). Poor quality housing is a key determinant of individual level health effects, and substandard housing is a major public health issue (Bonnefoy, 2007; Krieger & Higgins, 2002).

Poor quality, dilapidated housing is associated with increased exposures to mold, asbestos, moisture, dust mites, cockroaches and rodents (Bonnefoy, SanEng, Moissonnier, SanEng, & Robbel, 2003; Hood, 2005). Allergies, respiratory infection, arthritis, rheumatism, heart disease, and other cardiovascular problems stem from exposure to mold and pests and/or from increased indoor air pollution from poor air circulation in homes (Barton et al., 2007; Bonnefoy et al., 2003). Asthma is also a well-known outcome from exposure to these elements (Breysse et al., 2004; Welch & Kneipp, 2005). Currently, 7.2% (22 million) adults and 8.9% (6.5 million) children are living with asthmatic symptoms in the United States. Although there is no direct evidence that every asthma-related death is home quality induced,

according to the CDC, 4,055 people died in 2003 from asthma-related fatalities making asthma a serious public health issue (Center for Disease Control and Prevention, 2007).

Older, poorly maintained homes have higher risk factors for exposure to lead (Wehrwein & Pollack, 2005), which is a toxic substance that can produce a variety of negative health outcomes in adults and children (Krieger & Higgins, 2002; "Lead Poisoning," 2007). Lead exposure can occur in multiple forms, including paint (most homes prior to 1978 used lead based paint), household dust, air, drinking water, hair dyes or other cosmetics. Most lead exposure, especially in children, originates from the home ("Lead Poisoning," 2007). Lead, when absorbed into the body, can cause damage to the brain, kidneys, nerves and blood, potentially affecting children's behavior, intelligence, and development (Krieger & Higgins, 2002). According to HUD, approximately 25% of the housing stock - about 24 million homes - contain a significant amount of lead based paint and pose a potential threat to residents (U.S. Department of Housing and Urban Development, 2007), making this a significant nationwide public health issue.

Other, somewhat less studied housing quality related issues stem from unintentional household injuries, that have also been linked to substandard housing (Krieger & Higgins, 2002; Morley, 2004). There is some evidence that home quality and living conditions can influence mental, physical and social health (Bonnefoy, 2007; Braubach, 2007; Hood, 2005; Shaw, 2004). One study found a correlation between housing quality and psychological distress (Evans, Saltzman, & Cooperman, 2001), suggesting that housing quality may influence individual's overall well-being in life.

"Now [when we're at] the beginning of the 21st century, there is a

growing awareness that health is linked not only to the

physical structure of a housing unit, but also

to the neighborhood and community in which the house is located."

(U.S. Department of Health and Human Services, 2000)

B. *Housing Location and Health*

The quality of a neighborhood may be more important to the health and well-being of individuals than the quality of the housing unit (Taske, Taylor, Mulvihill, & Doyle, 2005). The neighborhood where people live directly impacts opportunities, social interactions, health and quality of life (Braubach, 2007; Dunn & Hayes, 2000; Hoch, Dalton, & So, 2000), making the residential environment in which a house resides a relevant health determinant (Braubach, 2007; Ellaway, Macintyre, & Kearns, 2001; van Poll, 1997).

Housing location can affect multiple factors that impact health outcomes. Where a house is located influences the convenience of access to and availability of work, the walk-ability of a neighborhood which provides the opportunity for daily physical activity, the availability of parks or playgrounds, the access to alternative transportation (i.e., bus or train), the availability of healthy food options, the quality and location of the schools, the proximity to unhealthy environmental triggers (i.e., air pollution), and the safety of the neighborhood (Bell et al., 2002).

The physical design of a neighborhood, including the availability of sidewalks, the proximity to recreational facilities, trails or work can all influence physical activity for community residents (Atkinson, Sallis, Saelens, Cain, & Black, 2005; Kligerman, Sallis,

Ryan, Frank, & Nader, 2007). The sense of safety one feels within a neighborhood can also facilitate or hinder the ability and quantity of physical activity in which one might engage (Bennett et al., 2007). Individuals who perceive that they live in an unsafe neighborhood will likely have decreased amounts of physical activity (Bennett et al., 2007), lending to less active community residents and influencing health outcomes in negative ways.

The cohesiveness of the community - influenced by characteristics such as a feeling of trust and a feeling of self efficacy to accomplish goals - can facilitate or hinder interactions among neighborhood residents and affect health outcomes (Bonnefoy, 2007; Cattell, 2001; Stafford & Marmot, 2003). Neighborhoods with better cohesiveness and social ties have decreased susceptibility to disease, lower rates of homicide and lower overall population mortality (Board of Aldermen, 2005). These social structures created within a neighborhood are a fundamental factor influencing health outcomes and well-being (Dunn & Hayes, 2000).

Increased segregation of households and neighborhoods within the United State based on income and race/ethnicity leading to impoverished areas, especially in urban centers, is a serious public health issue (Anderson et al., 2003). Low-income neighborhoods often experience disinvestment, which leads to fewer economic opportunities, lower property values and a smaller tax base for investment in schools, and often an increase in crime (Arigoni, 2001). Studies have also found that lower income and minority neighborhoods have fewer food options, less access to fruits and vegetables and more of a predominance of liquor stores (Moore & Diez Roux, 2006). Past research has shown that neighborhood environment represents a highly influential aspect of daily life that can either support or limit the mental, physical and social well-being of residents (Bipartisan Millennial Housing Commission, 2002; Bonnefoy, 2007).

"How people live and what they must pay for shelter

have a significant effect on personal well-being."(Daye et al., 1999)

C. Housing Affordability and Health

Since housing is often the largest single expense for many households, the affordability of a house has a strong potential to affect all aspects of life that are constrained by cost. Limited income forces individuals to make choices when spending their finances, giving up something they may need (i.e., health care) for something they must have (i.e., housing). These choices are often referred to as opportunity costs, or the value of an opportunity that is lost or sacrificed when an individual chooses to spend their resources on one course of action rather than another course of action (Economist.com, 2008). As people are faced with the opportunity costs of housing, in order to secure housing, they must spend more money than they feasibly can afford. By doing this, they must give up the opportunity of spending that "extra" money on other necessary items (i.e., nutritious food, healthcare, health insurance) with potentially detrimental outcomes.

In the United States, according to HUD, families who pay more than 30 percent of their income for housing are "cost burdened" and often have a hard time paying for other needed provisions (U.S. Department of Housing and Urban Development, 2007). The burden of high rent or mortgages leave poorer families with little money for nutritious food, doctor's visits, and other necessities (Anderson et al., 2003; Freeman, 2002). Lack of an affordable house is a significant hardship which often leads to other long term issues that prevent

families from having the ability to save for their future (U.S. Department of Housing and Urban Development, 2007).

Additional health issues related to AH include residential instability, overcrowding, and poor educational outcomes. Individuals who struggle with affordability often experience residential instability (i.e., moving from house to house) which can lead to increased stress and other related health outcomes (Anderson et al., 2003). Educational outcomes among children are influenced by a lack of parental involvement, lack of other necessary educational resources and the frequency of moves that cause a disruption of educational instruction (Astone & McLanahan, 1994; Brennan, 2007; Crowley, 2003). Expensive housing can lead to overcrowding, which occurs when people double up to keep costs down, and that can affect physical and mental health outcomes through interpersonal stressors and exposure to infectious disease (Cohen, 2007).

The Department of Health and Human Services (HHS) developed Healthy People 2010, a nationwide comprehensive health promotion and disease prevention agenda. Within the agenda of Healthy People 2010, the HHS set a priority goal of "promot[ing] health for all through a healthy environment" within which resides a section focused specifically on healthy homes and healthy communities (U.S. Department of Health and Human Services, 2000). Partly in response to the importance placed on housing within the goals of Healthy People 2010, the U.S. Department of Housing and Urban Development (HUD) created an office for healthy housing in 2003; and together with the Center for Disease Control and Prevention (CDC), they have set goals to work on improving housing conditions, with the ultimate goal of improving the U.S. population's health (Center for Disease Control and Prevention, 2006). These organizations and others, through their continued research and

involvement in the field of housing, have demonstrated the importance of housing to the health of individuals, communities, and populations. This interest further recognizes why housing has become and should continue to be a focal point for both planner and health practitioner intervention (Krieger & Higgins, 2002; Saegert, Klitzman, Freudenberg, Cooperman-Mroczek, & Nassar, 2003).

In many places around the country, housing is a major factor effecting land use and policy efforts and accounts for 70 to 80 percent of urban land uses (Hoch et al., 2000). Since housing is such a dominant force within the United State's economy (Hoch et al., 2000), housing policies have been a key focus for the federal government. Next, a brief history of the federal governments housing programs will be provided, including federal AH programs.

II. *Governmental Role in Housing*

Since the 1930s, the government has been involved in some aspect of housing (Daye et al., 1999). Government's involvement has included local government (focusing on housing standards and regulating safety) and the federal government (who has focused on expanding homeownership and providing housing for the poor) (Daye et al., 1999).

The first major federal piece of legislation was the National Housing Act of 1934, which established the Federal Housing Administration (FHA) and the Federal Savings and Loan Insurance Corporation (FSLIC) to encourage building during the depression by securing loans for banks and changing the avenues by which home loans had been made in the past (Hays, 1995). The goal of the 1934 legislation was to ultimately increase the housing stock and provide a "decent, safe, and sanitary dwelling" for all Americans (Daye et al., 1999). This legislation provided 30-year mortgages, better down payment terms and the

ability of many to realize homeownership that never could have before. However, because this initial legislation was targeted at individuals with middle-incomes to make homeownership more easily attainable, there still remained a need for housing among lower income groups (Hays, 1995).

To meet the housing needs of low-income households, the federal government made revisions to the Housing Act two years later and established the Public Housing Administration to create and manage public housing (Daye et al., 1999). Public housing was created, initially, as a safety net for those in dire housing needs. It was an attempt to reach the federal governments stated goal "of a decent home and suitable living environment for every American Family" (Daye et al., 1999). However, the concentrations of low-income individuals and families, along with the change of public housing from being a temporary safety net solution to a chronic low-income housing provider led to negative outcomes, including high crime and poor health (Katz, Kling, & Liebman, 2000; Welch & Kneipp, 2005).

Today, many studies validate the statement that "the way federal housing benefits are doled out across the population suggests a U-shaped curve: subsides are heaped on those at high- and very low-incomes, with little going to all the low- to middle-income households in between." (Carasso, Steuerle, & Bell, 2005) Beyond that, the largest federal funding budgeted for housing are tax incentives for homeownership (Daye et al., 1999), this benefit granted to predominantly high-income households is nearly three times the benefits provided through housing vouchers or public housing for low income households (Carasso et al., 2005). These findings suggest that the distribution of housing benefits are extremely unequal and inequitable in the United States (Carasso et al., 2005). Not only are benefits rarely

provided based on need, but a large subset of the population (low- and middle-income households) are left out entirely from the advantages of the tax incentives and/or the ability to build assets through housing homeownership.

Another further concern, besides the inequity of housing benefits provided by the federal government for housing and/or homeownership, is that spending for housing in recent years has decreased (Table 2.1) (United States Federal Government, 2008). These forces have created an environment where a greater need for AH exists then the federal government is able to fulfill – placing local communities in the role of finding ways to provide AH to their residents that does not rely so heavily on federal funding. The challenge becomes even greater as incomes are at a plateau and the cost of housing continue to rise dramatically (Bipartisan Millennial Housing Commission, 2002).

Statewide, federal spending for North Carolina in 2004 was 11.4% less than national statistics (United States Census, 2000), suggesting that funding for

Table 2.1: Federal Housing Spending
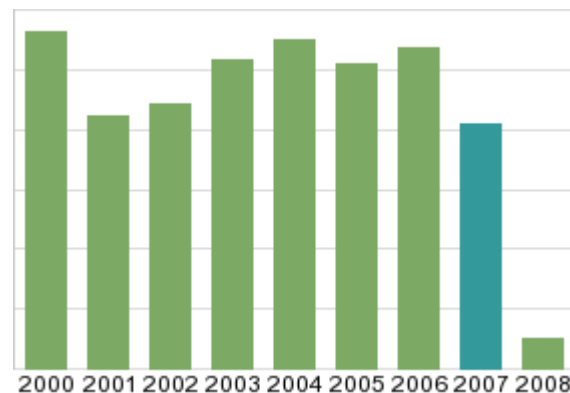
2000	$1,127,012,644
2001	$845,634,124
2002	$884,731,973
2003	$1,030,224,691
2004	$1,101,156,177
2005	$1,018,376,097
2006	$1,072,469,185
2007	$816,538,942
2008 1Q*	$101,975,301

*Note: FY 2008 only includes data up to first quarter.

Source: usaspending.gov

housing in the State is lower than national averages as well. North Carolina statistics on housing will be presented next in order to understand how housing, especially the affordability of housing is affecting residents within the state.

III.   *North Carolina Housing Picture*

As of 2000, an estimated two million North Carolina residents, nearly 28% of the state's population were experiencing a problem with housing affordability (paying more than 30% of their income in housing costs) (United States Census, 2000). At least 740,000 households do not have the ability to afford a safe, stable house within the state (North Carolina Housing Coalition, 2007). An individual must make an hourly wage of $12.61, twice as much as the current minimum wage, in order to afford a two-bedroom apartment at fair market rent (North Carolina Housing Coalition, 2007).

This statewide trend shows not only the plight of very low-income households who do not make enough money to pay fair market rent, but also the increasing burden of the moderate-income, working-class citizens (i.e., teachers, fire fighters, police officers) who are finding it more and more difficult to locate an affordable home, especially within the city where they work, often causing them to either pay a burdensome amount of their income on housing costs or forcing them to locate farther away for housing that meets their budgetary constraints (Lipman, 2006).

Due to decreased funding for housing at the federal level and considering the statistics showing the need for more AH in NC, innovative ways to meet the funding gap must be found to provide this AH throughout the state. Next, one innovative solution,

Inclusionary Housing will be suggested and described as one potential policy level solution. How this tool has been applied on a national and a state level will also be briefly discussed.

IV.   *The Inclusionary Housing Solution*

In late 1960s and early 1970s, in an effort to find solutions to the growing need for affordable housing, the concept of zoning to increase affordable housing stock was first attempted (Porter, 2004). Zoning is a land use planning tool applied throughout the United States to designate the "appropriate" use for land. It determines whether land will be used as residential, commercial, institutional, or industrial. It also determines other requirements, such as densities, lot coverage, and open space (Maantay, 2001). Zoning was developed because of the belief that various land uses needed to be separated to protect health (Maantay, 2001). Therefore, by determining appropriate uses zoning has the ability to impact the environment and health.

Inclusionary zoning, also referred to as inclusionary housing (IH), is an affordable housing strategy that establishes zoning regulations to require developers set aside a designated percentage of new developments or units as affordable (Brown-Graham et al., 2004; Brunick, 2004). It can take the form of a voluntary program, or it can be mandatory, mandatory programs are the only programs that have demonstrated successful outcomes (Brunick, 2004). Inclusionary zoning provides an increased supply of affordable housing within neighborhoods of "market rate" units. These affordable housing units hold income requirements and provide, in most scenarios, housing to individuals who make 50% to 80% of the area's median income – individuals who fall into the lower to moderate income bracket (*Inclusionary Zoning: The California Experience*, 2004). One of the best benefits of

an IH program is that it addresses the major health-housing related issues. IH provides new houses (quality), in new development areas among higher value houses and better neighborhoods (location) and provides affordable houses to lower income individuals who would not normally have access to them (cost). Table 2.2 lists some of the positive and negative, both perceived and real, outcomes of an inclusionary housing program.

Table 2.2: Inclusionary Housing Cost/Benefit Analysis

Positive	Negative
Provides dispersed affordable housing leading to economic and racial integration (location)	Requires private sector "solve" (or help to solve) the affordable housing problem
Creates housing through private sector (decreasing cost for local governments)	Can be confusing if done improperly
Provides affordable housing to the working-poor (i.e., teachers, firefighters, police officers)	Arguments that affordable units will affect property values
Gives individuals a sense of investment in their community	Arguments that other homeowners bear the cost of the affordable units
Provides homeownership to people who might not normally be able to afford to buy a house in the community	Not allowing people to "live the American dream" through decreased potential for asset building
Utilizes market forces to provide more units than a single organization/nonprofit could provide on their own	
Provides new built (good quality) houses	
Decreases sprawl (by increasing densely developed communities through density bonuses)	

Source: Multiple Resources on Inclusionary Housing

IH was developed in the late 1960s in response to practices within many suburbs that excluded AH (Porter, 2004). The first IH policy was enacted in Fairfax County, VA in 1971 (*The California Inclusionary Housing Reader*, 2003) and a similar program, and probably the most well known nationally, appeared shortly after in nearby Montgomery County Maryland (Brown-Graham et al., 2004). In several states, Massachusetts, New Jersey, and California most notably, state law mandated that local governments provide affordable units to ensure

housing in a full range of pricing (Porter, 2004). Inclusionary housing became one tool local communities could use to meet these state mandates. An estimated 400 communities have mandatory or voluntary inclusionary housing programs nationwide, producing an estimated 80,000 affordable units since the 1960s (Porter, 2004). California leads the country with municipalities utilizing IH, with at least 107 known programs with an estimated production of 34,000 units (California Coalition for Rural Housing and Non-Profit Housing Association of Northern California).

