

Case Exercise Instructions for Scenario 1: North & South Development Proposals

Time: 20 minutes

Work with others at your table. *Feel free to use available seminar rooms.*

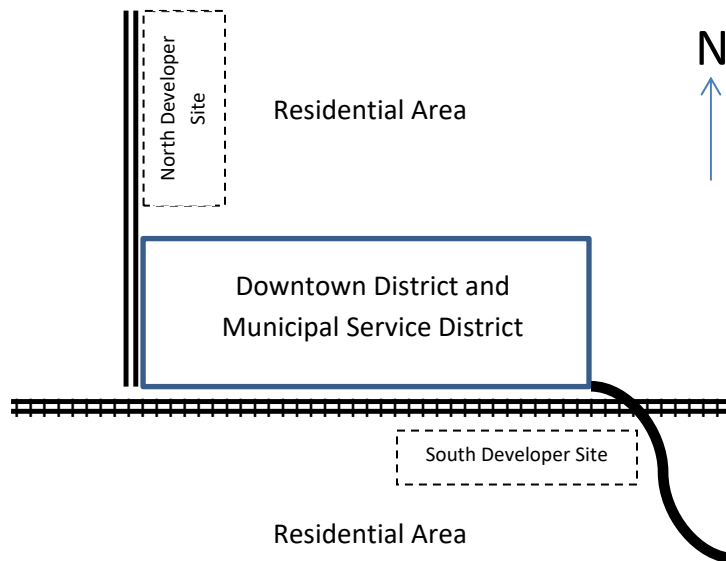
Read the ENTIRE Scenario 1 (BOTH North Developer and South Developer) in the following two pages. Designate someone in your group to record your answers to the following discussion questions pertaining to your assigned developer proposal:

1. For BOTH developers (North and South), what are the equity issues raised by their proposals?
2. For your assigned developer (North or South), how can a manager put NAPA’s social equity standard into practice to show manager’s “commitment to *promote* fairness, justice, and equity in the formation of public policy?”
  - Personal actions of the manager?
  - Policy options presented by manager?

Prior to the time designated by the instructor, return to the classroom. Report.

*Reminder:* The scenarios are real from actual NC towns. Only your response is hypothetical.

Diagram for Scenario 1



### Scenario 1: North & South Development Proposals

The town and county have cooperated in recent years to make the county seat's mid-sized downtown area more attractive, and it has started to pay off. The downtown now has a vacancy rate that hovers around 15-20%, down substantially from 40% a decade ago. Many of the commercial properties on Main Street have been rehabilitated, and there are a small number of restaurants that seem to be successful.

To the north of downtown lies a quaint residential area within easy walking distance to downtown, and it has experienced a renaissance recently. For the most part, the older homes have been well-maintained, and young families have moved into the area in increasing numbers. A main transportation artery into downtown runs along the west side of the neighborhood, and the homes along that road are the only noticeable laggards—they are still habitable but don't look as nice as the homes in the rest of the neighborhood.

But to the south, just beyond the railroad tracks that run along the southern edge of downtown, is a neighborhood that consists primarily of minority residents. The average household income in the neighborhood is below the median income for the larger community. The housing stock is in worse condition than most other sections of town. Crime rates are higher than elsewhere in the community. This neighborhood has not participated in the renaissance seen in the downtown and neighborhoods to the north.

Two different developers have approached the town. One proposes a new development in the neighborhood to the north of downtown (the "North Developer"), while the other proposes a development in the neighborhood to the south (the "South Developer"). Each developer has sunk substantial resources into planning for its chosen site, so for purposes of this scenario, assume it is not possible for the developers to trade properties or projects.

#### North Developer

On a site in the neighborhood to the north, a low-income housing developer has approached the town with a plan to build several multi-family housing units. The new buildings would replace almost all of the lagging homes along the main transportation artery—the developer secured options to purchase them from their owners. Some of the structures will consist entirely of low-income housing units (households earning 60% area median income and below) and will be subsidized using an allocation of Low-Income Housing Tax Credits. The rest will be unsubsidized market-rate units. All of the structures in the proposed development will share a similar architecture and aesthetically-pleasing style so that the low-income housing will be indistinguishable from the market-rate buildings. It cannot be disputed that the housing would improve the aesthetic quality of the main transportation artery along which the structures would be built.

