Northside Baseline Report

September 2012 | Chapel Hill, NC

SELF HELP

with market analysis provided by czb, LLC, and in collaboration with the Marian Cheek Jackson Center

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Introduction

Self-Help is a Durham-based non-profit community development financial institution whose mission is to create and protect ownership and economic opportunity, particularly for low-wealth families and communities. The Northside neighborhood, historically the largest African American community in Chapel Hill, has been experiencing a loss of homeownership for several decades and an increasing demand for student rentals. Residents, community organizations, and Town of Chapel Hill staff and elected officials have worked together for over 25 years on policies, regulations, and community development strategies to address the challenges the community is facing. The most recent planning initiative, the Northside and Pine Knolls Community Plan, identified a desire from residents to maintain the family atmosphere of the neighborhoods through the development of rental and homeownership opportunities that would be affordable to families. Self-Help has residential development experience in neighborhoods in Charlotte, Durham, Fuquay-Varina, Goldsboro, and Greensboro, where Self-Help has applied land banking and other strategies to create affordable homeownership opportunities.

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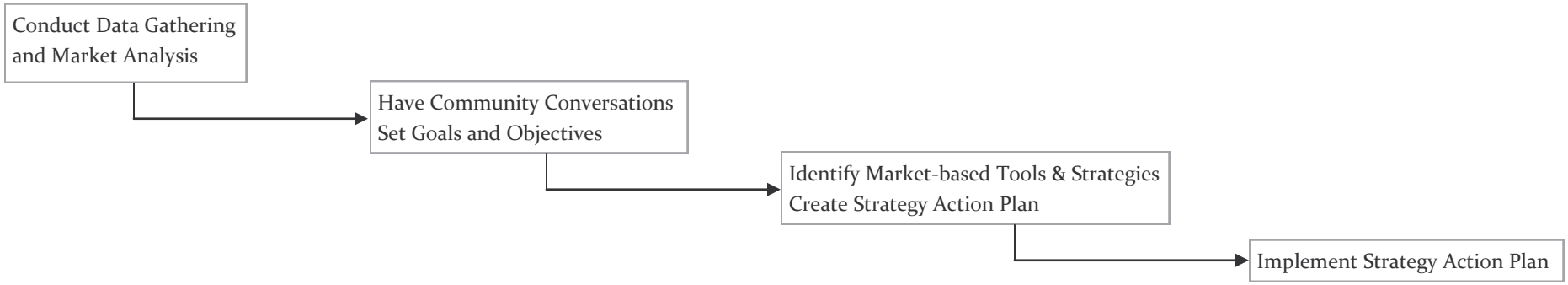
At the invitation of the Jackson Center, Self-Help has begun an analysis of the housing market in the Northside neighborhood in Chapel Hill to help address the housing goals outlined in the Northside and Pine Knolls Community Plan and additional community aspirations identified through the process. This baseline report provides data on demographics, current conditions, market trends, assets & opportunities, and indicators of neighborhood health in Northside. Data in this report will inform conversations with the community and help the neighborhood and its community stakeholders collectively establish goals and objectives. Self-Help and partners will conduct a six-month strategy process to research and identify market-based housing strategies that will be effective in Northside and will achieve the vision that the community has for its neighborhood. Ultimately, Self-Help will produce a strategy action plan with specific action items for itself and community partners to undertake going forward. Collectively, Northside can become the neighborhood that community members envision.

Housing Strategy Process



Context

Location & Physical Description

The Northside neighborhood is located to the north of Chapel Hill's downtown area, and to the east of downtown Carrboro. It encompasses an area of 188 acres (0.3 square miles). For the purposes of this report, Northside is considered to be the area within Chapel Hill that is designated a Conservation District, and within Carrboro that is west of the town boundary, north of Cobb Street, east of Lloyd Street, and south of the railroad corridor. Most of the neighborhood lies within Census Tract 113, Block Group 1. The neighborhood's boundaries and the coverage of the census tract are shown on the map inset at right.