According to studies, communities best suited for IH are those that have 1) strong housing markets often because of increased growth; 2) land still to be developed or land that needs to be redeveloped; and 3) a public infrastructure that can facilitate new high density housing (Brown-Graham et al., 2004). Many of North Carolina's larger municipalities fit these criteria and yet, within the state, there are currently only four municipalities that have some type of mandatory IH policies and two others that have some type of voluntary program (Brown-Graham et al., 2004). Table 2.2 summarizes statistics for current North Carolina inclusionary housing communities.

Table 2.3: Inclusionary Housing Policies in North Carolina

Name	Inclusionary Housing?	Population Projection (2006)	Growth Rate (2000-2006 estimated)	Median Household Income	Median House Value	Percentage of Total Households paying 30% or more on housing
United States[a]	N/A	301,621,157	7.2%	$48,451	$185,200	35.4%
North Carolina[a]	No	9,061,032	12.6%	$42,625	$137,200	31.1%
Carrboro	Yes (Voluntary)	16,577	-1.2%	$33,527	$172,800	39.7%
Chapel Hill	Yes (Conditional)	49,919	2.5%	$39,140	$229,100 **(331,794)[b]**	38%
Dare County	Yes (Ordinance)	33,935	13.2%	$42,411	$137,200	26.3%
Davidson	Yes (Ordinance)	8,760	22.7%	$78,370	$270,000	18%
Kill Devil Hills	Yes (Ordinance)	6,614	12.2%	$39,713	$104,500	28.4%
Manteo	Yes (Ordinance)	1,290	22.6%	$29,803	$116,100	27.8%

Source: 2000 U.S. Census
[a] 2006 American Community Survey Data
[b] Data from Chapel Hill-Carrboro Chamber of Commerce (2003)

With the influx of new residents into the North Carolina (United States Census, 2000) and an increase in building and development within many of state's largest municipalities and their neighboring communities (building permits for single family homes increased 15% in 2004 and 10% in 2005) (Real Estate Center, 2008), understanding why a proven strategy such as IH policy has not been more utilized is a valuable tool. This is especially true given the success of IH policies in other states (Brown-Graham et al., 2004).

It has been suggested that IH is not used widely in NC because there is no state level enabling legislation that gives municipalities the explicit legal authority to implement IH policies within their communities (Brown-Graham et al., 2004). However, even though there is a lack of legislative authority, four municipalities in North Carolina currently have

mandatory IH policies. If the policy is not legal, than how have several IH municipalities created mandatory policies and avoided legal challenge? Since the policy has shown positive outcomes for meeting some of the AH needs within the few NC municipalities who use it, why has the policy not found more state-wide support?

Information is available that shows other municipalities within NC have had discussions about creating an IH policy within NC (through attempts at securing enabling legislation at the state level) (North Carolina General Assembly, 2007-2008) but these discussions have not actually led to the creation of a mandatory IH policy. Though research has been done on inclusionary housing in NC (Brown-Graham et al., 2004), no current research has looked at what forces drove the municipalities that have created mandatory IH policies towards that solution. It would be valuable to understand how some municipalities were able to successful implement a program that others have not, especially given the fact that some municipalities have discussed, but never been able to implement, a mandatory IH policy in the state.

Chapter 3: Methods

An exploratory case study was conducted within four North Carolina municipalities. This method is suggested when "why" or "how" questions are posed and when some event is occurring in a real life context (Yin, 2003). The project's overall goal was to understand why some municipalities in North Carolina have created an inclusionary housing (IH) policy, while others have not. With this goal in mind, two research questions were developed to guide the research:

1. What is the economic, social, and political context in which affordable housing is articulated as a policy problem?

2. What economic, social, and political factors are associated with using inclusionary housing as the policy solution?

Public documents and newspaper articles for background information and interview transcript evidence collected within the selected municipalities of Chapel Hill, Charlotte, Davidson, and Durham were compiled, synthesized and analyzed.

I.   *Case Study Sampling Frame*

Municipalities for the case study analysis were chosen from a list of North Carolina municipalities that either had an IH policy in place or had (informally or formally) discussed the potential for creating an IH policy within their municipality. "Discussion of an IH policy" included any knowledge of informal or formal discussion about creating an IH policy within the municipality by public officials or individuals working in the housing field. Knowledge

of these "discussions" was obtained through public documents, informational interviews with local or state officials, and/or from employees working at nonprofit organizations interested in affordable housing and/or the creation of IH policies within North Carolina.

A list of North Carolina municipalities (Table 3.1) is provided as a brief summary of the sampling frame from which the four municipalities were selected to conduct the case study. Data for the United States and the state of North Carolina are provided for comparison. Dare County, Davidson, Kill Devil Hills and Manteo are the only North Carolina counties/municipalities with mandatory IH programs at the time of this study (North Carolina Community Development Initiative, 2007). Other known IH policies within the state are in Chapel Hill and Carrboro. Chapel Hill has a conditional program linked to special use permits and is currently in the process of creating and adopting a mandatory IH ordinance (Brown-Graham et al., 2004). Carrboro has a voluntary program that creates a type of fast track permitting for developments that includes a provision for AH (Board of Aldermen, 2005).

Table 3.1: Key Characteristics of NC Locations w/IH Policy or Past Discussion of IH

Municipality	Inclusionary Housing – Yes/No	Population Estimate (2006)	Growth Rate (2000-2006 estimated)	Median Household Income	Median House Value	Households Paying 30% or More of Income on Housing
United States[a]	N/A	301,621,157	7.2%	$48,451	$185,200	35.4%
North Carolina[a]	No	9,061,032	12.6%	$42,625	$137,200	31.1%
Asheville[a]	No	72,789	5.7%	$36,389	$171,200	37.5%
Brunswick[a]	No	94,552	29.3%	$46,520	$162,000	24.5%
Carrboro	Yes (Voluntary)	16,577	-1.2%	$33,527	$172,800	39.7%
Cary[a]	No	112,414	18.9%	$80,986	$245,400	25.6%
Chapel Hill	**Yes (Conditional)**	**49,919**	**2.5%**	**$39,140**	**$229,100 (331,794)[c]**	**38%**
Charlotte[a, b]	**No**	**630,478**	**16.6%**	**$48,670**	**$164,300**	**37%**
Dare County	Yes (Ordinance)	33,935	13.2%	$42,411	$137,200	26.3%
Davidson[b]	**Yes (Ordinance)**	**8,760**	**22.7%**	**$78,370**	**$270,000**	**18%**
Durham City[a, b]	**No**	**209,009**	**11.8%**	**$43,624**	**$171,100**	**37.5%**
Durham County[a]	No	246,896	10.6%	$46,636	$170,200	34.9%
Kill Devil Hills	Yes (Ordinance)	6,614	12.2%	$39,713	$104,500	28.4%
Manteo	Yes (Ordinance)	1,290	22.6%	$29,803	$116,100	27.8%
Raleigh[a]	No	356,321	29.1%	$51,123	$191,800	34.6%
Wake County[a]	No	786,522	25.3%	$60,903	$203,500	29.4%
Wilmington[a]	No	95,944	26.5%	$32,229	$213,100	45.7%

SOURCE: 2000 U.S. Census and 2006 American Community Survey

[a] 2006 Community Survey Census Data, all other data is from the 2000 U.S. Census

[b] **Highlighted** municipalities were chosen for the case study sample

[c] Data from Chapel Hill-Carrboro Chamber of Commerce (2003)

II.   *Rationale for Site Selections*

Diversity among the selected municipalities chosen from the sample frame was important for understanding multiple perspectives about the issues and problems related to AH solutions, specifically the solution of an IH policy. Two municipalities were selected that

had some form of IH policy; two municipalities were chosen that did not have an IH policy but had had some form of discussion about an IH policy within their municipality. Of the two IH municipalities, preference was given to communities that had used the policy for a longer period of time and to selecting two different "types" of IH policies for analysis. For non-IH municipalities, preference was given to municipalities that were in close proximity to the IH municipalities selected.

Chapel Hill and Davidson were chosen to represent IH policy municipalities within the sample. These two communities were selected because they had the oldest IH policies (adopted in 2000 and 2001, respectively) and the most well-recognized in North Carolina (Brown-Graham et al., 2004). It was determined that these communities would have greater institutional knowledge because of the length of time the policies had been in place. Also, the larger number of individuals involved in the process over an extended time would be able to share valuable insight into the implemented policies. It also was advantageous that the two programs represented two different versions of the policy, mandatory and conditional.

Durham and Charlotte, municipalities that previously had discussed but had yet to adopt an IH policy, were chosen to represent non-IH municipalities. Because municipalities with IH were smaller and municipalities that discussed IH but had never adopted the policy were larger, it was impossible to match "control" municipalities based on community size. However, it was considered especially valuable that the municipalities chosen were in bordering housing markets to the communities with an IH policy because they would have similar experiences and pressures. In addition, both municipalities had large percentages of

residents experiencing housing problems[1], higher than the state and national averages (United States Census, 2000).

III.   Conceptual Model

Based on the research questions and knowledge about the policy development context, a conceptual model of the influential factors affecting the creation of an IH policy was developed (Figure 1) and helped guide the research process.
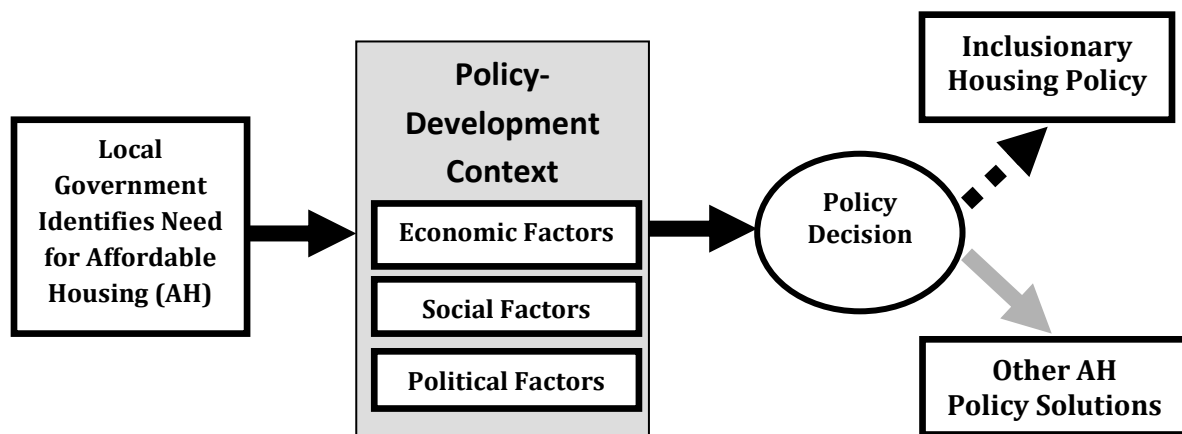
Figure 1: Conceptual Model

IV.   Data Collection

The University of North Carolina, Chapel Hill's Internal Review Board (IRB) reviewed and declared the project exempt as posing no possible harm to human subjects. Despite the exempt status, consent was still sought by participants (Appendix A), as it was important to determine their willingness to be recorded for accurately reporting interview results and also to obtain permission for using their name associated with any direct quotes

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[1] individuals paying 30% or more of their income on housing costs

within the final document. Individuals that opted out of being identified with their interview comments would not be directly linked to any of their quotes within the results of the study.

D. Secondary Data

Secondary data for the study were collected through internet search engines, the U.S. Census website, newspaper articles, documents provided during and after interviews and through city/county web sites for municipalities. Background information was researched about the general topic area of IH, AH strategies and general information about IH within North Carolina municipalities as a whole. Information was also gathered about sampled municipalities, including area population and housing statistics, as well as historical strategies for addressing AH needs.

E. Primary Data

Primary data were collected through qualitative interviews with key stakeholders, including public officials, AH advocates and developers. Individuals with a job associated with AH and/or with an AH policy in the municipality were considered to be key stakeholders. Key stakeholders were important for their valuable insight into the process of an IH policy or other AH strategies being used within their respective municipality.

i. Interview Guide Development

Prior to conducting interviews with key stakeholders, two interview guides were developed as tools to guide the interview process. The conceptual model provided a framework for the interview questions (Figure 1), as questions were developed to probe what economic, social and political factors led to the decision to create an IH policy. The first interview guide (Appendix B) was created for municipalities that had an existing IH policy (Chapel Hill and Davidson). The interview guide asked general questions to understand the

circumstances that brought about the need for AH, information about the development and adoption process through which a policy was created, personal reflections on the policy and thoughts on whether IH policies could work within other municipalities in North Carolina as a whole.

A second interview guide (Appendix C) was created for municipalities that currently had no IH policy but where a policy had been discussed but never adopted. The second interview guide used the same initial format of the IH policy interview guide but differed with questions about what other solutions had been developed for the municipality instead of IH and any information the interviewee had for why an IH policy had never been created or adopted.

Once created and edited the interview guides were pilot tested with one interviewee in an IH municipality and one interviewee in a non-IH municipality. Both interviewees were asked to provide feedback on the interview guide after the completion of the interview. This feedback was later incorporated into the final interview guide for use with subsequent interviewees.

ii. Interviewee Selection

The aim of the study was to interview approximately 6-8 key stakeholders within each municipality. Participants were identified and recruited using public documents, such as public web sites or by word of mouth referrals from public officials or nonprofit organizations. Potential interviewees were typically solicited by e-mail, told about the research project purpose and provided with a consent form outlining the project information. All interviews, except four, were conducted in person as rapport was considered an important component to the process of soliciting honest and open feedback about the topic area. Those

interviewees that could not meet in person were interviewed over the phone to accommodate time schedules and travel distances.

In general, the same types of key stakeholders were solicited for interviews in each municipality, including city/town officials, city/town attorney, planning department employees, individuals working in AH nonprofit organizations, and developers (List of Interviewees - Appendix D). In one instance (Charlotte) an interview was conducted simultaneously with two individuals. A total of 29 semi-structured interviews were completed between December 2007 and February 2008; including six interviews for Chapel Hill, seven interviews for Charlotte, nine interviews for Davidson, and seven interviews for Durham. Interviews typically lasted from 40 minutes to one hour.

V.   Data Analysis

For the qualitative analysis, generative thematic coding methods were used to discover analytic themes within the spoken words of each participant (Patton, 2001). Each interview was digitally recorded, transcribed and coded by the researcher. Interview transcripts were reviewed multiple times throughout the analysis process. Content analysis was completed using QSR NVivo software (version 1.3) (NVivo Qualitative data analysis software). The interview guide helped to inform the creation of major themes within the transcripts. Initial review of interview transcripts and the conceptual model (Figure 1) served as guidance for creating sub-themes. Themes and sub-themes were organized and defined within the codebook (Appendix E) for accurately coding interview transcripts. As the documents were coded, emergent sub-themes were created and added to the codebook.

Upon completion of coding, sub-themes were identified and placed within one of three types of factors (economic, social, or political) in the policy-development context shown in the conceptual model (Figure 1). Each contextual factor (sub-theme) was categorized in terms of importance across the sample. A factor was categorized as "high" in importance if 50% or more interviewees within more than one municipality discussed the contextual factor. A factor was categorized as "moderate" in importance if 50% or more interviewees within at least one municipality discussed the contextual factor. A factor was categorized as "low" in importance if less than 50% of interviewees in all municipalities discussed the contextual factor.

Contextual factors were also compared based on municipality type, IH vs. non-IH municipalities. Key factors that facilitated (IH municipalities) or inhibited (non-IH municipalities) the creation of an IH policy level solution were selected based on the differences in frequency discussed among interviewees. The top five or six contextual factors with the greatest frequency differences between the two community types were determined to be facilitating or inhibiting factors for IH polices and presented within the results.

Contextual factors, with definitions, are presented in more detail below based on their placement within the policy-development context. Sub-themes that did not belong within the policy-development context, primarily those about the development of the actual IH policy, though coded, were not included within the study results.

A. Economic Contextual Factors

Economic contextual factors (Table 3.2) were defined as any comments made by interviewees about economic (i.e., financial) or market forces that influenced the need for or the type of AH solution, including an IH policy.

Table 3.2: Emerging Sub-themes →Economic Contextual Factors

Contextual Factor	Definition: Comments made about
(1) Financing/Funding	the barrier of money (i.e., lack of money to meet the gap between what housing costs to build and what an individual can pay for it).
(2) Availability of Land	the availability of land for AH, or a lack of available land in areas without current concentrations with AH.
(3) Cost of Land	the increasing value or increasing cost of land within a municipality.
(4) Living Wage	a living wage and/or about a lack of income for workers (especially full-time workers) that make it difficult for them to afford housing.
(5) Homeownership rates	the perceived or real amount of homeownership in the municipality or within neighborhoods.
(6) Neighborhood quality	characteristics that influence the quality of the neighborhood, including reference to poor quality neighborhoods and issues (i.e., high crime, low employment, disinvestment) facing neighborhoods.
(7) Level of Neighborhood Investment	absentee landlords living outside of the municipality and their lack of investment in the neighborhood or an increase in rental over homeownership within neighborhoods or the municipality.
(8) Physical quality of housing	an increasing amount of dilapidated housing, housing needing repairs and older housing.
(9) Increasing Property Values	the increasing value of properties within a municipality or discussions about people having to pay more for housing.
(10) Long Term Maintenance of AH Units	the concern over long-term maintenance of AH units, often made in reference to the lack of money of lower wealth individuals and their inability to keep up their homes because of a lack of funds.
(11) Waiting List for Section 8 Vouchers	the increasing need for Section 8 housing vouchers or not enough funds for those who need Section 8 vouchers.
(12) AH Project Waiting Lists	the unmet need for AH within a municipality based on current housing projects at capacity or having waiting lists.
(13) Affordability of Housing Units Over Time	the affordability of units over time and/or any concern of losing affordable units to the marketplace and losing them within the AH stock.
(14) Market Forces	the housing market, including comments made about the supply or demand of housing (regular and affordable) and any discussion of the markets influence on AH and/or IH.
(15) Displacement of Residents/ Gentrification	current residents being displaced or about the process of renewal and/or rebuilding that usually accompanies the influx of middle-class or affluent people into deteriorating areas that are now seen as highly desirable also leading to the displacement of poorer residents.

