



Why We Can't-Wait: WeBuild Concord and Housing

"The old guard in any society resents new methods, for old guards wear the decorations and medals won by waging battle in the accepted manner."

Martin Luther King Jr., Why We Can't-Wait

Over the last 18 months, the evolution of WeBuild Concord as a nonprofit housing developer has created greater urgency for affordable housing, systems change, and a framework for Concord and Cabarrus County. WeBuild and its partners currently have fourteen (14) single-family, multi-family, NOAH (naturally occurring affordable housing), and mixed-use housing projects under construction or in the permit process comprising over sixty (60) homes. As a relatively new entity that takes more of a systemic approach to affordable and workforce housing, we encounter several questions about our practices, affordability, partnerships, and fears about change. The following outlines our processes, answers essential questions, and reminds people of the urgent need for broad approaches to housing.

What We Do and for Who

WeBuild Concord is a nonprofit that uses private and public partnerships to develop affordable workforce housing for low to moderate-income residents. **We prioritize local applicants** who currently live or work in one of our communities. Individuals who left a local neighborhood due to housing affordability or a job and wish to "come home" also rank high. While we do not discriminate against any applicant, we use local priority rankings to ensure current residents benefit from local resources and financially stable housing.

Approximately seventy percent (70%) of our homes are for ownership, and thirty percent (30%) are for rental. We base our mix of ownership and rental homes on the needs of specific neighborhoods to promote stability and wealth creation. WeBuild also considers access to transportation, proximity to economic development and jobs, and amenities. Our target residents represent cost-burdened or house-poor households, meaning they pay far more than thirty percent (30%) of their incomes on housing. Our model focuses on getting mortgages and rents to represent thirty percent of household expenses to create financial opportunities for residents.

What is Affordable and Workforce Housing?

WeBuild Concord and its partners develop a range of housing for residents needing affordable or workforce housing. Affordable housing is reserved for households earning at or below eighty percent (80%) of the area median income (AMI). This group accounts for seventy-five percent (75%) of our residents. For example, a family of three in Cabarrus County may earn up to \$71,800 annually. Many families earn far less. Our workforce housing is reserved for families earning up to 110 percent of the AMI. A family of three may make a little over \$98,000. Most of these households are part of mixed-income developments. We use these guidelines to ensure affordability and other tools and strategies.

Tools: Limited Deed Restrictions, Community Land Trust, and Equity Grants

Limited Deed Restrictions

We use limited deed restrictions, community land trust, and equity grant tools for most of our developments to ensure access and long-term affordability. Limited deed restrictions provide a specified time that properties must remain affordable. We generally use deed restrictions that last twenty (20) to ninety-nine (99) years. In most cases, WeBuild will use this tool when residents needing affordable housing are financially prepared to handle land taxes or communities need a more rapid wealth creation. We also use deed restrictions for co-investment developments with other partners to ensure that a portion of the homes remains affordable for an extended period. However, deed restrictions may only sometimes ensure affordability with the high costs and values of properties. We often use the community land trust model to make ownership and rentals permanently accessible.

Community Land Trust

WeBuild acts as a community land trust, ensuring a home or property stays perpetually affordable (ownership or rental). We are the only community land trust in Cabarrus County and some nearby jurisdictions. Community land trust models ensure permanent affordability and stability while increasing gradual wealth across more households. For owner-occupied dwellings, the land cost is removed from the equation and allows residents to own a home without the additional tax burden of the land surrounding the improvements. Thus, the owner only pays a mortgage on the actual house. A small monthly land lease (\$25 - \$50) is incorporated with their overall mortgage to ensure residents do not pay more than thirty percent of their income on housing. This process makes ownership affordable, gradually increases wealth, and provides an instant asset.

Homeowners in a community land trust property have most of the rights other homeowners have. They can sell their home or pass it on to family members. Under our current community land trust policy, new homeowners are guaranteed equity of 2.5% each year in a shared equity model, regardless of market trends. Because of the shared equity model, owners must get prior approval to make any changes to the surrounding land and agree to sell to individuals within the same income range when disposing of the home. WeBuild can use a single subsidy and shared equity model across several owners. Overall, we create wealth in a way that supports affordability and stability.

For example, according to the Lincoln Institute of Land Policy, six out of ten households that purchase a community land trust home save enough money to sell and buy their second home in the open market due to wealth generation. Most of the households were only able to buy their first home because of the land trust model. The community land trust properties create stability as well.

At the peak of the foreclosure crisis in 2010, 8.57 percent of mortgages were in serious delinquency across all incomes compared to only 1.3 percent in community land trust homes. Foreclosure proceedings were similar, with 4.63 percent across all incomes and only .46 percent in land trusts. Thus, if a neighborhood or community needs a balance of permanent affordability, stability, and gradual wealth creation across multiple families with one subsidy, the community land trust model is a viable option. Our equity grant model enhances tools such as deed restrictions and community land trusts.

Equity Grants

Equity grants ensure access to homes and protect the comparative values of neighborhoods. When a home appraises higher than affordable or workforce income standards, we provide a noncash equity grant for the buyer. For example, if a home appraises for \$250,000 and the qualified buyer can only afford a mortgage of \$225,000, WeBuild will provide an equity grant of \$25,000 to close the gap. Thus, the sales price will be recorded at the appraised value and will not impact home values in the area. At the same time, the buyer will obtain a home at an affordable price. Equity grants provide a win for community property values and new homeowners. Combined with downpayment assistance and the deed restriction or community land trust models, it makes affordable and workforce housing advantageous for all neighborhoods.