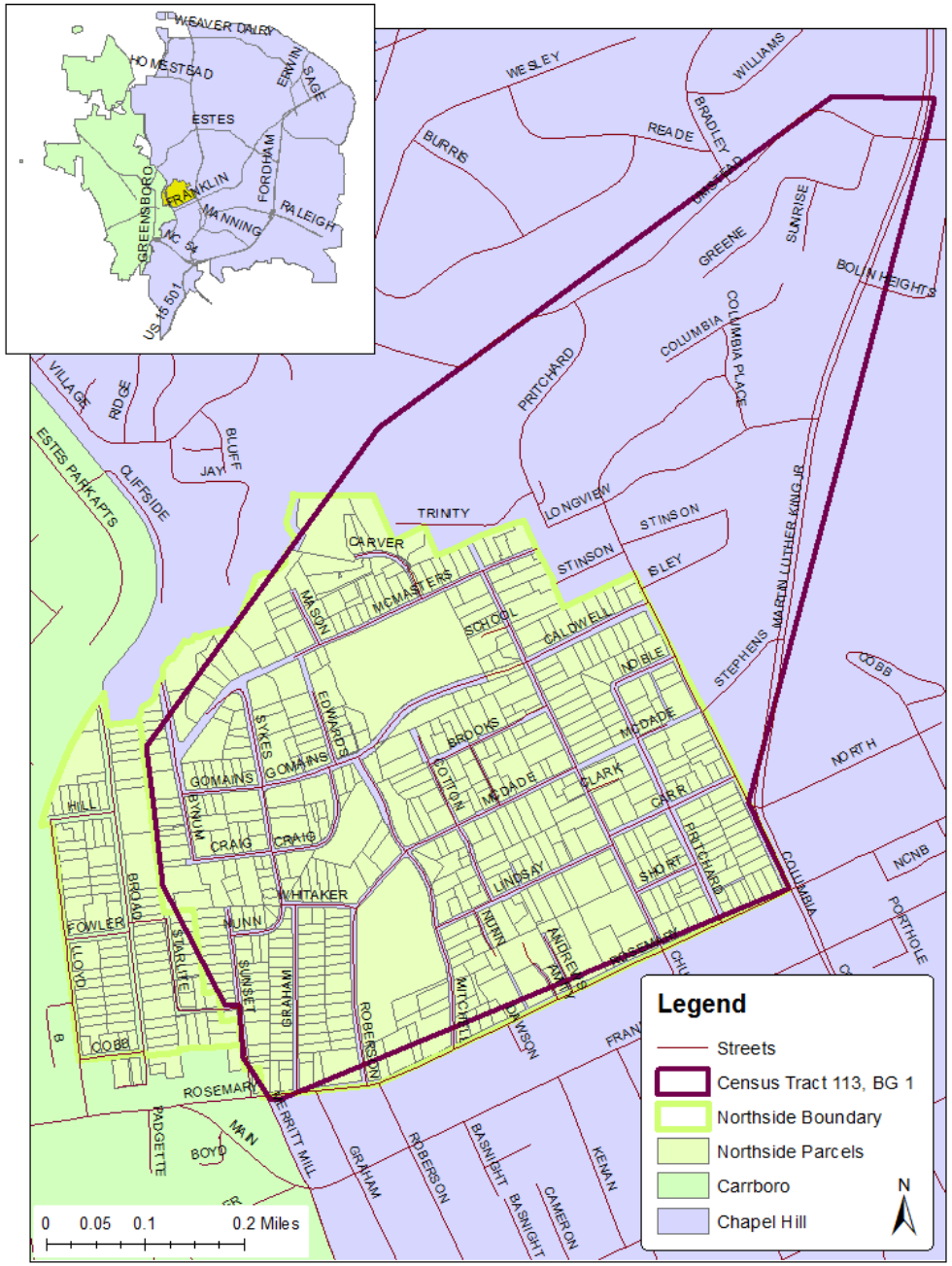


Figure: Neighborhood Location and Boundaries

Neighborhood History

Historically, Northside was one of a few segregated African American areas in Chapel Hill, and many of its residents worked at the University or in the houses of white residents. The central part of the neighborhood, from Church Street to Mitchell Lane, and from Rosemary Street to the northern edge of the neighborhood was known as Potter's Field, which was developed after the Civil War. Potter's Field was primarily made up of single-family, owner-occupied homes, and was the largest African-American neighborhood in Chapel Hill. In the 1960's the neighborhood was targeted for urban renewal projects, and the residents came together to prevent the dissolution of their neighborhood. Rather than take federal money to move elsewhere, residents obtained grants to build new houses and improve existing structures.[1] During the 1960s and '70s, 76 public housing units were constructed in Northside, which accounts for 23% of Chapel Hill public housing units. An additional 81 units were built just outside Northside boundaries, for a total concentration of 45% of all public housing units in Chapel Hill located in this part of town[2].

1 "A Neighborhood in Transition: Northside Neighborhood Focus Area Report." UNC Chapel Hill Department of City & Regional Planning, April, 1999.
2 "Residential Market Study for the Town of Chapel Hill, North Carolina." Development Concepts, Inc. December, 2010. http://www.ci.chapel-hill.nc.us/Modules/ShowDocument.aspx?documentid=8819

The eastern end of the neighborhood, bounded by Church Street, Columbia Street, Caldwell Street, and Rosemary Street, was known as Pritchard's Field for the farm that was located there until it was subdivided and sold in 1922. Because it was primarily developed at one time and many of the original houses are still present, this part of the neighborhood has a more uniform feel than Potter's Field. Historically Pritchard's Field was a predominantly white neighborhood[3].

The western side of neighborhood, within Carrboro, is often referred to today as the Lloyd-Broad neighborhood. Historically this was part of Sunset, a smaller African American neighborhood, and today many of its residents have family or church ties in the Chapel Hill side of Northside. This area is experiencing some of the similar pressures as in Chapel Hill, and its residents are strong advocates for the health of the Northside neighborhood as a whole[4].

Historic Sub-Neighborhoods

Conversations with staff from The Jackson Center revealed that residents within Northside do not all identify as residents of the same neighborhood, but rather identify with smaller sub-neighborhoods, such as Potter's Field, Sunset, Sykes Street, and others. A map from 1944 (right) shows the layout of these historic neighborhoods that make up what is now known as Northside.

The area now collectively known as Northside will be the focus of this report. Despite different sub-neighborhoods, the area as a whole has historically had a large African American population and is experiencing great pressure from developers and investors, more so than most areas of Chapel Hill and Carrboro.