B. *Social Contextual Factors*

Social contextual factors (Table 3.3) were defined as any comments made by interviewees about social forces, such as cultural values held by the community that influenced the creation of an AH policy solution, including an IH policy.

Table 3.3: Emerging Sub-themes → Social Contextual Factors

Contextual Factor	Definition: Comments made about
(1) Access to AH by Workforce & Service Workers Unable to Live in Town/City	services workers (i.e., people working in the service industry, police officers, fire fighters, teachers) having to commute long distances because of a lack of AH in the municipality.
(2) Economic Diversity	a desire to have individuals of all different economic backgrounds living in close proximity to one another and/or the desire that individuals on the lower income brackets should be able to live within the municipality.
(3) Equality/Fairness	the equality/fairness of policies and/or equality/fairness in relation to individuals or groups.
(4) Growth/Economic Development	the desire for growth (population and/or economic) with a community or a lack of AH affecting growth/economic development.
(5) Homelessness	homelessness rates, increasing homelessness or services for homeless and its linkages to AH need.
(6) NIMBYism	NIMBYism (Not In My Back Yard) barriers, including comments made about individuals in the municipality not wanting AH near their homes or in "their back yard," because of a fear of who will live there and/or a fear that it will affect their property values.
(7) Poverty in Schools	an increasing amount of concentrated poverty, and therefore, schools with a concentration of low-income students (i.e., large amounts of reduced cost lunches for instance).
(8) Racial Diversity	racial diversity, both the desire to have or preserve the diversity of races within a town, city or neighborhood.

C. Political Contextual Factors

Political contextual factors (Table 3.4) were defined as any comments made by interviewees about political forces that influenced the creation of an AH policy solution, including an IH policy.

Table 3.4: Emerging Sub-themes →Political Contextual Factors

Contextual Factor	Definition: Comments made about
(1) Coalition Building/ Organization Formation	groups forming coalitions or creating nonprofit organizations to support AH.
(2) Legality of IH	the legality of an IH policy.
(3) Enabling Legislation -- Not Necessary	the legality of IH, including the feeling that enabling legislation is either not needed (because there is no disabling legislation) or that the power has already been given by the state through some other enabling legislation.
(4) Enabling Legislation – Needed	a belief in the need for state enabling legislation for IH policy.
(5) Mandate AH	the desire or need to mandate AH, specifically related to the belief that it is one of the only solutions to providing AH.
(6) Advocacy For IH	advocating or lobbying for AH solutions, specifically inclusionary housing.
(7) Political Consensus/Will	the strong desire or the ability to bring forth ideas or policy related to AH and/or an inclusionary housing program and a belief that such policies will be successful.
(8) Political Power IH Opposed	a group or organization that has power politically to facilitate or hinder a process towards their best interests, especially related to IH.
(9) Political Power IH Supportive	political power in support of policy related to AH, specifically IH.
(10) Public Recognition of the Need for AH	an increasing awareness by the public of the need for AH and the support behind helping to find a solution.
(11) Responsible Party for AH	who's job (i.e., government, citizens, others) it is to provide AH within the municipality.

Chapter 4: Results

Based on professional expertise, interviewees from four communities identified contextual factors that led to the enactment of policy level solutions for AH within their municipality. In Part I, the results for contextual factor types (i.e., economic, social, and political) are presented, with contextual factors highlighted as high, moderate or low levels of importance in leading to a policy level solution to AH. In Part 2, case study descriptions of the four communities are provided with an introduction to each community and quotations for contextual factors identified as most important across the communities. Based on responses, multiple contextual factors were also identified as facilitating or inhibiting the development of an IH policy. In Part 3, through a comparison of IH and non-IH municipalities, factors that facilitated or inhibited the development of an IH policy are presented.

Part I: Contextual Factors Overview

Within all four municipalities, interviewees identified key contextual factors in the development of policy level solutions to AH. The following results highlight those contextual factors and rank them based on importance as defined by the frequency by which interviewees discussed the factor.

1. *Economic Contextual Factors*

Interviewees discussed thirteen economic contextual factors. Table 4.1 lists the percentage of interviewees in each community and overall who discussed the factor. The four economic contextual factors with a "high level of importance" are: 1. Financing/Funding, 2.

Increasing Property Values, 3. Displacement of Residents/ Gentrification, and 4. Market
Forces.

Table 4.1: Percentage of Interviewees Discussing Economic Contextual Factors [a]

Economic Contextual Factor	Davidson (n=9)	Chapel Hill (n=6)	Durham (n=7)	Charlotte (n=7)	Total (n=29)
High Level of Importance					
(1) Financing/Funding	**100%**	**100%**	**100%**	**100%**	**100%**
(2) Increasing Property Values	**78%**	**83%**	29%	**57%**	**62%**
(3) Displacement of Residents/Gentrification	**78%**	**83%**	0%	**57%**	**55%**
(4) Market Forces	33%	**50%**	57%	**71%**	**52%**
Moderate Level of Importance					
(5) Availability of Land	44%	**83%**	14%	43%	45%
(6) Affordability of Housing Units Over Time	22%	**67%**	14%	43%	34%
(7) Physical Quality of Housing	11%	17%	**71%**	43%	34%
(8) Long Term Maintenance of AH Units	33%	**50%**	0%	29%	28%
(9) Living Wage	0%	0%	**57%**	43%	24%
(10) Level of Neighborhood Investment	0%	17%	**57%**	14%	21%
Low Level of Importance					
(11) Cost of Land	33%	17%	14%	29%	24%
(12) Neighborhood Quality	0%	0%	43%	29%	17%
(13) Homeownership Rates	0%	17%	14%	0%	7%

[a] Contextual factors that were presented only once or never (Affordable Housing Project Waiting List, Section 8 Waiting List) within interview transcripts were not listed in the above chart.

2. *Social Contextual Factors*

Interviewees discussed eight social economic factors. Table 4.2 lists the percentage of
interviewees in each community and overall who discussed the factor. The four social
contextual factors with a "high level of importance" are: 1. NIMBYism, 2. Economic
Diversity, 3. Access to AH by Workforce, and 4. Racial Diversity.

Table 4.2: Percentage of Interviewees Discussing Social Contextual Factor

Social Contextual Factors	Davidson (n=9)	Chapel Hill (n=6)	Charlotte (n=7)	Durham (n=7)	Total (n=29)
High Level of Importance					
(1) NIMBYism	**78%**	**83%**	**57%**	**71%**	**72%**
(2) Economic Diversity	**100%**	**100%**	29%	29%	**66%**
(3) Access to AH by Workforce	**67%**	**83%**	43%	43%	**59%**
(4) Racial Diversity	**89%**	**67%**	29%	29%	**55%**
Moderate Level of Importance					
(5) Homelessness	0%	0%	43%	**86%**	31%
(6) Growth/Economic Development	11%	0%	0%	**57%**	17%
Low Level of Importance					
(7) Equality/Fairness	44%	33%	0%	0%	21%
(8) Poverty in Schools	0%	0%	0%	43%	10%

3. *Political Contextual Factors*

The interviewees discussed nine political contextual factors. Table 4.3 lists the percentage of interviewees in each community and overall who discussed the factor. The five political contextual factors with a "high level of importance" are: 1. Legality of IH ([a]Enabling Legislation Not Necessary or [b]Enabling Legislation Needed), 2. Public Recognition of the Need for AH, 3. Advocacy For IH, 4. Lobbying Against IH, and 5. Political Will.

Table 4.3: Percentage of Interviewees Discussing Political Contextual Factor

Political Contextual Factors	Davidson (n=9)	Chapel Hill (n=6)	Durham (n=7)	Charlotte (n=7)	Total (n=29)
High Level of Importance					
(1) Legality of IH	**100%**	**100%**	**100%**	**100%**	**100%**
(a) Enabling Legislation--Not Necessary	**56%**	**50%**	14%	0%	31%
(b)Enabling Legislation—Needed	22%	17%	**57%**	**71%**	41%
(2) Public Recognition of the Need for AH	**56%**	**50%**	**57%**	**57%**	**55%**
(3) Advocacy For IH	**67%**	**50%**	29%	29%	45%
(4) Lobbying Against IH	33%	33%	**57%**	**57%**	45%
(5) Political Will	**56%**	**83%**	14%	14%	41%
Moderate Level of Importance					
(6) Coalition Building/ Organization Formation	44%	33%	43%	**57%**	45%
(7) Mandate AH	44%	**50%**	14%	29%	34%
Low Level of Importance					
(8) Responsible Party for AH	22%	33%	43%	29%	31%
(9) Political Power Supportive to IH	22%	33%	29%	29%	28%

Part II: Community Case Descriptions of Affordable Housing Context

The following section describes the economic, social, and political context in which AH is articulated as a policy problem. Background information for each community is summarized; including example quotations for the thirteen contextual factors identified as very important to the enactment of AH policies. A list of the high level of importance contextual factors by municipality is provided in Table 4.4 below.

Table 4.4: High Level of Importance Contextual Factors by Factor & Municipality

	Davidson (n=9)	Chapel Hill (n=6)	Durham (n=7)	Charlotte (n=7)	Total (n=29)
Economic Contextual Factors - High Level of Importance					
(1) Financing/Funding	**100%**	**100%**	**100%**	**100%**	**100%**
(2) Increasing Property Values	**78%**	**83%**	29%	**57%**	**62%**
(3) Displacement of Residents/Gentrification	**78%**	**83%**	0%	**57%**	**55%**
(4) Market Forces	33%	**50%**	**57%**	**71%**	**52%**
Social Contextual Factors - High Level of Importance					
(1) NIMBYism	**78%**	**83%**	**57%**	**71%**	**72%**
(2) Economic Diversity	**100%**	**100%**	29%	29%	**66%**
(3) Access to AH by Workforce	**67%**	**83%**	43%	43%	**59%**
(4) Racial Diversity	**89%**	**67%**	29%	29%	**55%**
Political Contextual Factors - High Level of Importance					
(1) Legality of IH	**100%**	**100%**	**100%**	**100%**	**100%**
(a) Enabling Legislation--Not Necessary	**56%**	**50%**	14%	0%	31%
(b) Enabling Legislation—Needed	22%	17%	**57%**	**71%**	41%
(2) Public Recognition of the Need for AH	**56%**	**50%**	**57%**	**57%**	**55%**
(3) Advocacy For IH	**67%**	**50%**	29%	29%	45%
(4) Lobbying Against IH	33%	33%	**57%**	**57%**	45%
(5) Political Will	**56%**	**83%**	14%	14%	41%

Inclusionary Housing Municipalities

    A. *Davidson*

        1. *Background*
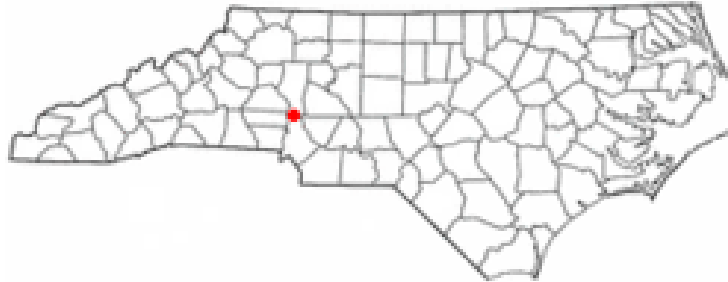
Incorporated in 1879 as the Town of Davidson College, the Town later became known simply as Davidson (Lake Normand Chamber of Commerce, 2008). Located on 4.86 square miles, 19 miles north of Charlotte; Davidson is probably most well known for its namesake, Davidson College. This liberal arts college, founded by North Carolina Presbyterians in 1837, serves 1,700 students and is located on 450 acres in downtown Davidson (Davidson College, 2008). A notable accomplishment of the town is its national recognition for new urbanist smart growth principles. In 2004, the community won the U.S. Environmental Protection Agency's (EPA) National Achievement Award for Overall Excellence by adhering to EPA's 10 Smart Growth principles ("Davidson, NC: the town that sprawl forgot (Congress of Cities and Exposition)," 2005).

Table 4.5: Davidson Population Change

	1990	2000	2006
Population	4,046	7,139	8,760

Source: U.S. Census Bureau

In recent years, the Town has experienced increasing growth pressure largely due to the growth of and easy access to neighboring Charlotte. Davidson has experienced a rather

amazing 117% population growth in the last 16 years, increasing from a population of 4,046 in 1990 to over double that amount in 2006 (Table 4.5). Overall population trends have not been the only statistically significant occurrence within the town. The 2000 Census showed racial distribution within the town as 88.5% White, 8.1% African American, 2.3% Hispanic, and 1.3% Asian. In the 10 years between the 1990 and 2000 Census, the African American population in Davidson decreased by a significant 29%[2], from 16% of its overall population (higher than the national average of 12.3%) to only 8%[3] (United States Census, 2000).

Table 4.6: Davidson Top Employers

Company/Sector/Employer	Number of Employees
Ingersoll-Rand	1,400
Arts, entertainment, recreation, accommodations and food service	1,373
Educational, health and social services	988
Davidson College	750
Finance, insurance, real estate, and rental & leasing	320
Manufacturing	304

Source: U.S. Census & Lake Normand Chamber of Commerce

Davidson employers are listed by industry and largest employers based on both Census and Chamber of Commerce data (Table 4.6). Area median household income and family income according to the 2000 Census were $78,370 and $100,961, respectively. Median home value was $270,000 (United States Census, 2000), but it is likely that number has increased substantially since the 2000 Census.

Davidson passed the first mandatory IH ordinance in North Carolina in 2001 (brown), paving the way for the three other mandatory programs established in the state (Manteo, Kill

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[2] This percentage represents the percent change in total African Americans in Davidson from the 1990 to 2000 Census.

[3] These two percentages represent the percentage of African Americans in the overall Davidson population from the 1990 and 2000 Census.

Devil Hills and Dare County) (North Carolina Community Development Initiative, 2007). The ordinance requires that the community maintain 12.5% affordable housing stock – meaning that any new development in the community must provide 12.5% affordable housing within the development. Between 2001 and 2004, 138 affordable units had either been built or were under construction through the inclusionary housing ordinance (brown).

Selected quotations for each high level of importance contextual factor within Davidson are presented in Table 4.7 below.

Table 4.7: Davidson Interviewee Comments about Important Contextual Factors

Contextual Factor	Quotation
→Economic	
(1) Financing/ Funding	*"Money is a huge barrier. If you're going to provide safe, attractive affordable housing, it's no less expensive than market rate…and there's less and less public funding for affordable housing." –Nonprofit Employee*
(2) Increasing Property Values	*"I think the average home price in Davidson last year or this year is a bit over $500,000. There's just been tremendous appreciation in Davidson over the last 10 years." -Developer*
(3) Displacement of Residents/Gentrification	*"The houses are kind of small and inexpensively built…but over time…people say, 'Well hey, I'll just buy one and fix it up' And, so that could displace some of those people." -Developer*
(4) Market Forces	*"Those same economic forces that caused us to have to deal with growth are the same economic forces that permit us to say to developers…[providing AH] may cost you a little more money, but you're always going to make it back if you build in Davidson, because your absorption rate is always so good here. So that's the paradox, the irony…Those market forces cause the growth, but it's the same market forces that cause us to be able to require so much of developers because in a depressed place, they'd say, 'I don't think so, I'm going to go somewhere else because I'm not going to make enough money here to justify my doing this.'" – Political Representative*
→Social	
(1) NIMBYism	*"There certainly are neighborhoods that don't want affordable housing in their neighborhood, or close to their neighborhood, or they don't want affordable housing that they will ever see." –Town Employee*
(2) Economic Diversity	*"If it's a nice community, it's going to attract the people with money who are going to want to move in there, and the people without money ought to be able to live in a nice community, [too]. So, maybe it's just a person who drives a forklift, or maybe it's an artist, or maybe it's an actor, or maybe it's a schoolteacher or a policeman. I mean there are all kinds of those people. I think that's the social value I buy into is that there is a vitality for all different kinds of people living in close proximity." –Town Employee*

Contextual Factor	Quotation
(3) Access to AH by Workforce	*"People who are working in our schools, or working in our police department or the clerks at stores; there's just no way that they can live where they work." –Town Employee*
(4) Racial Diversity	*"None of the people…wanted to see Davidson become an all white, basically upper income bedroom community for the city of Charlotte, and that's what was happening." –Nonprofit Employee* *"There is a racial issue, too. There's a small part of Davidson; it used to just be a small town, so a small part of it was historically black, and I think there is a real sensitivity to [the fact that] we don't want to drive these people [African Americans] out of here...It hasn't started happening yet, but it wouldn't take much." -Developer*
→Political	
(1) Legality of IH	*"They [developers] will threaten [a lawsuit because of the lack of enabling legislation for IH in Davidson] during meetings, but it hasn't happened, because I think when attorneys go do the research…they find that there is no legal ground to challenge this ordinance." -Town Employee*
(2) Public Recognition of the Need for AH	*"It's really citizens who are the most important piece of the puzzle. They have the power to stop it [inclusionary housing]." -Politician*
(3) Advocacy For IH	*"Margo Williams who…I really think a lot of her, and I think she's a real champion of this." -Developer* *"It wasn't until Margo became chairperson that the thing [the creation of an IH policy] took off." –Political Representative* *"He [Mayor Kincaid] and I [Commissioner Williams] were able to carry the ball for the first little bit along with the other six people who served on our little affordable housing committee." –Political Representative*
(4) Lobbying Against IH	*"As one of the state legislatures told us early on…'Well you don't understand, about forty percent of us make our living in the real estate industry…we're either lawyers or developers.'" –Political Representative*
(13) Political Will	*"The Board of Commissioners at the time had such political will. I mean they were determined that we were going to do affordable housing…They were steadfast, so that's probably the most important thing of all…that political will of your elected officials." –Town Employee* *"Without the grass roots support, it's very, very difficult to get anything implemented like this, [inclusionary housing] and I've said to towns, 'You know you've got to have the people, the voters out there who are continuing to hound the elected officials over and over and over again about affordable housing. Because once that voice isn't there…they've got [politicians] so many balls in the air…that ball's [affordable housing] going to drop.'" –Nonprofit Employee* *"Davidson is different and lucky to be as different as we are…I don't want to think that everybody can't do it [inclusionary housing], but I think it's going to take the will of the voters and the elected officials." –Nonprofit Employee*

2. *Overview of Davidson Interviews*

Davidson interviewees talked about the pressures of growth and the importance of preserving the historical diversity (both racial and economic) of the town. Discussion about the IH policy often included the creation of the policy at the same time as several other non-AH specific policies (i.e., growth boundary, policy for street connectivity, design and review board) in an effort to ensure Davidson would remain and/or preserve the characteristics of the historical Davidson of the past.