A zoning change is required to increase the allowable density in the development area, and the developer has requested the change. The developer points out that the community has hundreds of low-income working families spending more than half of their incomes on housing costs. Many of those families would qualify for the subsidized units.

Neighbors have come out against the rezoning, citing concerns about property values, traffic and safety. They have suggested that the housing would be better suited for the south side of town on the other side of the railroad tracks, where a largely minority, low-income neighborhood sits just south of the downtown area. There, the housing stock is in worse condition than most other sections of town and crime rates are higher.

### South Developer

On a site in the neighborhood to the south of downtown, a developer has approached the town with a plan to build a mixed-use development (mainly mid-range condominiums and some blended commercial structures with second-floor residential). The proposed location was a bit surprising: the development would be constructed just south of the railroad tracks outside of the downtown district. If successful, the new development would generate a fair amount of additional property tax revenue and improve the view south across the tracks. It would also improve the aesthetic quality of the entrance to downtown from a primary transportation artery approaching from the southeast.

On the developer's proposed site sits a rough looking row of multi-family rental houses currently occupied by 20 or so low-income households (earning less than 60% area median income). Several of the families use Section 8 housing vouchers to make their rental payments; these rentals are some of the few in town that accept Section 8. The proposed development would also replace a small neighborhood convenience store and a pawn shop that sits on the corner and serves the neighborhood. The nonresident owners of these residential and commercial properties were happy to unload their properties for the right price, so it wasn't difficult for the developer to purchase options on the parcels he needed.

The developer has approached the town and has made several requests:

1. The developer wants the community to make improvements around the tracks to make them more walkable (giving his future residents easy access to downtown)
2. The entire parcel is zoned residential. The convenience store and pawn shop are nonconforming prior uses. A zoning change is required.
3. The developer's proposal would require upgrades to infrastructure, such as road improvements, lighting, and water and wastewater. The developer wants the town to make those upgrades.

**OPTIONAL** information for Scenario 1 (not needed to answer the scenario questions). It provides general information about the county’s housing stock and affordability. No town-specific data is provided; assume town’s data looks similar to the county’s profile.

**Tarheel County: Number of Households and Housing Costs by Income**

(HUD CHAS data: [https://www.huduser.gov/portal/datasets/cp/CHAS/data\\_querytool\\_chas.html](https://www.huduser.gov/portal/datasets/cp/CHAS/data_querytool_chas.html))

% Area Median Household Income	Housing Costs Exceed <b>30%</b> of Income			Housing Costs Exceed <b>50%</b> of Income		
	Households Paying >30% (Renters)	Households Paying >30% (Owners)	Total paying more than 30% income on housing	Households Paying >50% (Renters)	Households Paying >50% (Owners)	Total paying more than 50% income on housing
0-30%	658	936	<b>1594</b> (out of 2716)	449	526	<b>975</b> (out of 2716)
31-50%	328	528	<b>856</b> (out of 2568)	80	283	<b>363</b> (out of 2568)
51-80%	115	718	<b>833</b> (out of 3580)	28	213	<b>241</b> (out of 3580)
80-100%	58	762	<b>820</b> (out of 10,571)	4	109	<b>113</b> (out of 10,571)
Totals	1159	2944	<b>4103</b> (out of 19,705)	561	1131	<b>1692</b> (out of 19,705)

	Number employed	Average Wage
Retail Trade	1,700	\$21,000
Accommodation & Food	2,000	\$12,000
Construction	1,100	\$33,000
Health Care & Social Assistance	2,300	\$30,500
Education	2,200	\$30,000
All Public Administration	1,150	\$37,000
Manufacturing	1,750	\$41,000

Area Median Income in County This Year: \$47,016 (and 50% AMI equaled \$23,508)

Area Median Income in County Last Year: \$46,574 (and 50% AMI equaled \$23,287)