Strategies: Single-Family, Multi-Family, Mixed-Income, Mixed-Use and NOAH

Single, Multi-Family, and Mixed-Income

WeBuild uses a variety of housing strategies that meet the demands of a growing city and county and provides dignity for residents. Many nonprofits focus on single-family developments. We build single-family homes with unique elevations in traditional neighborhoods. These homes offer a homeowner experience with an upgraded look and feel for low to moderate-income residents. However, with the landscape of our towns and cities changing, WeBuild also focuses on multi-family developments that increase density and opportunities.

Some settings and neighborhoods are closer to urban centers or need greater density. WeBuild focuses on multi-family developments to create more significant opportunities for ownership and rental. For example, our Lincoln Street Townhome project is in the Logan Community of Concord, a 26-unit townhome mixed-income development for ownership. This community has a low homeownership rate, and a density project like Lincoln Street Townhomes allows us to increase ownership opportunities quickly on a larger scale. On some traditional single-family lots, we subdivide the property to develop two to three homes that accomplish a similar function. To increase housing opportunities, we must use strategies that provide some density without clustering all our affordable units in one area.

As with the Lincoln Street Townhomes project, WeBuild seizes opportunities to provide many residents with mixed-income housing and developments. Clustering all affordable or workforce housing in specific areas creates intentional and unintentional segregation. Using the abovementioned tools, mixed-income housing and neighborhoods deliberately declutter these developments and simultaneously protect home values.

Mixed-Use and NOAH

Mixed-use and NOAH (naturally occurring affordable housing) are essential strategies for WeBuild and our residents. Mix-use projects create opportunities to align housing with economic development, jobs, and entrepreneurship and use spaces efficiently. On a related note, NOAH projects repurpose existing homes or buildings for affordable, workforce, and mixed-income housing. Instead of selling older affordable dwellings or destroying properties with historical significance, you convert them into bridges between the old and the new.

For example, WeBuild's Kerr Street Church Project combines many elements. The church is a historical building within the burgeoning art district of Concord. WeBuild is repurposing the facility to include mixed-income loft apartments and incubator space for entrepreneurs and artists. The development combines the need for housing and neighborhood rejuvenation and connects it to the economic aspirations of the neighborhood. Mixed-income and NOAH projects provide unique ways to reshape our community.

Community Input and Co-investment

WeBuild believes partnerships are a way to reshape communities through input and co-investment. Outside our Board, we have an advisory council of several partners, agencies, and residents. These community members provide feedback for our construction projects, locations, marketing, partnerships, and other operations. In addition to the advisory council, we connect with neighborhood associations and businesses when proposing housing development in specific areas. This allows us to build considering neighborhood aspirations and connect with the right partners. We base most of our partnerships on referrals, input, and co-investment. For example, Prosperity Unlimited is our region's certified housing counseling agency. Prosperity Unlimited provides application and counseling support for WeBuild and refers the appropriate candidates for our housing opportunities through our website. Several other organizations refer residents to WeBuild through partnership agreements. These agreements ensure that residents meeting our criteria get access and consideration for our homes. Other collaborations focus on construction.

WeBuild works with private and public sector partners to build and buy homes. The City of Concord and Cabarrus County are examples of large partners that co-invest in constructing WeBuild homes and providing land. Private foundations offer construction and administrative support, while private companies and individuals give access to free or discounted land. These co-investment partnerships lead to greater use of resources and more housing opportunities.

In addition to these partnerships, WeBuild participates in joint grant and fund distribution activities to leverage resources and community development. For example, the City of Concord's Housing Departments will reposition its housing authority dwellings. Because many of these dwellings are close to our Lincoln Street Townhome Project, WeBuild is co-investing with the City to help revitalize the neighborhood through a federal Community Development Grant. We are discussing the same strategy with other nonprofits for their projects. Co-investment collaborations extend private and public resources further and create more housing.

Conclusion: Systemic Change

As a community, we can't wait to deal with our housing crisis only using yesterday's thinking and methods. WeBuild's systemic approach to housing demands a broader view of tools, techniques, and strategies for affordable and workforce goals. New tools, such as the community land trust and equity grant approach, differ from many traditional tools. Strategies that place affordable and workforce housing in nontraditional settings are new for many agencies and residents.

A 21st-century economy and the growth of our region demand multiple approaches to the issue. We can no longer ask the government or private donors to support status quo development alone. Broadening the allocation of resources to various forms of housing development, strategies, and partnerships will help us all think and act beyond our organizations and programs. WeBuild's core values demand that we live up to these standards and share resources that develop meaningful partnerships in action and impact.

OUR MISSION IS TO BUILD HOMES, PARTNERSHIPS, AND OPPORTUNITIES

JC McKenzie
Board Chair, WeBuild Concord

Patrick Graham, Ph.D.
CEO, WeBuild Concord

To learn more about WeBuild Concord or apply for a home, please visit www.webuildconcord.org.

4 Barbrick Avenue SW, Suite 10, Concord, North Carolina 28025
704.784.0039 | info@webuildconcord.org | webuildconcord.org