Interviewees indicated that Davidson's IH policy had support from community members, political leaders and town employees. Developer's who were interviewed even mentioned the fact that they agreed with at least the concept of IH, only finding fault with some of the finer points of the policy process.

Advocacy For IH by two key individuals was one, if not the most important driving force to the eventual creation of the IH policy. Fear of legal challenge did not seem to be a major concern among interviewees, although interviewees all mentioned their opinions about the legality of the policy, few mentioned a current concern over the town being sued.

B. *Chapel Hill*

1. *Background*
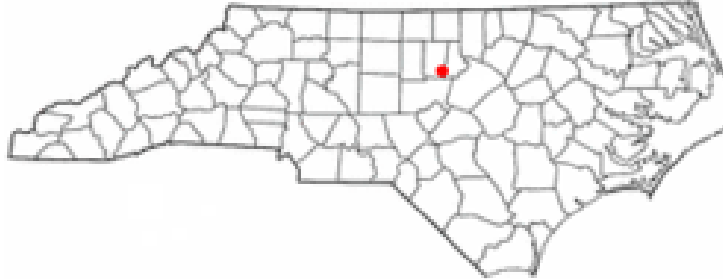
Map Source: Wikipedia

Founded in 1793, Chapel Hill sits on 20 square miles of land in the Piedmont area of
North Carolina, between the Atlantic coast and the Blue Ridge Mountains (Chapel Hill-
Carrboro Chamber of Commerce, 2008). Named for the New Hope Chapel of the Church of
England and the hill upon which it was built, the town is probably most well known for
housing the nation's oldest public university – the University of North Carolina, Chapel Hill
(established in 1795). Along with the neighboring cities of Durham and Raleigh, it is part of
the Research Triangle of North Carolina (Town of Chapel Hill, 2008).

Table 4.8: Chapel Hill Population Change

	1990	2000	2006
Population	38,719	48,715	49,919

Source: U.S. Census Bureau

With an estimated 2006 population of 49,919 (Table 4.8) and a growth rate of 2.3%
over the past 16 years, it would appear that Chapel Hill's growth has stabilized. This slower
growth rate may be partly a result of Chapel Hill's self-imposed growth boundary and the
limited land available for development (brown). In the 2000 Census, the racial make-up for
Chapel Hill was 77.9% White, 11.4% African American, 12.5% Hispanic, 7.2% Asian. When

comparing the 1990 and 2000 census, most racial groups increased, while African Americans saw an 11% reduction[4], decreasing from 13% of the overall population to 10%[5] (United States Census, 2000).

Table 4.9: Chapel Hill Top Employers

Company/Employer	Number of Employees
University of North Carolina (UNC) at Chapel Hill	16,600
UNC Hospital	6,819
Chapel Hill/Carrboro City Schools	2,618
Blue Cross/Blue Shield of NC	1,373
Orange County Board of Education	1,253
Town of Chapel Hill	769

Source: Chapel Hill-Carrboro Chamber of Commerce

Top employers for Chapel Hill are listed in Table 4.9 above. Area median household income and family income according to the 2000 Census were $30,140 and $73,483, respectively. Median home value was $229,000 (United States Census, 2000), but more recent estimates show that these numbers have increased substantially since the 2000 Census (Chapel Hill-Carrboro Chamber of Commerce, 2008).

Chapel Hill utilizes a conditional IH policy. This policy requires that any new development applying for rezoning must undergo a negotiation process that includes requirements for the provision of affordable housing, specifically the goal of 15% affordable units within developments. This policy was the first conditional IH program in North Carolina and has been the catalyst for the development of 138 housing units in Chapel Hill between 2001 and 2004 (brown). In June 2005, Chapel Hill took steps to create an

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[4] This percentage represents the percent change in total African Americans in Chapel Hill from the 1990 to 2000 Census.

[5] These two percentages represent the percentage of African Americans in the overall Chapel Hill population from the 1990 and 2000 Census.

inclusionary housing task force to work on developing and adopting a mandatory IH ordinance in the Town ("Summary Minutes of a Business Meeting of the Chapel Hill Town Council," 2005).

Selected quotations for each high level of importance contextual factor within Chapel Hill are presented in Table 4.10 below.

Table 4.10: Chapel Hill Interviewee Comments about Important Contextual Factors

Contextual Factor	Quotation
→Economic	
(1) Financing/ Funding	*"Finding the means to meet that difference between market rate and the affordable unit is…a huge obstacle that we're having to address."* –Town Employee
(2) Increasing Property Values	*"In 2002, we could buy a 500 square foot home for $45,000 to $60,000. Today, I pay anywhere from $100,000 to $120,000 for the land alone. That's how the property values have changed in these last few years, so that's why they're [houses] not affordable anymore."* –Nonprofit Employee
(3) Displacement of Residents/Gentrification	*"Housing prices [were just] going up up up up and up and not everyone that at one time lived in the community could afford to stay."* CHAPELHILL12042007LC *"There seemed to be a boom of developers buying up property quicker than Empowerment [a non-profit organization] could afford to buy them…Our pockets weren't deep enough to compete with developers…in this neighborhood, these traditionally African American neighborhoods, low wealth neighborhoods that people hadn't wanted in a long time…We couldn't protect them as a non-profit."* –Nonprofit Employee
(4) Market Forces	*" In cities that are experiencing growth or that at least are not experiencing a downturn, the market is not going to create affordable housing without some kind of incentive."* –Political Representative
→Social	
(1) NIMBYism	*"I think if…you've got a whole community who says I support affordable housing but not in my backyard, I think if you get a lot of that that could really kill it [inclusionary housing]."* –Town Employee
(2) Economic Diversity	*"We all appreciate the values of having a community where we can have a mixed economic situation, where everybody can afford to live here."* –Political Representative
(3) Access to AH by Workforce	*"It's just very expensive to live here, and we have a lot of folks who work in this community who are not able to live here, nurses, teachers, police officers, fireman are some of the public employees that we most often identify as ones that work in this community and whose services are needed here but can't afford to live here…It's just a very expensive place to live."* –Political Representative

Contextual Factor	Quotation
	"My son's school teacher doesn't live in Chapel Hill; the police officers I've talked to don't live in Chapel Hill. Now possibly some of them don't want to live in Chapel Hill, but I think for a number of them, it's just a matter of not affording it." –Political Representative
(4) Racial Diversity	*"We talk about it [affordable housing] in economic terms; we think about it in racial terms."* –Political Representative
→**Political**	
(1) Legality of IH	*"There was some talk early on that some people thought the Town didn't have the right to actually move forward with an ordinance [due to the lack of state enabling legislation], but the Council now feels very strongly that the statutes don't say they can't do it, so they want to move forward with it as if we have the enabling legislation to do it."* –Town Employee
(2) Public Recognition of the Need for AH	*"If we want this to go anywhere, we have got to get support from the community. There [have] to be public hearings, there have to be public meetings, and there has to be a task force [that involves the community]."* –Town Employee
(3) Advocacy For IH	*"In 2003, Sally Greene was elected and came on the Council, and she made the case for why we really needed the ordinance, and I think she was right...If inclusionary housing is going to be a goal of ours, we need to put it on the books. We can't allow our policy to be put in jeopardy by the outcome of any particular election...Now of course, the future Council could always repeal the ordinance, but that's going to be a little more difficult."* Political Representative *"It's very important that your political leaders know and understand why affordable housing is important. That's the only way you're going to be able to teach and educate people is that your leaders understand it."* –Nonprofit Employee
(4) Lobbying Against IH	*"If our Council was owned by the development community as is true in many places, inclusionary zoning is never going to happen, but neither are growth boundaries...I think it's why some cities and towns...just end up falling apart. They lose their sense of place because they end up being owned by one interest in their town, a development interest."* –Political Representative
(5) Political Will	*"Ultimately, it's all about political will."* –Political Representative *"It takes political will, because the homebuilders and realtors are not going to like it [inclusionary housing]."* –Nonprofit Employee

2. *Overview of Chapel Hill Interviews*

Chapel Hill interviewees talked about pressures of growth and rising property values. Many interviewees were conscious of the need to create and maintain workforce housing and preserve historical economic and racial diversity.

Chapel Hill, whose current IH policy is conditional and does not apply to every development (because it is linked to rezoning requests), has chosen to pursue a mandatory IH policy. The change from a conditional to a mandatory policy would mean that the IH policy would apply to all new developments in Chapel Hill. Interviewees stated that this step toward a mandatory IH policy was largely due to several political leaders who believed it was important to address the Town's values, specifically the value of providing AH, into a mandatory form so that it wouldn't risk being changed on a whim after any new election.

With these advocates and what was often referred to as the "political will" to accomplish the mandatory policy for AH, a task force was created to bring key stakeholders to the table. The question was not, as many interviewees stated, whether an IH policy would be created (the creation of the IH Policy was mentioned as inevitable) but rather how the IH policy would be developed.

Interviewees often talked about the legality of the policy, differing opinions about whether IH was legal or not and whether Chapel Hill needed to have enabling legislation to creation a mandatory IH policy. Several times interviewees mentioned a concern over legal challenges but thought that bringing stakeholders to the table, especially developers, might help to circumvent that risk in the future. This motivation was the main reason for the creation of the IH taskforce to develop the mandatory policy.

Non-Inclusionary Housing Municipalities

    A. *Durham*

        1. *Background*

Founded in 1823, the City of Durham resides in Durham County, a single-city county encompassing 299-square miles in central North Carolina (Durham Convention & Visitors Bureau, 2008). It is often referred to as the "Bull City," because it was the site for production of the "Bull" Durham Tobacco products or as the "City of Medicine" because of the more than 300 medical and health-related companies and medical practices that generate over $1.5 billion in payroll each year (City of Durham, 2008a). Home to Duke University and North Carolina Central University, as well as 80% of the well known Research Triangle Park, there are many reasons why people have chosen to call Durham home (Greater Durham Chamber of Commerce, 2008).

Table 4.11: Durham Population Change

	1990	2000	2006
Population	181,835	223,314	246,896

Source: U.S. Census Bureau

With an estimated 2006 population of 246,896 (Table 4.11), an increase in population of 35.8% since 1990 (United States Census, 2000), Durham is slowly showing its increasing popularity as a place to live. Durham's racial breakdown shows a very racially diverse city.

Whites comprise only 42.3% of the city population, as compared to 73.9% in the Country. In Durham, African Americans comprise a much larger proportion of the population (41.6%) than in the Country as a whole (12.4%), Asians comprise 4.5% and Hispanics comprise 12.5% (United States Census, 2000). Durham has seen a decline in its African American population in the past 10 years. Between the 1990 and 2000 Census, the African American population in Durham decreased by 7% (United States Census, 2000).

Table 4.12: Durham Top Employers

Company/Employer	Number of Employees
Duke University & Medical Center	30,551
IBM	11,530
Durham Public Schools	5,489
GlaxoSmithKline	5,272
Blue Cross & Blue Shield of North Carolina	2,745
NORTEL Networks	2,600
Durham City Government	2,336

Source: Greater Durham Chamber of Commerce

Durham has transitioned from its past economic base of tobacco and textile products to present day knowledge-based industries. Table 4.12 lists some of the city's largest employers. Area median household income and family income according to the 2000 Census were $43,624 and $50,708, respectively. Median home value was $171,100 in 2000 (United States Census, 2000).

Durham's AH policy level solutions have included several bond issues passed in 1990 and 1996 (City of Durham, 2003) and the creation of a living wage ordinance (Economic Policy Institute, 2001) implemented to raise worker incomes and increase their spending power to pay for such necessities as housing. Though Durham does have a density bonus for providing AH (City of Durham, 2008b), it is widely known that voluntary programs for providing AH are not as successful (brown). No current information could be found

documenting anyone having used the density bonus to provide AH through this voluntary program. The legal climate in Durham could be characterized as a bit "gun shy" with the city's recent court loss over builder impact fees for schools, requiring the city to pay back all of the money collected (Bull City Rising, 2008). Interpretation of the legality of impact fees, like IH, is necessary because North Carolina lacks enabling legislation for either policy solution.

Selected quotations for each high level of importance contextual factor within Durham are presented in Table 4.13 below.

Table 4.13: Durham Interviewee Comments about Important Contextual Factors

Contextual Factor	Quotation
→Economic	
(1) Financing/ Funding	*"Availability of subsidies that are used for that purpose [affordable housing] has not necessarily increased; and in some instances, it's decreased, especially at the federal level." –Nonprofit Employee*
(2) Increasing Property Values	*"...then as land prices went out of sight and they were building the homes, the home prices simply just kept going up." –Nonprofit Employee*
(3) Displacement of Residents/ Gentrification	No interviewee comments.
(4) Market Forces	*"Developers are very price conscious [in Durham]...People can only afford X, and that's all they can afford. And, those people are their market instead of people who can afford to live wherever they want to live, like in Chapel Hill." –Nonprofit Employee*
→Social	
(1) NIMBYism	*"There is a lot of NIMBYism; there are a lot of places that don't want affordable housing in their community because their impression of what affordable housing is, is not [something] they want in their community." –Nonprofit Employee*
(2) Economic Diversity	*"They want to try to create more of a mixed income neighborhood rather than having sort of an income segregated...like all low income or all market rate." – Nonprofit Employee*
(3) Access to AH by Workforce	*"It becomes harder and harder for employers to hire people who can live near where they work. They have to commute. Like people in Chapel Hill who work for UNC, a lot of them live in Durham because they can't find affordable housing in Chapel Hill, and some people live in Raleigh or live in Mebane because they want either a bigger house or more land. But the flipside of that is that people just can't afford to live in Raleigh or Wake County, and so they have to commute further to work because where they can afford to live is further away." –Nonprofit Employee*

Contextual Factor	Quotation
(4) Racial Diversity	*"Fortunately, there are a number of people who like the idea of living in mixed communities with people of all incomes and all ethnicities."* –Nonprofit Employee
→Political	
(1) Legality of IH	*"Almost every state has active homebuilders, but in NC, it's the fact that we have an incredibly conservative constitutional system and legal system in respect to the rights of local government with respect to the state…Basically, local governments are not allowed to do anything unless they are given expressed permission from the General Assembly, and the General Assembly has never given explicit enabling power to the local governments for inclusionary zoning [housing] or any type of zoning."* –Nonprofit Employee
(2) Public Recognition of the Need for AH	*"The Durham community…has been aware of the need for affordable housing and has been pretty progressive…in helping to pass these bond packages to help give local groups more resources to help deal with the problem [of affordable housing]."* –Nonprofit Employee
(3) Advocacy For IH	*In other words, the issue of affordable housing…hasn't reached a crisis point which is why it hasn't been a political issue in Durham as much as other places…But, I think you're going to see that changing…in the next few years."*- Nonprofit Employees
(4) Lobbying Against IH	*"You've got to remember that anything that affects the homebuilders or the real estate industry, they've got the money and they've got the lobbyists, and we have a tough time."* –Political Representative *"The realtors and developers are very strong. They've been supporting these people who have been here for years and years and years…It's not something that's going to happen unless there is some real big carrot that you can give them."* –Nonprofit Employee
(5) Political Will	*"It's just about getting the political will behind it to get it started."* –Nonprofit Employee

2. Overview Durham Interviews

Durham interviewees mentioned housing quality as a key problem with their housing stock, rather than a problem with affordability. In fact one interviewee even believed that Durham was home to the AH stock of the Triangle and as such, often ended up housing workers from neighboring communities, i.e., Cary, Raleigh, Chapel Hill. Interviewees did not mention displacement of residents/gentrification as a concern within Durham.