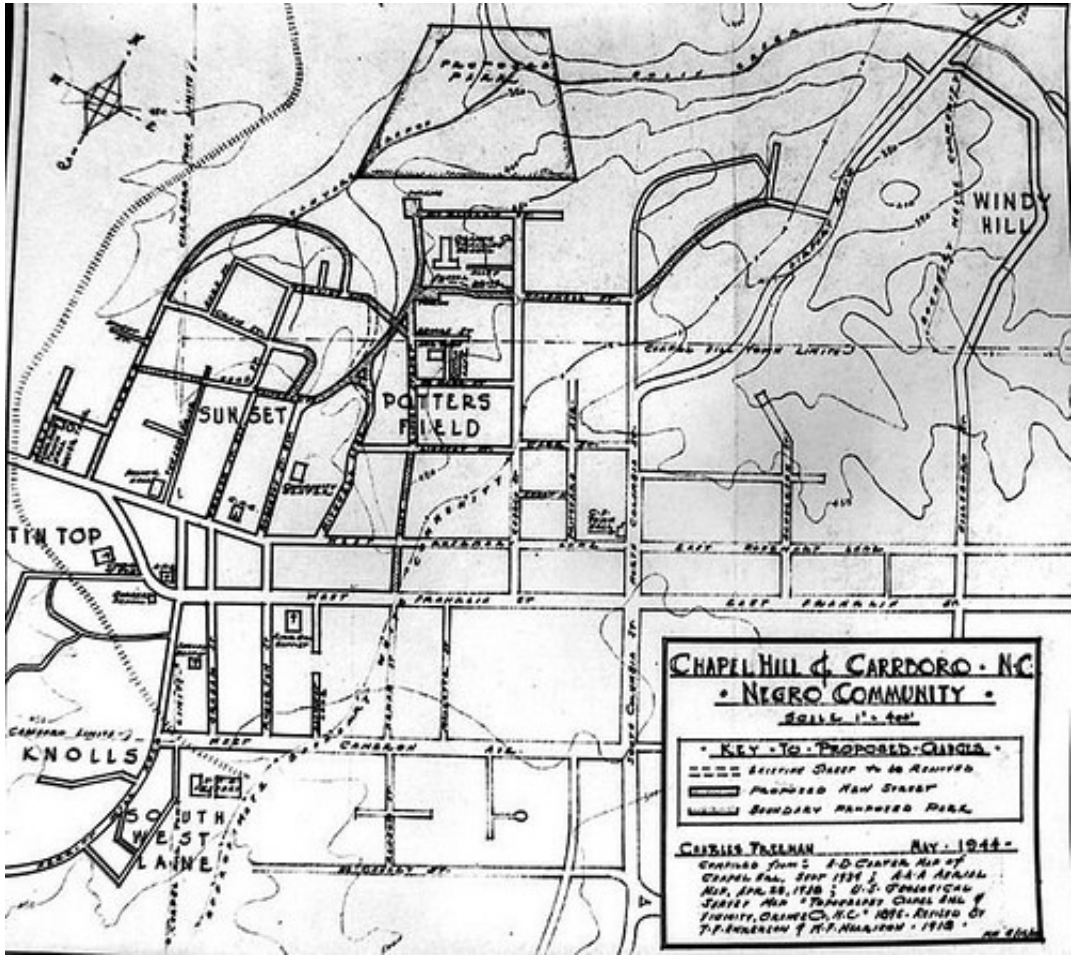


Figure: Historic African American Neighborhoods, 1944, www.chapelhillpreservation.com

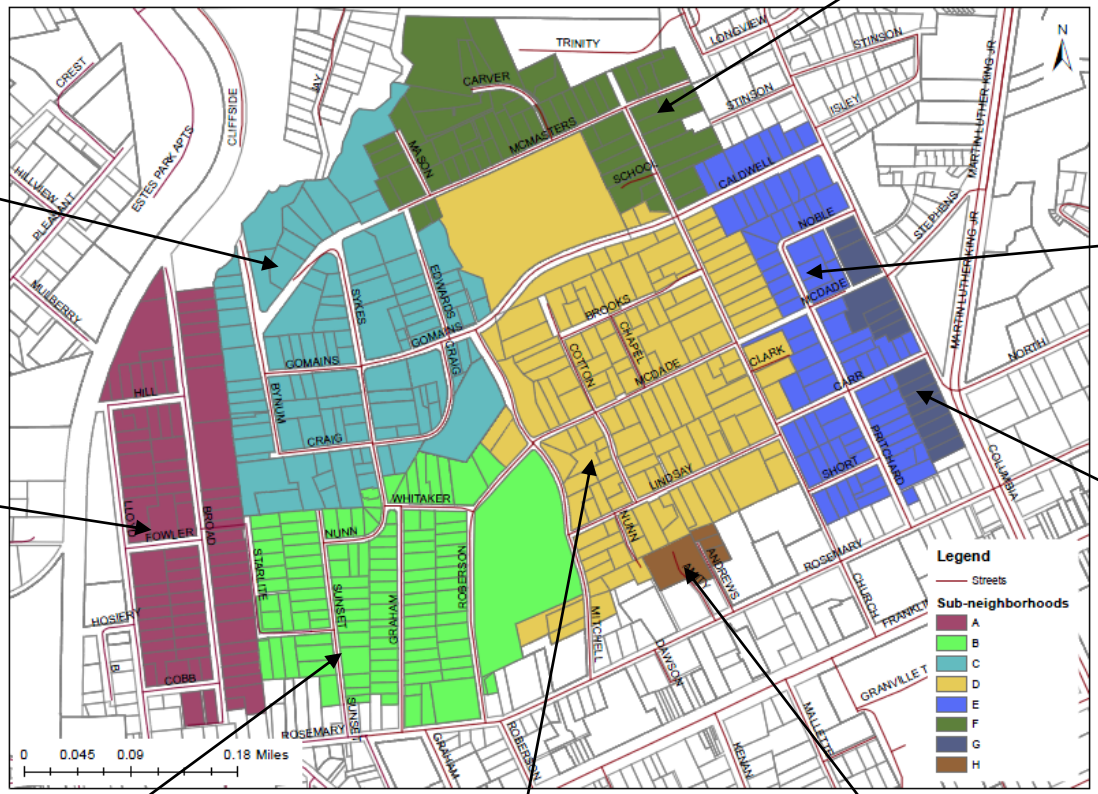
3 "Conserving the Northside Neighborhood" UNC Chapel Hill Department of City & Regional Planning, December, 1990.
4 Conversations with Hudson Vaughan, of The Jackson Center and Joshua Davis, Lloyd-Broad resident