Interviewees expressed the fact that an IH policy, though discussed in the past within the municipality, wasn't feasible because of the lack of enabling legislation, especially in light of the recent lawsuit waged against Durham related to impact fees in which the city lost. Several interviewees mentioned the differing opinions about the legality or illegality of impact fees. Interviewees mentioned a similar situation that had occurred during the discussion of IH and that because the courts decided that impact fees were illegal, Durham might be unwilling to pursue anything that was in any gray area of the law.

B. Charlotte

1. Background
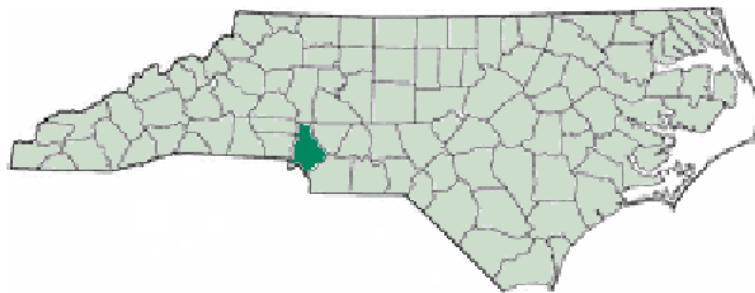
Map Source: Wikipedia

Settled in 1755, the City of Charlotte is located on 242.9 square miles in the southeastern Piedmont of North Carolina (United States Census, 2000) and constitutes most of Mecklenburg County. Nicknamed the "International Gateway to the South" because of its easy location to and from anywhere in the United States and the world, Charlotte was recently ranked first as the most popular move destination, first as American's most livable community, and first in economic strength ranking (The Charlotte News & Observer, 2008).

Table 4.14: Charlotte Population Change

	1990	2000	2006
Population	395,934	540,828	630,478

Source: U.S. Census Bureau

Charlotte is the largest city in North Carolina, with a 2006 population of 630,478 (Table 4.14). The city has seen an increase in population of 59.24% since 1990(United States Census, 2000). Charlotte's racial demographic includes 58.3% White, 32.7% African American, 3.4% Asian and 7.4% Hispanic. Charlotte's racial picture actually shows an increase in diversity, while both White and African American percentages decreased slightly, there was an increase in Asian (88% increase) and an even higher increase of the racial category of Other (726% increase) (United States Census, 2000).

Table 4.15: Charlotte Top Employers

Company/Employer	Number of Employees
Carolinas Healthcare System	26,283
Wachovia Corporation	20,000
Bank of America	13,960
Wal-Mart Stores Inc.	12,918
Food Lion	8,658
Duke Energy	7,500
Charlotte-Mecklenburg Schools	7,500
North Carolina State Government	7,479
City of Charlotte	5,896
Adecco	5,000

Source: Charlotte Chamber of Commerce

Charlotte is known for being a major United States financial center, with both the Bank of America and Wachovia headquartered in the city (Charlotte Chamber of Commerce, 2008) Table 4.15 lists Charlotte's major employers. Area median household income and family income according to the 2000 Census were $46,975 and $56,517, respectively. Median home value was $134,300 in 2000 (United States Census, 2000).

Charlotte has two major AH policy solutions, a Housing Trust Fund (funded by local bond issues) and a location policy that doesn't allow for concentration of new AH housing units in places that already have high concentrations of AH (City of Charlotte & Charlotte-Mecklenburg Regional Consortium, 2006). In 2007 Charlotte held a community forum on AH to search for new solutions to address Charlottes growing need for AH (Charlotte City Council, 2007).

Selected quotations for each high level of importance contextual factor within Charlotte are presented in Table 4.16 below.

Table 4.16: Charlotte Interviewee Comments about Key Contextual Factors

Contextual Factor	Quotation
→**Economic**	
(1) Financing/ Funding	*"The major problem, the weakest link in the chain by far, is the availability of capital to produce affordable housing…You run out of money…This is money limited movement." -Developer*
(2) Increasing Property Values	*"When I first moved to Charlotte in 1988…I bought some piece of property in Wilmore for $40,000, 3 bedroom, 2 bath standard home. Because of the expansion of the Panthers and building that stadium and everything going on around it in the center city, now that same home that I purchased is worth $300,000…So. what that tells me [is] the person that's living in there, and the tax point was at $40,000, now it's at $300,000, they're not going to be able to live there, and those people lose their homes because of tax problems or because they can't keep up with the cost of living." –Nonprofit Employee*
(3) Displacement of Residents/Gentrification	*"A fair number of the higher poverty neighborhoods are close to downtown and were prime targets for being redeveloped into high end housing, and gentrification of those neighborhoods became very [possible]…We were displacing a lot of people out of housing that they could afford." -Developer*
(4) Market Forces	*"This is a market that has typically not been highly regulated from a real estate perspective…It's a market that has treated most development as being good development; and therefore, I think that there would be a lot of resistance on the part of the development community." -Developer*
→**Social**	
(1) NIMBYism	*"Say do you believe that we should have more affordable housing? Yes [but]…not in my back yard. But, you can put it over there all day." City Employee*
(2) Economic Diversity	*"It's in nobody's interest to locate all of the families who are poor or who have issues around housing in the same quadrants of town." -Developer*

Contextual Factor	Quotation
(3) Access to AH by Workforce	*"We heard from the Chamber, and as I said, other private sector folks that it is difficult for them to recruit employees and retain employees, particularly from the service industry due to the lack of affordable housing. And if we do have a supply of affordable housing, generally it's in the wrong location that I'm trying to employ someone way out in the burbs; however, they have to live downtown and so the ability to get transportation affordably to those job places, kind of the reverse commute, was very challenging." –City Employee*
(4) Racial Diversity	*"I think it might even help with the integration situation where people are not segregated by race or by income because that's what's happening now." –Political Representative*
➔Political	
(1) Legality of IH	*"The legal response in terms of preliminarily talking to our legal staff and looking at what's already happened in Charlotte...we'd need to get some special type of act [enabling legislation] if we pursued something [like an IH policy]." –City Employee*
(2) Public Recognition of the Need for AH	*"The public started seeing it [affordable housing] as a problem...and I think when you have public will behind you that it's easier to get certain policies in place...Because of that conference ten years ago, [concerning affordable housing] we created a housing trust fund that voters approved, and those funds are allotted to help developers to build affordable housing through this fund...I think it was a good opportunity because the public started seeing that it was becoming a problem, and we needed to be proactive about it." –Nonprofit Employee*
(3) Advocacy For IH	*"I still think at some level an issue that is not prominent on a community-wide basis to the average citizen, but it does appear to have started to engage community leadership a little bit." -Developer*
(4) Lobbying Against IH	*"Our City Council listens to real estate developers, and if the real estate development community is united in its opposition to doing this [inclusionary housing], then it just doesn't go anywhere, whether there is enabling legislation or not." -Developer*
(5) Political Will	*" I think it's going to call for some real courage on the part of our elected officials to say, 'Look, we really need to put this in place, let's get it done. Let's bring the developers to the table, the community and we need to knock this out.' But, the political will is not there right now." –Nonprofit Employee*

2. *Overview of Charlotte Interviews*

Interviewees in Charlotte discussed the gentrification of the central city with the investment by financial institutions in the area, the updated Panthers stadium and the increasing popularity of the downtown as an area to live. Homelessness was mentioned often as one of the factors that highlighted the need for AH within the city.

Charlotte was often referred to as pro-development, and based on interviewee statements, it seemed as though an IH policy decisions within the community hinged largely on the position of developers, homebuilders and real estate agents. Though Advocacy For IH was mentioned, it was largely the increasing awareness by the public that led to policy level solutions, such as the bond issue to fund the Housing Trust. Statements made about IH, though positive, held the general sentiment that enabling legislation was a mandatory element to implementing IH.

Part III: Contextual Factors Influencing IH Development

Across the two municipality types, IH and non-IH interviewees identified factors that help explain the context for developing an IH policy. The following results highlight the contextual factors found to be important factors for the eventual creation of an IH policy or why an IH policy was not present. Factors highlighted within the follow section were shown to have the greatest differences between IH and non-IH municipalities.

A. Economic Contextual Factors

Interviewees discussed six economic contextual factors that influenced the development of an IH policy. Table 4.17 lists the percentage of interviewees in each community type and overall who discussed each economic factor. The six economic contextual factors are: 1. Financing/ Funding, 2. Increasing Property Values 3. Displacement of Residents/Gentrification, 4. Market Forces, 5. Physical Quality of Housing, 6. Living Wage.

Table 4.17: Economic Contextual Factors Influencing IH by Municipality Type

Economic Contextual Factor	IH Combined (n=15)	Non-IH Combined (n=14)	Total (n=29)
(1) Financing/Funding	**100%**	**100%**	**100%**
(2) Increasing Property Values	**80%**	43%	**62%**
(3) Displacement of Residents/Gentrification	**80%**	29%	**55%**
(4) Market Forces	40%	**64%**	**52%**
(5) Physical Quality of Housing	13%	**57%**	34%
(6) Living Wage	0%	**50%**	24%

1. Financing/ Funding

Every interviewee, regardless of municipality type, mentioned monetary constraints as a significant barrier to providing AH within their municipality and as a factor influencing what type of AH policy was eventually developed. Interviewees often talked about the increasing cost of financing housing, a lack of funding for building AH, and the decreasing funding available from the federal government. Despite the fact that interviewees across municipality types discussed the lack of funding, they often talked about it in different ways. In IH municipalities, interviewees saw IH as the solution to the lack of funding. In non-IH municipalities, financing/funding was identified as a barrier not solved through an IH policy but through other means, such as a housing bond or other financial resources.

2. Increasing Property Values

Most interviewees within IH municipalities described how increasing property values decreased their ability to secure AH through market dynamics. Several interviewees mentioned scenarios in which the same property that once was affordable became unaffordable over a very short time period. Interviewees in IH municipalities perceived the threat of increasing property values as an important contextual factor that drove the creation of an IH policy.

3. Displacement of Residents/Gentrification

A large percentage of interviewees within IH municipalities expressed a concern about displacing community members due to the lack of AH. They mentioned the displacement of long time residents (predominantly of lower income or minority groups) from the community because of increasing property values, student residential pressures and gentrification. Interviewees in IH municipalities perceived the displacement of residents as another important contextual factor that drove the creation of an IH policy. Fewer non-IH communities discussed a concern over displacing residents or gentrification. The contextual factor was only raised within Charlotte when discussing the downtown area as having the potential to be gentrified and displacing current, lower-income residents. Overall, the contextual factor of displacement of residents/gentrification did not appear to be as important of a contextual factor within non-IH municipalities.

4. Market Forces

In non-IH municipalities, market forces were described as a strong inhibiting factor for the creation of an IH policy because of the fear of "driving out" developers to neighboring municipalities. This perspective reflected a pro-business/pro-development sentiment in the non-IH municipality. Interviewees in non-IH municipalities described their housing markets as not able to absorb extra development regulations without displacing development to other municipalities. One interviewee summed up the thinking of many non-IH municipalities with this statement:

> *The reasons that developers want to be there [Chapel Hill & Davidson] so strongly that they're willing to absorb the financial consequences of [an IH] policy is because these communities have incredible barriers to entry…In other words it's very complicated, very time consuming and very risky to bring a project into those communities…Your margins are going to be very*

high there because you're not going to have a lot of competition because it's so hard to get in…So, they've created an artificial business environment through their barriers to entry so that they can mandate inclusionary housing, and all the developers don't flee; they still want to be there. But in communities that have a very active market, in terms of housing market, where there are many competitive offerings at every price level, you…would run a real risk of driving developers away…They'll just go across the border. -Developer

When market forces were mentioned in IH municipalities, it was to discuss one positive benefit of a strong housing market being the ability to coexist with an IH policy. Overall, market forces (or the perception of market forces) were talked about as influencing both the lack of development of an IH policy in non-IH municipalities and the acceptance of for an IH policy in IH municipalities.

5. *Physical Quality of Housing*

In Non-IH municipalities, especially Durham, the poor physical quality of houses was often discussed as a barrier to providing AH. Many interviewees mentioned housing strategies to improve housing quality, rather than focusing on strategies, such as an IH policy. Though physical quality of housing stock within municipalities wasn't mentioned as a direct facilitator or inhibitor of IH, it was often seen as an issue not solved by an IH policy solution.

6. *Living Wage.*

In Non-IH municipalities, the idea of paying workers more money in the form of a living wage, a higher value than the federal or state mandated minimum wage, was mentioned several times as a strategy that could help to address the lack of AH in the municipality. In IH municipalities, interviewees did not mention the possibility of increasing individual's wages to allow them to afford housing; all comments by IH municipality

interviewee's emphasized providing affordable housing to fit the current income levels as the policy level goal.

B. Social Contextual Factors

Interviewees discussed five social contextual factors that influenced the development of an IH policy. Table 4.18 lists the percentage of interviewees in each community type and overall who discussed each social factor. The five social contextual factors are: 1. NIMBYism, 2. Economic Diversity, 3. Access to AH by Workforce, and 4. Racial Diversity, and 5. Homelessness.

Table 4.18: Social Contextual Factors Influencing IH by Municipality Type

Social Contextual Factors	IH Combined (n=15)	Non-IH Combined (n=14)	Total (n=29)
(1) NIMBYism	80%	64%	72%
(2) Economic Diversity	100%	29%	66%
(3) Access to AH by Workforce	73%	43%	59%
(4) Racial Diversity	80%	29%	55%
(5) Homelessness	0%	64%	31%

1. NIMBYism

Interviewees in both municipality types discussed NIMBYism. NIMBYism was expressed by interviewees mainly as residents opposed to AH because they do not want it near their homes. They articulated resident concerns for who might live there and how it might affect their own property values. Interviewees often discussed public acceptance of the AH philosophy, and contrasted it with opposition from neighborhood residents or developers to site it in or near their neighborhoods. NIMBYism was mentioned several times as a potential barrier to IH policies, because AH would be placed within market rate units.

However, it was difficult to ascertain, from interviewee comments, whether NIMBYism specifically inhibited the creation of IH policies in non-IH municipalities.

2. *Economic Diversity*

All interviewees in IH municipalities articulated the social value of economic diversity as extremely important. Their comments spanned both concern over losing economic diversity and a desire to find a way to preserve economic diversity within their municipalities. In both IH municipalities, interviewees mentioned the municipalities need to insure that residents of all incomes could live within the municipality, thereby preserving economic diversity. In non-IH municipalities, fewer interviewees discussed a concern over economic diversity, although a few interviewees mentioned a concern over concentrations of poverty in areas within the municipality.

3. *Access to AH by Workforce*

Most interviewees within IH municipalities mentioned concern for the lack of AH for service workers. Interviewees commonly identified police officers, firefighters, teachers and town employees as individuals who worked in the municipality, but could not afford to live in the municipality. An IH policy was a vehicle for ensuring that service workforce could afford to live in each town. A smaller percentage of non-IH municipalities mentioned the lack of access to AH by the workforce and those that did, commented that it would began to become had started to become a topic of conversation for businesses in the community as it became harder to recruit employees because of the lack of AH near their workplaces.

4. *Racial Diversity*

Many interviewees in IH municipalities talked about their concern for the changing racial demographic within the municipality and the need to preserve historic racial diversity. In Chapel Hill, several interviewees discussed the Northside neighborhood, a neighborhood near downtown and the University, which has experienced development pressures from student renters and developers/investors. In Davidson, some interviewees talked about the west side of town, a historically African American area of the community, that investors were starting to focus on for redevelopment with the potential for gentrification. Interviewees in IH municipalities perceived the desire for racial diversity as another important contextual factor that drove the creation of an IH policy. Non-IH municipalities rarely mentioned racial diversity and when they did, it was to talk about concentrated areas within the community of low-income, predominantly African Americans and a dislike of that concentration/ segregation.

5. *Homelessness*

In non-IH municipalities, interviewees often mentioned homelessness issues within their municipality as a factor that started the conversation about the need for AH in the community. In Charlotte, one interviewee mentioned the deaths of several homeless people in the city that drew public attention to the need for more AH within Charlotte, especially for those in the lower income brackets. Initiatives to end homelessness, especially chronic homelessness in the next 10 years, were often mentioned as AH strategies within the two non-IH municipalities. IH municipalities did not mention homelessness.

C. Political Contextual Factors

Interviewees discussed five political contextual factors that influenced the development of an IH policy. Table 4.19 lists the percentage of interviewees in each community type and overall who discussed each political factor. The five political contextual factors are: 1. Legality of IH ([a]Enabling Legislation Not Necessary or [b]Enabling Legislation Needed), 2. Public Recognition of the Need for AH, 3. Advocacy For IH, 4. Lobbying Against IH, and 5. Political Will.

Table 4.19: Political Contextual Factors Influencing IH by Municipality Type

Political Contextual Factor	IH Combined (n=15)	Non-IH Combined (n=14)	Total (n=29)
(1) Public Recognition of the Need for AH	**53%**	**57%**	**55%**
(2) Legality of IH	**100%**	**100%**	**100%**
(a) Enabling Legislation--Not Necessary	**53%**	7%	31%
(b)Enabling Legislation—Needed	20%	**64%**	41%
(3) Advocacy For IH	**60%**	29%	45%
(4) Lobbying Against IH	33%	**57%**	45%
(5) Political Will	**67%**	14%	41%

1. Public Recognition of the Need for AH

Public recognition of the need for AH was mentioned across municipality types equally by all interviewees. Regardless of the policy solution, interviewees believed that whatever policy level solution was sought, community members recognize the need for AH was extremely important to the overall success of implementing any policy. In IH municipalities, public acceptance of the need for AH helped to facilitate the success of the IH-policy over time. Non-IH municipalities often mentioned public recognition and support for work in the field of AH through voting on bond issues but never mentioned public opinion about the policy of IH specifically.

2. Legality of IH

a. Enabling Legislation Not Necessary

All interviewees discussed whether IH was a legal policy given that North Carolina does not have enabling legislation for IH. A fairly large percentage of IH municipality interviewees believed in the legality of IH, despite the lack of explicit enabling legislation. Often IH municipality interviewees believed they had legislative authority or mentioned the fact there was no disabling legislation, and, therefore, they believed there was solid legal ground for the creation of an IH policy. Those few interviewees in IH municipalities who believed that IH was illegal accepted that fact and proceeded with the policy because they either thought that the need for AH was much greater than any potential risk of being sued, or they were going along with the majority opinion because of their job/position.

b. Legality of IH, Enabling Legislation Needed

In non-IH municipalities, interviewees mentioned the lack of state enabling legislation for IH policies. The majority of interviewees in non-IH municipalities expressed a need for enabling legislation before developing a local IH policy. Some even suggested IH is illegal without enabling legislation, and that an IH policy would not be adopted in a non-IH municipality without it. The comments suggest that non-IH municipalities perceived the illegality of IH as a barrier to the creation of a local policy.

3. Advocacy for IH

Advocating for IH was commonly mentioned when talking about stakeholders, specifically when referring to nonprofit organizations concerned about AH within IH municipalities. Interviewees in IH municipalities described how Advocacy specifically for IH

by elected officials was a key catalyst in the creation of IH policies. In both Chapel Hill and Davidson, it appeared that one or more elected officials became champions for AH and communicated the need for an IH policy within their respective communities. The advocates were mentioned in multiple interviews as extremely important in facilitating the passage of the IH policy.

4. Lobbying Against IH

In many instances, interviewees discussed the powerful lobby of developers and homebuilders at the state level and in their own municipality and linked that opposition to the lack of state enabling legislation. Both non-IH municipalities mentioned the lobby opposition of homebuilders/developers. The power of such lobby groups was described as more important than even the legality of IH. Several interviewees mentioned that the seemingly illegality of IH would cease to be a barrier to IH policy if the strong political opposition disappeared. In Charlotte, where a recent IH policy force was created, several interviewees hoped the strong political force of the homebuilders would recognize the growing need for AH in the municipality and eventually support some type of IH policy.

5. Political Will

Many interviewees in IH municipalities mentioned the importance of "political will." They described it as the intense desire to take political action regardless of the barriers or opposition. Interviewees that spoke of political will often mentioned the need for interconnectedness of the desire/values of citizens and politicians to accomplish such an outcome. Interviewees in IH municipalities perceived political will as essential to successfully develop an IH policy.

Chapter 5: Discussion

Results from the exploratory case study illustrate the importance of multiple contextual factors in creating and adopting an IH policy in North Carolina municipalities. Interviewees comments described the economic, social and political contextual factors influencing a municipality's decision to either pursue an IH policy or to pursue some other type of policy level solution to their AH needs. The results suggest that these contextual factors influence the policy development process in different ways. The conceptual model guiding the case study was revised based on interviewee comments. Implications and conclusions based on the revised model will be discussed along with a description of limitations of the study. In the following chapter, conclusions and recommendations for AH advocates will be addressed.

I.   **Revised Conceptual Model Presenting the New Roles of Contextual Factors**

Interviewees discussed contextual factors related to the development of an IH policy. Comments by those interviewed suggested that contextual factors have differing roles within the policy development framework.

Economic contextual factors were perceived as being the driving force for seeking a policy level solution to a municipality's AH needs. For instance, decreased funding by the federal government led all municipalities to seek policy level solutions to AH that did not rely so heavily on the federal government.

Social contextual factors were largely perceived as factors influencing the goals for how AH would exist within a municipality and, therefore, influenced what AH policy level

solution was chosen to meet those goals. For example, a community that had a value of economic diversity would be influenced by that social contextual factor and likely choose an AH policy strategy that addressed that value.

Political contextual factors were perceived as facilitating and/or inhibiting the enactment of policy level decisions. For example, political power in opposition to IH was seen as a key barrier to the creation and adoption of an IH policy within a municipality, overriding facilitating economic factors and social goals that might drive a municipality towards enacting an IH policy.

Figure 2 shows the revised conceptual model exhibiting the relationship between the three categories of contextual factors.
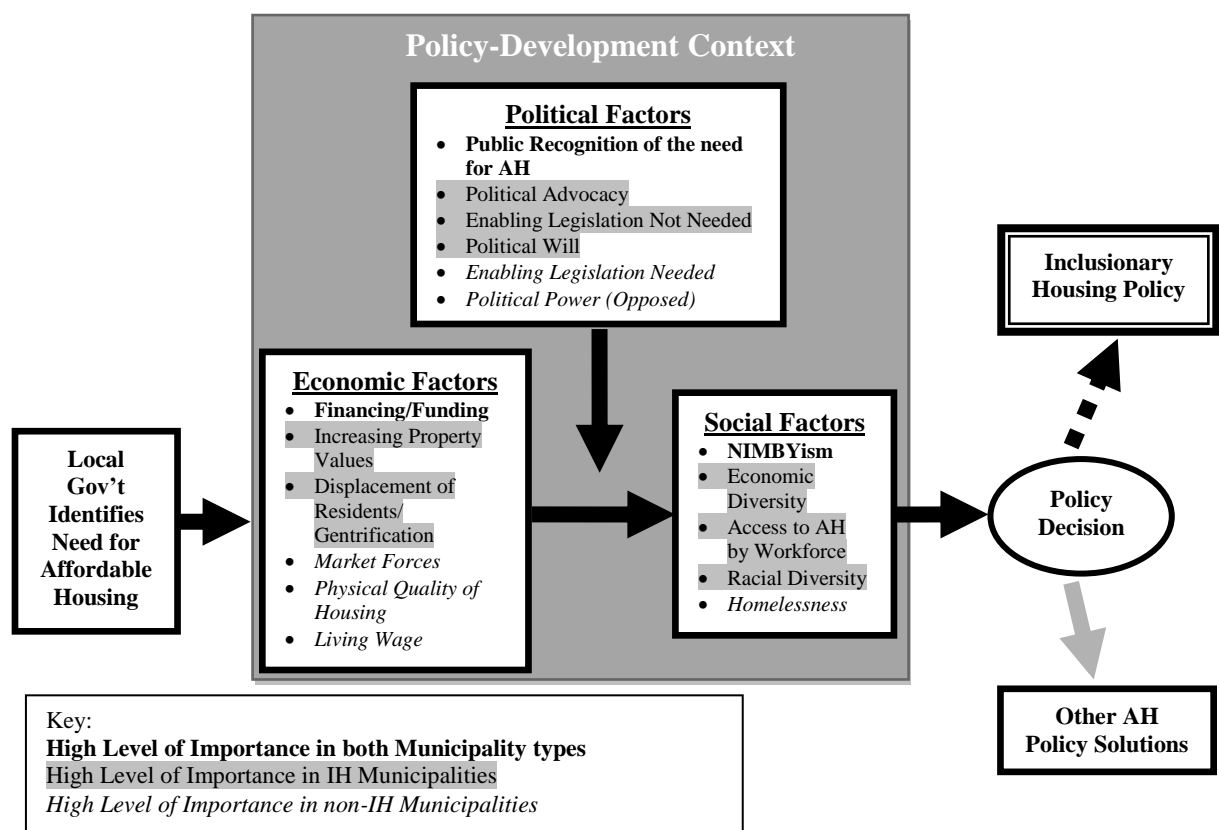

Figure 2: Revised Conceptual Model Showing Updated Contextual Factor Relationships

The revised conceptual model (Figure 2) highlights the most frequently discussed contextual factors that influence the decision to create an IH policy. One contextual factor within each category was found to be important for passage of both IH and other AH policy solutions (i.e., Financing/Funding, Public Recognition of the need for AH, and NIMBYism). Contextual factors frequently mentioned by those interviewees within IH municipalities are highlighted in gray. Contextual factors frequently mentioned by those within non-IH municipalities are italicized. Both facilitating and inhibiting factors would be important targets for AH advocates interested in an IH policy within NC municipalities.

II. Conceptual Model Discussion

Based on interviewee comments, contextual factors were deemed facilitating or inhibiting the creation and adoption of an IH policy. Facilitating economic forces led a municipality towards developing an IH policy and conversely, inhibiting economic forces prevented a municipality from creating and/or adopting an IH policy. Facilitating social forces created AH goals that led a municipality towards developing an IH policy and inhibiting social forces distracted a municipality from creating and/or adopting an IH policy. Facilitating political forces lent support to municipalities when developing an IH policy and inhibiting political forces placed barriers in front of municipalities who were trying to create and/or adopting an IH policy. Next, important facilitating and inhibiting contextual factors will be discussed in more detail.

A. Economic Contextual Factors

1. Facilitating IH

In IH municipalities, the belief that increasing property values were leading to the displacement of residents drove the creation of an IH policy. IH municipality interviewees discussed the importance of an IH policy in protecting their communities from the threat of driving out long time residents and preserving their community the way that it had always been. In non-IH municipalities, where similar occurrences were happening (Charlotte) or could eventually happen (Durham), IH was not seen as a solution to that problem. This may have been because increasing property values in both non-IH municipalities were not municipality-wide (as they were in both Davidson and Chapel Hill) or because the gentrification was only affecting certain areas of the municipality (the downtown area for Charlotte).

This finding would suggest that as property values increase in non-IH municipalities and if gentrification occurs in Charlotte or begins to occur in Durham, then an IH policy might be considered at that time. As it is, people can find AH in non-IH municipalities; however, they may not find housing in their preferred location, may pay more than they can easily afford, or might only find housing in places that are already concentrated with AH.

2. Inhibiting IH

Financing/funding was important across all municipality types as an influential contextual factor. The different perceptions about financing/funding within municipalities was an important finding, as IH municipalities perceived the IH policy as a solution to their financing/funding problems and often the only way to provide AH within the municipality. Non-IH municipalities often did not see or understand the financial feasibility of an IH policy

because of the belief in the need to provide subsidies for developers who provide AH through an IH policy.

How financial barrier solutions are perceived appears to be a large barrier to the creation of an IH policy. Non-IH municipalities either do not see developers as a solution to their AH needs or IH municipalities were seen as unfairly placing the burden of providing AH on developers. Perception of financing/funding is a key factor that leads to or away from an IH policy level solution and appears to be a key inhibiting factor among non-IH municipalities for creating and adopting an IH policy.

In non-IH municipalities, market forces also appeared to be a strong inhibiting factor of IH policies because of the fear of "driving out" developers to neighboring municipalities and the pro-business/pro-development sentiments in the community. Frequently, interviewees in non-IH municipalities felt their housing markets were not strong enough to place extra regulations on the development community without having negative outcomes, a similar sentiment as above, and their unwillingness to place too many financial burdens on developers. It is unclear whether these feelings about market strength are perception or reality, since the "strength" of each municipality's market forces is hard to quantify and none of the non-IH municipalities have created an IH policy that would reinforce or invalidate their fears about driving out developers. Regardless of whether it is perception or reality, market forces (or the perception of market forces) appeared to be a key driving force inhibiting the development of an IH policy in non-IH municipalities.

Non-IH municipalities, perhaps because of their larger size, also seemed to be distracted by other problems or issues that took precedence, detracting from an IH policy solution. Both Charlotte and Durham interviewees discussed in depth their concerns over the

physical quality of homes within the municipality and the need to work on increasing wages for workers, rather than providing workers with AH that met their current needs and wages. Despite the fact that an IH policy provides new homes (quality) and the price is set based on a person's income (affordability), IH was not perceived as a solution to these two major concerns of non-IH municipalities.

B. Social Contextual Factors

1. Facilitating IH

IH municipalities had three key social contextual factors – economic diversity, racial diversity and access to AH by workforce – that influenced the decision to pursue an IH policy level solution. As these communities saw what they considered historic social values threatened, their solution was a policy that, hopefully, would alleviate that loss. Frequently, when the interviewees discussed IH, they mentioned the social values shared by both citizens and politicians in the community of economic and racial diversity, as well as a desire to provide working class citizens the opportunity to live within the community. To IH municipalities, it seemed relevant that they pick an AH policy that addressed the goals set by their social values. In fact, IH was often seen as the last possible chance to protect a community that everyone cared about and didn't want to see evolve into a place where only the elite could live.

Though non-IH municipalities discussed these social values, they were not mentioned by a large percentage of interviewees and when they were mentioned, they were not values that appeared to be held throughout the municipality. Though these values do exist within non-IH municipalities, they do not appear to be driving forces for AH policy development, especially in the form of an IH policy.

2. *Inhibiting IH*

NIMBYism was found across both municipality types as an inhibiting factor to AH in general. In IH municipalities, it appeared that many people discussed NIMBYism as a force against AH, in general, and gave that factor as justification for why they needed to provide AH that was suitable to the neighborhood. Many interviewees mentioned the importance of AH fitting in "seamlessly," so that someone couldn't walk through a neighborhood and say, "There's the affordable housing." Though interviewees in IH municipalities felt there were people and neighborhoods that might be against an IH policy because of NIMBYism, it did not inhibit the development of the IH policy.

However, in non-IH municipalities, NIMBYism forces were talked about as specifically working against IH policies. Developers were seen as not wanting to provide AH in their communities, first because of financial reasons and second because of NIMBYism. Interviewees mentioned the consensus by community members and developers about the need for AH, but did not want AH within their neighborhoods because of the fear that it would affect property values. The strong NIMBYism attitudes and weaker commitments to social values (i.e., economic diversity, racial diversity, AH for the workforce), prevented an IH policy from emerging.

Unlike IH municipalities, non-IH municipalities talked of the homelessness problem as highlighting the need for AH, especially for low- and no-income individuals within the community. Often interviewees discussed the different solutions that were being created to end chronic homelessness, get people off the streets, into housing and back to being productive members of society. This is not to say that homelessness is not an issue in IH municipalities; but due to their smaller size and largely higher income residents, the topic

was not mentioned during discussions about AH and IH within this study. In a community that perceives that it has a homelessness issue/problem, it is understandable that an IH policy, which addresses the "working poor," might not rise to the top of the AH policy agenda list.

C. Political Contextual Factors

1. Facilitating IH

With a lack of explicit state enabling legislation in North Carolina for IH (Brown-Graham et al., 2004), it was not surprising that the political contextual factor of legality was discussed by all interviewees in both IH and non-IH municipalities. The most surprising finding was that a large percentage of IH municipality interviewees believed in the legality of IH. Often interviewees discussed the belief that they had legislative authority or mentioned the fact there was no disabling legislation; and therefore, they felt there was solid legal ground for the creation of an IH policy. Those few interviewees in IH municipalities who believed that IH was illegal, accepted that fact and preceded with the policy because they felt the need for AH was much greater than any potential risk of being sued, or they went along with the majority opinion because of their job/position.

Two other important political contextual factors facilitating the creation of an IH policy within IH municipalities were Advocacy For IH and political will, factors that seem to be interconnected. In both IH municipalities, Chapel Hill and Davidson, there were at least two politicians that had championed AH and advocated for an IH policy. Because they were mentioned by a large number of interviewees within each municipality as key catalysts to the development of the IH policy, it appeared that without them the creation of an IH policy would not have been successful. These politicians also talked about a sense of inevitability of creating an IH policy. The policy had huge support from citizens, and politicians in the

community had the "political will" to make it happen. In general, these two political contextual factors were seen as driving factors facilitating the creation of an IH policy within IH municipalities.

2. *Inhibiting IH*

Two political contextual factors found to inhibit the creation of an IH policy surfaced within non-IH municipalities. Non-IH municipalities had more individuals who felt IH policies were illegal. This factor was one of the primary reasons that an IH policy was not created. Many interviewees also discussed the lack of enabling legislation as a reason for not pursuing an IH policy.

However, regardless of the legality, the major sentiment inhibiting an IH policy rested on the political power of the developers and homebuilders at the state level and in their own communities. They believed that this political influence was the main reason that state enabling legislation currently does not exist. Within both non-IH municipalities, the perception of the homebuilders/developers' power was much greater than it was within IH municipalities.

Many perceived that if you could persuade this strong political force to support an IH policy, any other barriers that existed, such as the legality issue would cease to be real inhibiting factors in adopting an IH policy. In Charlotte, where a recent inclusionary task force has been created and was mentioned by several interviewees, there appears to be some expectation that this strong political force will recognize the growing need for AH in the municipality, and an IH policy of some form will eventually be created.

III. Limitations

A limitation of this exploratory case study was the small sample size and selection process for cases. However, since the overall purpose of the study was to understand and explore IH policies in NC, the ability to generalize the results was of lesser importance. The use of four separate municipalities gave more strength to the study than a single site would have done. Ideally, municipalities chosen would have been of similar sizes so that inferences drawn between IH and non-IH municipalities could have held stronger weight. There were no potential comparison municipalities of similar size to IH municipalities. The municipalities chosen for comparison were larger in size and thus comparisons between municipality groups may not be as strong.

While every effort was made to interview multiple stakeholders in each municipality, not every important stakeholder was able or willing to be interviewed, and there may have been stakeholder groups that were not represented. Due to the size of IH municipalities, there often were few representatives for each interviewee type that needed to be interviewed, leading to difficulties if selected interviewees were not available or unwilling to be interviewed. For instance, in Chapel Hill, the developers that were contacted were not available to be interviewed; and therefore, developer input for IH-municipalities was solely from Davidson interviewees. Every effort was made to interview each type of interviewee in each community by following up multiple times or attempting to find other suggested interviewees that could provide the same or similar input as the interviewee that was not available or was unwilling to be interviewed. Sometimes this effort was successful, and other times it was not.

Since the non-IH municipalities were larger, there often were too many stakeholders to feasibly interview for the project. Every effort was made to contact similar stakeholders in IH and non-IH communities in an effort to have similar input from each municipality type. Because the topic was a policy that was not currently being utilized in non-IH municipality, many interviewees did not fully understand the study goals or did not want to participate. When recruiting interviewees for non-IH municipalities, every attempt was made to talk about the study in general terms related to affordable housing policy efforts and not to mention IH specifically unless requested. The hope was that interviewees would be more willing and open to talk if they were discussing policies with which they had more experience. Despite these recruitment methods, it was still more difficult to recruit interviews in the non-IH municipalities because of this factor.

No community members were interviewed during the study. Since results indicated that several important contextual factors were related to community members/residents, it may have been advantageous to include community members in the analysis to gain their perspectives. However, it would have been difficult to select community members to discuss affordable housing. Community members were not mentioned as a stakeholder by interviewees when asked for names of others to talk to about AH or the IH policy within the municipality. However, many interviewees currently resided in the community and, therefore, were also community members beyond their role working on AH within the community.

The development of two different interview guides, though necessary, created much more data for IH municipalities over non-IH municipalities because of the large number of questions about the IH policy. The initial thought process was that interviewees in non-IH

municipalities may or may not have had knowledge of IH policies and asking individuals about IH if they had never heard of the policy decision would only cause confusion.

Interviewees were asked about policy level solutions to AH in their municipality, but probing questions were not as specific as they were within IH municipalities because of the diverse numbers and types of different policy level solutions that exist and could have been mentioned. Though it would have been beneficial to ask similar questions about other policy solutions in the non-IH municipalities to determine if similar factors were important, the study was primarily focused on an IH policy as one solution to AH and, therefore, did not provide specific questions on other AH policy solutions.

One example of factors that may have been influenced by the different interview guides is that in IH municipalities, economic and racial diversity were found as very important contextual factors. When comparing them to non-IH municipalities, it would appear that these values were not as important to the stakeholder interviewed. However, the fact is that specific questions were not asked about the driving cultural values within non-IH municipalities for their policy level solution. However, cultural values were included as a topic of conversation related to an IH policy in IH municipalities, and these types of questions may have influenced the results.

Presented results were influenced by the strategy by which contextual factors were determined to be important. Within this study, contextual factors were determined to be important based on the frequency with which respondents mentioned each factors. This strategy is not the only strategy by which important factors can be determined. There are potentially other means that could be employed in future studies, such as having interviewees

rank order a list of contextual factors to determine their true perception of the importance and influence of each factor.

And lastly, there was only one coder for the study data making it difficult to compare and contrast results for accuracy. However, the interviewer read through interview transcripts several times, had others review the codebook prior to coding, and coded documents two separate times. Although the single interviewer/coder was not "blind" to the community type, IH vs. non-IH, and thus the conversation and follow-up questions may have contributed to bias, the interviewer was systematic in following the interview guide for each municipality and asked probing questions to clarify answers.

Chapter 6: Implications for Researchers and Practitioners

Based on study results, several conclusions can be made to help AH advocates take steps towards implementing strategies that increase their potential for the successful implementation of an IH policy within North Carolina. First, conclusions from this study are presented and then four suggested strategies are presented that can help to increase the potential for adoption of an IH policy within NC.

Conclusions

Several general conclusions can be made from the results of this study. With increasing population growth in North Carolina and the popularity of destinations, such as the Triangle and Charlotte as places to live; it would be beneficial to learn from the experiences of Chapel Hill and Davidson by creating an IH policy now while there is still land available and the positive effects of dispersing AH throughout the municipality is still possible.

In both IH municipalities that were experiencing increasing property values, a lack of land for development and a loss of residents (all factors that are a result of growth), it was unfortunate to hear that their IH policies have had somewhat limited affects in the number of AH units for the community. As land for development becomes unavailable and the newest developments tend to be redevelopments, these IH municipalities do not have the type of AH unit potential that larger municipalities that are not yet built out might have by implementing an IH policy. If non-IH municipalities throughout the state implement some type of IH policy, preferably a mandatory one, the amounts of AH they could produce through this

policy would be exponentially larger than the few small communities that have successfully adopted these policies.

Seeing an IH policy as a way to help spread the burden of providing for AH is the best possible solution. It is important not to view developers as the only solution to the AH problem. Though Chapel Hill and Davidson's primary source of AH is through the IH policy, it is not their sole source of AH. In all municipalities, it is not possible for an IH policy to provide AH to people of all different income levels. By having developers become part of the solution, not the only solution, you will also reduce their resistance to the policy. An IH policy should not be seen as "THE" solution to a municipality's AH needs. It is definitely a valuable tool for the AH toolbox, but it cannot and should not be the only AH policy within a municipality.

It is extremely important to understand how to frame the issue of AH housing by discussing how workforce housing is provided through an IH policy. Also, highlighting the fact that an IH policy is important to maintaining or increasing the diversity of the municipality will increase the potential for its success. And finally, one must realize the importance of community and political support for AH or any policy level solution, such as an IH policy. Without this support, the possibility of success is limited, if not impossible.

The revised conceptual model is also an important tool that helps to illustrate how municipalities in NC arrived at different AH policy level solutions. Conclusions about what contextual factors, facilitating or inhibiting, can be extremely valuable to AH advocates attempting to implement an IH policy within their municipality.

Since political level forces were found to be the key facilitating or inhibiting factor among which all other factors were influenced, focusing on addressing these contextual

factors would be most valuable. In addition, addressing other important factors within the economic and social contextual factors in order to change perceptions about AH, in general, and the solution of IH, specifically, can help to increase the odds for success of an IH policy within North Carolina municipalities.

Four Strategies to Increase the Potential for IH Adoption in NC Municipalities

Based on study results, several contextual factors appear to be good starting points for suggested strategies to increase the potential for adopting an IH policy within NC municipalities. These four strategies are discussed below: 1. Clarify the IH Legality Issue, 2. Public Advocacy/Public Will, 3. Build Political Support, and 4. Media Advocacy to Frame the AH/IH Issue.

1. Clarify the IH Legality Issue:

It appears that there continues to be "rampant confusion…among many state and local officials, constituency groups, and the general public about whether local governments have the statutory authority to enact [IH] program" (Brown-Graham et al., 2004). Since local governments in NC only have power that is either expressly given (enabling legislation) or implied (Brown-Graham et al., 2004), and no municipality with an IH policy has been sued to date; there is no clear answer to the question of the legality of IH policies. This was evident by the varying opinions about legality within IH and non-IH municipalities alike. In the face of this confusion, IH policies still exist in NC, and none of the current policies have been challenged in court. Many of these communities would argue that they have the power

to create these policies because they are providing for the health and welfare of their residents.

Since several municipalities have attempted to obtain enabling legislation for IH policies and failed, the potential for enabling legislation in this political climate seems unlikely. Despite the fact that legality is somewhat unclear, the more municipalities that implement the policy and aren't challenged, the greater the statewide support becomes for the policy. Likewise, if an IH policy was challenged, there would be more stakeholders involved in insuring a successful outcome in the court system, and a court decision would be, essentially, providing enabling legislation to all NC municipalities for the policy.

2. Advocacy for IH/Political Will

Within IH municipalities, it was evident that one or two political advocates were key drivers for the eventual creation of an IH policy. Without these individuals, it is difficult to know whether an IH policy would have been developed and adopted in either IH municipality. This finding highlights the probable need for political advocates and political consensus regarding the desire for AH and for an IH policy within a municipality to insure its success. Without these advocates, the "political will" that was created within these municipalities and that provided momentum for the policy level solution of IH would not have existed. It is likely there would not have been a successful implementation of the policy strategy.

For those within the AH field, it is important to find or elect politicians that support the goals of AH and who might be interested in the eventual creation and adoption of an IH policy. Because of the strong opposition, especially at the state level by many lobbyists, the

only way to counter the negative barriers is to elect advocates that have goals in line with an IH policy initiative.

3. Build Political Support

Because of the huge strength of the homebuilder lobby that opposes the explicit enabling legislation for state-level IH policies, it is important to find a way to build political support for the need for AH in order to have increased potential for IH policies throughout the state. It is valuable to discover ways to connect different stakeholders on how the benefits of AH can meet their goals and needs while also benefiting the entire municipality as a whole.

For example, highlighting the health benefits of good quality, well-located, affordable housing for community residents, especially children can help to increase support for policies like IH. Increasing AH allows for communities and employers to be more competitive when attracting residents and recruiting employees because they are able to find more affordable places to live. Well-located AH can decrease the cost of commuting, reduce stress and its negative effects on employees health by increasing time for other activities besides work and have a positive community benefit by decreasing air pollution as a result of fewer long distance commuters. Often these conversations about the health and economic benefits of AH can bring people to the table who may not previously have seen themselves as stakeholders and increase the political support for policies like IH.

Finally, providing a voice in the IH dialogue for those in favor, as well as opposed to the policy can increase the potential for successful solutions, by creating a policy that addresses everyone's needs. It is important to recognize that in IH municipalities, developers

were largely not opposed to IH policies, but rather felt they needed to provide input on how the policy should be implemented feasibly within the municipality. Often developers had opinions about how to improve the IH policy, but felt their thoughts for feeling were not needed or wanted by the municipality.

4. **Media Advocacy to Frame the AH/IH Issue:**

Because interviewees often mentioned the effects of NIMBYism across communities and discussed the images that residents often have of "affordable housing" as being public housing for welfare recipients and crime-infested places. Unfortunately, these imagines are largely inaccurate as AH, especially AH provided through an IH policy, are meant for working citizens within a municipality. The positive health benefits of healthful housing – housing that is of good quality, well located and affordable – is extremely important to individuals, especially those who are disadvantaged.

Media advocacy could use mass media in a strategic manner to advance healthy public policies (Wallack & Dorfman, 1997), such as a policy of IH. By framing the issue in a positive light by focusing on the benefits of economic diversity, racial diversity, and AH for the workforce, this publicity could counter the negative opinions against integrated AH. IH municipalities in NC have already been successful in reframing the AH issues to see value in diversity, rather than a desire for separate concentrations of rich and poor. This reframing was successful in creating municipality-wide social values and public support, silencing the opposition and leading to the creation of an IH policy solution to the municipalities AH needs. There must be a way to accomplish this successful approach on a broader scale.

Suggestions for Future Research

The presented results, conclusions and recommendations are certainly not exhaustive and future research within the area of IH in NC could still be beneficial to advance the policy forward within the state. The research on contextual factors could further be explored to focus on the legality issue of IH at the state level, specifically attempting to find ways to increase the potential for enabling legislation for IH and decrease the legal barrier for NC municipalities. Further research that focuses on understanding how to determine what municipalities in NC might benefit the greatest from an IH policy so that advocacy efforts for the policy in IH could be better targeted would be useful as well. Finally, based on interviewee responses, it appeared that there was some confusion over "how IH policies work financially," and so future research on case studies that have employed these strategies (especially the examples of municipalities in NC) so that a single source could be provided to help people who are interested in implementing an IH policy within their municipality would provide an resource to answer questions and simply the mystery of IH policies.

Appendix A: Consent Form

The UNC Institutional Review Board reviewed this project

What is the purpose of this study?

The purpose of this research study is to learn more about inclusionary housing in North Carolina from professionals and citizens involved in the affordable housing issue. The desired outcome of the study is to understand what influences, facilitates or hinders the adoption of an inclusionary housing policy in North Carolina. The study is being conducted as a master's thesis/project to gain details from parties on all sides of the issue, to better understand the political climate and opinions about affordable housing solutions within the state. You are being asked to be in the study because it is believed that you have expert knowledge related to affordable housing and/or the policy of inclusionary housing.

How many people will take part in this study?

If you decide to be in this study, you will be one of approximately 24 people participating.

How long will your part in this study last?

Participation is expected to take 60 to 90 minutes to complete the interview. It is assumed that follow up questions or clarifications related to the interview are allowed, unless study participant disallows any further contact related to the study. Recorded interviews, transcribed interviews and any other identifiable study information will be destroyed in December of 2008, six months after student thesis completion.

What will happen if you take part in the study?

As a study participant, you will be asked to complete one in person (or over the phone) interview answering questions about the research topic of affordable housing and the policy of inclusionary housing. You may refuse to answer any question asked of you for any reason.

What are the possible benefits from being in this study?

Research is designed to benefit society by gaining new knowledge. There is little chance you personally will benefit from being in this research study. You will not receive any compensation for taking part in this study.

What are the possible risks, discomforts or costs involved with being in this study?

There are no known risks of being a participant in the study. There is no known risk of injury from involvement in this study. It will not cost you anything to participate in the study, except for your time.

Appendix A: Consent Form

What if you want to stop before your part in the study is complete?

You can withdraw from this study and interview process at any time, without penalty. Please inform the researcher of your wishes to do so.

What if we learn about new findings or information during the study?

If you request, I will share with you any new information gained during the course of the study.

How will your privacy be protected?

I will seek your permission to digitally record this interview, but if you wish to not have the interview digitally recorded, please let me know. Also, you can ask me to pause or stop the recording at any time during the interview. The digital voice recordings and typed interview notes will be kept on a password protected computer. Data from interviews will be kept until December 2008 (six months after thesis submission) and destroyed at that time.

The study information from your participation, including digital voice recordings, transcripts, and your contact information, will be secured on a password-protected computer. Access to the information will only be available to the student researcher and student's thesis advisors. As descriptive quotes allow for more meaningful result, these quotes will be used in the report. Such quotes will be identified only if consent is given by you, otherwise all such quotes will remain de-identified, using instead a byline such as: "- community spokesperson" or "-executive director of non-profit" or "-county official".

> **Will you give permission for short quotes from your interview**
> **to be used in written reports and identified with your name?**
> *(please put an "X" by your answer below)*

> ____YES   ____NO

Although every effort will be made to keep research records private, there may be times when federal or state law requires the disclosure of such records, including personal information. This is very unlikely, but if disclosure is ever required, UNC-Chapel Hill will take steps allowable by law to protect the privacy of your personal information. In some cases, your information in this research study could be reviewed by representatives of the University or government agencies for purposes such as quality control or safety.

Signed Consent for Study Participation

I have reviewed and understand this consent form, and hereby agree to participate in this study.

Print Name: _____   Signature: _____

Date: _____

Appendix B: Interview Guide IH Municipality

Overview

Thank you for finding time to help me with research related to my master's thesis. By gathering yours and others viewpoints, I'm hoping to learn more about the policy of inclusionary zoning (also referred to as inclusionary housing) in North Carolina. Before I begin today I need to briefly go over the consent form with you, in order to make sure you know your rights as a subject in this research study:

1. *Review Consent Form*
2. *Make note of preference for identifiable quotes in report*
3. *Provide a blank copy for interviewee's records*

If you don't mind, I would like to digitally record our discussion in order to make sure I get the most accurate write up of our conversation for purposes of analysis. Just as a reminder, I will keep the recording locked where only I or my advisors on this project will have access to it; and I will destroy all recordings at the end of the study. **May I have your permission to record this conversation?**

1. *Turn on digital recorder and state the following:*
   a. *Date and time of interview*
   b. *Interview unique ID number*
   c. *Repeat question seeking permission to record to have the participant's verbal answer on the recording*

Today I would like to talk about affordable housing policies. I want to understand how different local governments have approached the issue, and the various social, political and economic forces that have helped to shape the eventual solution. During our conversation I would like to talk specifically about inclusionary housing and what occurred as that solution was explored (both during the creation and the adoption of the policy). I also hope we can talk about any lessons that may have been learned from the process.

I'd like to keep this as informal as possible, so even though I've brought along an interview guide, if you have other relevant thoughts or stories that may not directly relate to the questions, please feel free to share. Try to be as honest and open as possible; I am interested in exploring all different viewpoints related to inclusionary housing in the state.

Do you have any questions before we begin?

Appendix B: Interview Guide IH Municipality

Introduction
First I'd like to get to know a little about you and your background…

1. Can you give me a brief description of the position you currently hold?
   a. How long have you held this position?
2. How did you come to be involved and/or interested in affordable housing?
   a. Was it directly related to your job?
   b. Did you have a personal interest in the topic?

Affordable Housing Need Identification
Now I'd like to understand the circumstances behind how affordable housing was identified as a need within your municipality…

3. What conditions or circumstances raised an awareness of the problem of affordable housing in your municipality?
   a. When did the identification occur?
   b. Who were the key individuals and/or organization involved in defining affordable housing as a problem?
   c. What opportunities were present that suggested this might be a beneficial time to find a solution?
   d. What barriers existed when addressing the affordable housing needs?
      i. Which barriers did you feel were of most concern when moving forward with a solution?

Identifying Potential Solutions
Now I'd like to learn about the ideas that were proposed to solve the affordable housing problem…

4. What different types of strategies were suggested to address the affordable housing needs in your municipality?
   a. Why were these different strategies rejected or pursued?

You mentioned inclusionary housing was one of the strategies recommended to address the affordable housing need. I'd like to talk more specifically about this strategy's development and adoption within your municipality. In order to do that, I'd like to give you a conceptual model so you can refer to it when answering questions about each unique step within the policy development process (give interviewee conceptual model).

During the next section I will be asking questions about the development and adoption of an inclusionary housing policy.

Appendix B: Interview Guide IH Municipality

Process for creating/adopting the Inclusionary Housing Policy
So let's begin by discussing the process of developing the inclusionary housing policy…

5. Please tell me the story of how the idea of inclusionary housing came into existence within your municipality. I would like to understand how it unfolded from the first thoughts to the final policy that was created and went before elected officials for a vote.
    a. How long did the policy development process take?
    b. What aspects seemed appealing to you about an inclusionary housing policy?
    c. What aspects seemed less appealing to you about an inclusionary housing policy?
    d. Who were the major stakeholders during the development of the policy?
        i. Who were the advocates?
        ii. Who were the opponents?
    e. What other policies did your municipality use?
        i. Which were the most influential?
    f. What types of information/data were collected to create the policy?
    g. How easy or difficult was the process?
    h. What social values seemed to be at stake during this policy development process?
        i. What social values drove the discussions, debates or conflict?

6. What role, if any, did the state play when your local government was developing an inclusionary housing policy?
    a. For example, what state-level policies or procedures influenced the development of the inclusionary housing policy (i.e., lack of state-enabling legislation)?
        i. How did these policies support or hinder the policy development at the local level?
7. What other types of political influences affected the creation and adoption of this type of policy?
    a. Supportive influence?
    b. Barriers, obstacles, challenges?

Personal Reflections about the Policy of Inclusionary Housing
This last section is about the effectiveness and usefulness of inclusionary housing in North Carolina…

8. What is your opinion about the usefulness of the policy of inclusionary housing as an affordable housing strategy in North Carolina?
    a. How effective is it? Why?
    b. What are your opinions about whether it can be used and/or adapted in other municipalities (both similar and different from you own)?

Appendix B: Interview Guide IH Municipality

9. In hindsight, what do you feel could have been <u>done differently</u> throughout the process of developing and adopting an inclusionary housing policy?
   a. What <u>key factors or issues</u> should others consider when trying to implement this policy strategy within their municipality?
   b. What <u>social, political and economic forces</u>, in your opinion, can "make or break" an inclusionary housing policy within in a municipality?
      i. State-level legislation?
      ii. Political stakeholders?
      iii. Citizen stakeholders?
      iv. Others?
10. What <u>suggestions</u> would you give others who are starting from scratch?
11. Is there <u>any other information</u> related to the topics we have covered today that you feel is important to discuss that hasn't been covered within this interview so far?

**Thank you so much for your time, can I contact you in the future if I have any need to clarify what we have talked about today?

END

Appendix C: Interview Guide non-IH Municipality

Overview

Thank you for finding time to help me with research related to my master's thesis. By gathering yours and others viewpoints, I'm hoping to learn more about the policy of inclusionary zoning (also referred to as inclusionary housing) in North Carolina. Before I begin today I need to briefly go over the consent form with you, in order to make sure you know your rights as a subject in this research study:

1. *Review Consent Form*
2. *Make note of preference for identifiable quotes in report*
3. *Provide a blank copy for interviewee's records*

If you don't mind, I would like to digitally record our discussion in order to make sure I get the most accurate write up of our conversation for purposes of analysis. Just as a reminder, I will keep the recording locked where only I or my advisors on this project will have access to it; and I will destroy all recordings at the end of the study. **May I have your permission to record this conversation?**

4. *Turn on digital recorder and state the following:*
   a. *Date and time of interview*
   b. *Interview unique ID number*
   c. *Repeat question seeking permission to record to have the participant's verbal answer on the recording*

Today I would like to talk about affordable housing policies. I want to understand how different local governments have approached the issue, and the various social, political and economic forces that have helped to shape the eventual solution. During our conversation I would like to talk specifically about inclusionary housing and what occurred as that solution was explored (both during the creation and the adoption of the policy). I also hope we can talk about any lessons that may have been learned from the process.

I'd like to keep this as informal as possible, so even though I've brought along an interview guide, if you have other relevant thoughts or stories that may not directly relate to the questions, please feel free to share. Try to be as honest and open as possible; I am interested in exploring all different viewpoints related to inclusionary housing in the state.

Do you have any questions before we begin?

Appendix C: Interview Guide non-IH Municipality

Introduction

First I'd like to get to know a little about you and your background…
1. Can you give me a brief description of the position you currently hold?
   a. How long have you held this position?
2. How did you come to be involved and/or interested in affordable housing?
   a. Was it directly related to your job?
   b. Did you have a personal interest in the topic?

Affordable Housing Need Identification

Now I'd like to understand the circumstances behind how affordable housing was identified as a need within your municipality…

3. What conditions or circumstances raised an awareness of the problem of affordable housing in your municipality?
   a. When did the identification occur?
   b. Who were the key individuals and/or organization involved in defining affordable housing as a problem?
   c. What opportunities were present that suggested this might be a beneficial time to find a solution?
   d. What barriers existed when addressing the affordable housing needs?
      i. Which barriers did you feel were of most concern when moving forward with a solution?

Identifying Potential Solutions

Now I'd like to learn about the ideas that were proposed to solve the affordable housing problem…

4. What different types of strategies were suggested to address the affordable housing needs in your municipality?
   a. Why were these different strategies rejected or pursued?
<<PROBE FOR ADDITIONAL REASONS>>

If inclusionary housing is mentioned <<go to question 5>>
If inclusionary housing is not mentioned <<go to question 7>>

Appendix C: Interview Guide non-IH Municipality

If inclusionary housing was mentioned as one solution…

5. You mentioned inclusionary housing as one strategy that was suggested, can you tell me a little about that?
6. What were the reasons behind why an inclusionary housing policy solution was suggested but never created? *<<go to question 9>>*

If inclusionary housing is not mentioned as one solution…

7. One affordable housing strategy that you did not mention was inclusionary housing, can you tell me what you know or have heard about this policy?
8. What do you think were the <u>reasons</u> behind why the policy was not discussed for your municipality?
   a. Previous knowledge of opposition to the policy?
   b. Concern over the apparent need for state enabling legislation?
9. How good of a fit politically would an inclusionary housing policy be for your municipality?
   a. Why?
10. How about how good of a fit would an inclusionary housing policy be for meeting the affordable housing needs of your municipality?
      i. What characteristics of the policy make you think that?
11. What is your opinion about the <u>importance</u> of the policy of inclusionary housing as an affordable housing strategy in North Carolina?
   a. How <u>effective</u> do you think it is? Why?
   b. Would it work? Why or why not?
12. Is there <u>any other information</u> that you feel is important to discuss that hasn't been covered within this interview so far?

**Thank you so much for your time, can I contact you in the future if I have any need to clarify what we have talked about today?

END

Appendix D: List of Interviewees

	Community	Name	Job Title	Affiliation/Organization
1	Chapel Hill	Loryn Clark	Housing & Neighborhood Services Coordinator	Chapel Hill Planning Dept
2	Chapel Hill	Robert Dowling	Executive Director	Orange County Land Trust
3	Chapel Hill	Mark Kleinschmidt	Council Member	Chapel Hill
4	Chapel Hill	Ralph Karpinos	Town Attorney	Town of Chapel Hill
5	Chapel Hill	Delores Bailey	Executive Director	Empowerment, Inc.
6	Chapel Hill	Sally Greene	Council Member	Town of Chapel Hill
1	Charlotte	Debra Campbell	Planning Director	Charlotte/Mecklenburg Planning Department
2	Charlotte	Stanley Watkins	Neighborhood Development Director	Charlotte/Mecklenburg Planning Department
3	Charlotte	Jennifer Roberts	Chairman - Board of County Commissioners	Mecklenburg County
4	Charlotte	Rodney Moore	Vice Chairman of the CHA Board of Commissioners	Charlotte Housing Authority
5	Charlotte	Fred Dodson	Chief Operating Officer	The Housing Partnership
6	Charlotte	David Jones	Partner	Kennedy Covington Lobdell & Hickman, LLP
7	Charlotte	Roger Lewis	Developer	Crosland
1	Davidson	Cindy Reid	Affordable Housing Coordinator	Davidson Planning Department
2	Davidson	Marcia Webster	Executive Director	Davidson Housing Coalition
3	Davidson	Margo Williams	Town Board Commissioner	Town of Davidson
4	Davidson	Robert Tremblay	Developer	The Brownstones at Harbour Park
5	Davidson	Rodney Graham	Developer	John Marshall Custom Homes
6	Davidson	Doug Boone	Developer	Boone Communities
7	Davidson	Randy Kincaid	Mayor (outgoing)	Town of Davidson
8	Davidson	Dawn Blobaum	Assistant Town Manager	Town of Davidson
9	Davidson	Jim Burbank	Chairman	Saucy-Burbank
1	Durham	Lanier Blume	Senior Planner	Self Help
2	Durham	Selina Mack	Executive Director	Durham Community Land Trust
3	Durham	Becky Heron	Board of County Commissioners	Board of Commissioners
4	Durham	Helen Moore	Employee	Self Help
5	Durham	Rich Lee	Director	Durham Affordable Housing Coalition
6	Durham	Constance Stancil	Director	City of Durham Housing Department
7	Durham	Larry Jarvis	Associate Director	Department of Community Development

Appendix E: Codebook – Inclusionary Housing

1. **Identification of AH as a need:** Includes all discussions of how affordable housing was identified as a need or problem within the municipality.

   a. **Growth** – encompasses discussion of increasing population growth and/or growth in businesses within the municipality.

      - *Land Values* – includes comments made about the increasing value or increasing cost of land within a municipality.

      - *Service workers not able to live in town/city* – includes comments made about services workers (i.e., people working in the service industry, police officers, fire fighters, teachers) having to commute long distances because of a lack of affordable housing in the municipality.

      - *Property values increasing* – includes comments made about the increases in the value of properties within the municipality or discussions about people having to pay more for housing.

      - *Gentrification* – includes comments made about the process of renewal and/or rebuilding that usually accompanies the influx of middle-class or affluent people into deteriorating areas that are now seen as highly desirable, usually leading to the displacement of poorer residents.

   b. **Housing Quality** – includes discussion about the quality of housing within the municipality.

      - *Physical quality of housing* – includes comments made about an increasing amount of dilapidated housing, housing needing repairs and older housing.

      - *Level of Neighborhood Investment* – includes comments made about absentee landlords living outside of the municipality and their lack of investment in the neighborhood or an increase in rental over homeownership with neighborhoods or the community.

      - *Homeownership rates* – includes comments made about the perceived or real amount of homeownership in the municipality.

      - *Neighborhood quality* – includes comments made about characteristics that influence the quality of the neighborhood, including reference to poor quality neighborhoods, issues (i.e., high crime, low employment, disinvestment) facing neighborhoods.

Appendix E: Codebook – Inclusionary Housing

   c. **Other** – include discussions about any other types of conditions or circumstances that were determined to be linked to an increasing need for affordable housing within the municipality.

- *Homelessness* – includes comments made about homelessness rates, increasing homelessness or services for homeless and it's linkages to affordable housing needs.

- *Wait list for section 8 vouchers* – includes comments made about the increasing need for section 8 housing vouchers.

- *Affordable housing projects waiting lists* – includes comments about the unmet need for affordable housing within a municipality.

- *Poverty in Schools* – includes comments made about an increasing amount of concentrated poverty and therefore, schools with concentration of low income students (i.e., large amounts of reduced cost lunches for instance).

2. **<u>Barriers</u>** – includes any discussion of barriers encountered when trying to provide affordable housing within a municipality.

- *Financing/Funding* – includes comments made about the barrier of money (i.e., lack of money to meet the gap between what housing costs to build and what an individual can pay for it.

- *Availability of Land* – includes comments made about the lack of an availability of land in general, or a lack of land in areas not already concentrated with affordable housing.

- *Cost of Land* – includes comments made about the high cost of land that leads to an increase in the cost of the unit that is built on that land.

- *NIMBYism* – Not In My Back Yard, includes comments made about individual feelings about affordable housing, especially near their homes and a desire to not have affordable housing in "their back yard," because of a fear of who will live there and/or a fear that it will affect their property values.

  o Property Values – includes any comments made about a concern over the affects of affordable housing on a market rate unit's property value.

Appendix E: Codebook – Inclusionary Housing

- *Living Wage* – includes comments made about a living wage and/or comments about a lack of income for workers, especially full-time workers that make it difficult for them to afford housing.

- *Long Term Maintenance of AH Units* – includes comments made about concerns about or problems with the long term maintenance of affordable units.

- *Affordability Over Time* – includes comments made about the concern or difficulty in keeping affordable housing units affordable over time.

- *Other* – includes comments made about barriers to affordable housing that were not covered in any of the above sub-codes.

3. **Cultural Values** – includes discussion of shared values, conditions or characteristics that members of the municipality share and find important.

- *Economic Diversity* – includes comments about a desire to have individuals of all different economic backgrounds living in close proximity to one another and/or the desire that individuals on the lower income brackets should be able to live within the municipality.

- *Racial Diversity* – includes comments made about the desire to facilitate or preserve the diversity of races within a town, city or neighborhood.

- *Growth/Economic Development* – includes comments made related to the desire for growth (population and/or economic) with a community.

- *Equality/Fairness* – includes comments made related to the equality/fairness of policies and/or equality/fairness in relation to individuals or groups.

- *Access to AH by Workforce* – includes comments made about the desire for affordable housing availability within a municipality for workers so that they can live where work (workforce housing).

- *Affordable Housing Needs to be Mandated* – includes comments made the desire or need to mandate affordable housing, specifically related to the belief that it is the only solution to providing affordable housing.

- *Responsible Party for AH* – includes comments made about who is should be responsible for providing (whose job it is provide) Affordable Housing

Appendix E: Codebook – Inclusionary Housing

4. **Social, Political or Economic Forces –** includes discussions of social, political or economic forces that were perceived to have helped, hindered or facilitated the adoption of an inclusionary housing policy.

- *Political Consensus/Will* – includes comments made about the strong desire or the ability to bring forth ideas or policy related to affordable housing and/or an inclusionary housing programs and a belief that such policies will be successful.

- *Advocacy For IH* – includes comments about advocating or lobbying for affordable housing solutions, such as inclusionary housing.

- *Political Power* – includes comments about a group or organization has power politically to facilitate or hinder a process towards their best interests.

  - *Supportive* – includes comments about political power in support of policy related to affordable housing.

  - *Opposed* – includes comments about political power in opposition of policy related to affordable housing.

- *Coalition/Organization Formation* – includes comments about groups forming coalitions or creating nonprofit organizations to support affordable housing.

- *Legality* – includes any discussion of the legality of inclusionary housing.

  - *Fear of litigation -* includes comments about any fear of legal ramifications related to an inclusionary housing policy implementation.

  - *Enabling legislation* – includes any comments about enabling legislation for inclusionary housing.

    - *No Need* – includes comments about the legality of inclusionary housing, including the feeling that enabling legislation is either not needed (because there is no disabling legislation) or that the power has already been given by the state through some other enabling legislation.

    - *Yes Need* – includes comments about the need for state enabling legislation for inclusionary housing policy.

Appendix E: Codebook – Inclusionary Housing

- *Public Recognition* – includes comments about an increasing awareness by the public of the need for affordable housing and the support behind helping to find a solution.
- *Market Forces* – includes comments made about the housing market, including comments made about the supply or demand of housing (regular and affordable) and any discussion of the markets influence on AH.

5. **Policy Process:** includes any discussion of the process for creating an inclusionary housing policy.

- *Time process took* – includes comments about the amount of time was invested in the process, specifically related to the group that created that actual inclusionary housing policy.

- *Design of the policy* – includes comments about how the actual policy and ordinance was designed the way it was designed.

  - *Resources* – includes comments about any resources that were utilized for creating the inclusionary housing policy.

  - *Information Utilized* – includes comments about any information (i.e., demographic, examples of other programs) that were gathered to create the inclusionary housing policy.

- *Structure of the process* – includes any comments about how the policy was structured (i.e., everyone's voice is heard, voting).

- *Process environment* – includes any comments about the social or political environment in which the process was creating, including whether it was easy, difficult or contentious.

  - *Ease* – includes any comments about process being easy.

  - *Difficulty* – includes any comments about the process being difficult.

  - *Contentious* – includes any comments about the process being controversial and or argumentative.

- *Major stakeholders* – includes any comments about the major stakeholders involved in the inclusionary housing policy development.

  - *Advocates* – includes any comments about stakeholders that were, or were perceived as, advocates for the inclusionary housing policy.

Appendix E: Codebook – Inclusionary Housing

- o *Opponents* – includes stakeholders that were, or were perceived as, opponents of the inclusionary housing policy.

- *Intervening events* – includes any comments about events that were barriers to the creation of the inclusionary housing policy.

- *Problems encountered* – includes any comments about problems that were encountered in the inclusionary housing policy development process.

6. **Policy Outcome** – includes any discussion of a policy solution to the affordable housing problem.

- *Inclusionary Housing* – includes any discussion related to inclusionary housing as a solution to the affordable housing problem.

- *Other Policy Solutions* – includes any discussion of other solutions, besides inclusionary housing, as a solution to the affordable housing problem.

    - *Nonprofit solutions (Habitat, Empowerment, Land Trust)* – includes any comments about solutions facilitated by nonprofit organizations.

    - *Federal government subsidies (tax credits, public housing, HOME, HOPE VI)* – includes any comments about solutions using federal government subsidies to deal with the affordable housing problem.

    - *Local funding (bond referendum, homeownership programs, incentives)* – includes any comments about solutions using local funding to deal with the affordable housing problem.

    - *Other* – includes any comments about other solutions that did not fall within the above categories.

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