Current Sub-Neighborhoods & Connectivity Issues

Walking around the neighborhood today, there is still a sense of separate sub-neighborhoods, in large part due to poor street connectivity and topographical barriers between different parts of the neighborhood. There are more platted roads than actually constructed on the ground; so-called "paper streets." This lack of connectivity isolates some blocks and causes different parts of the neighborhood to have different character. Understanding these differences is important, as the assets and challenges of each sub-neighborhood may be quite distinct.

F: This sub-neighborhood has a mixture of housing types and occupants, but has a higher proportion of newly constructed student rentals than other areas. Church Street is the only road connection to the rest of the neighborhood. Additionally, a greenway spur connects to Umstead Park to the north.

Figure: Northside Sub-neighborhoods



C: Developed in the 1960s and 70s, this section of the neighborhood is newer, but there are a number of houses that are vacant or poorly maintained. A large amount of the neighborhood's public housing units are in this area.

E: Houses in this area are larger and older. There are many student rentals, but they are predominantly converted houses rather than newly constructed houses.

A: Located within Carrboro city limits, this sub-neighborhood has relatively few student rentals, and has a relatively consistent housing type. Starlite Drive and informal footpaths through Baldwin Park are the only connections between the Carrboro and Chapel Hill sides of Northside.

G: Similar housing styles as in E, but houses face outwards towards Columbia Street. Most of these houses have been converted to offices, hair salons, and other commercial uses.

B: Houses in this area were primarily built between 1941 and 1960. There are some student rentals but not a large concentration of them.

D: The core is extremely diverse. There is a range of housing unit size, age, condition, and resident type. In addition, there are several public housing units and institutional properties.

H: These two cul-de-sacs lead to student duplexes, and do not have any street frontage nor access to the rest of Northside.

Review of Prior Planning Efforts & Studies

Northside has experienced development pressures since at least the early 1980's. The community has been the focus of studies, reports, and plans for several decades, and many of the identified issues are still relevant. The timeline below shows some of the major milestones in planning and preservation efforts. The full references for these reports are in the Appendix.

1985 — Northside Neighborhood Association formed and petitioned the Chapel Hill Town Council to prioritize the protection of the neighborhood.

1989 — Chapel Hill Town Council commissioned the report, "Significance Report: The Northside Neighborhood, Chapel Hill, North Carolina" by Mary Reeb to determine the feasibility of protecting Northside through a special area designation.

1990
- Northside designated as a Conservation Area in the Chapel Hill Land Use Plan
- For the first time, the Census showed the white population about equal to the African American population; from this point on the African American population continued to decline.
- Graduate students in the UNC-CH Department of City & Regional Planning, under contract with the Town of Chapel Hill, prepared a report, "Conserving the Northside Neighborhood," to address issues that related to the maintenance of Northside as a unique moderate income area.

1996 — EmPOWERment, Inc. formed, which empowers people through affordable housing, grassroots economic development opportunities and community organization with a specific focus in the Northside, Pine Knolls, Carr Court, and Lloyd Street areas.

1999 — Chapel Hill Comprehensive Plan Working Group had a focus on Northside

2000 — Sykes Street Steering Committee developed to address issues of crime and safety, property maintenance and housing conditions, and public infrastructure improvements in the Sykes Street area.

2002
- Town of Chapel Hill adopted a program to remove abandoned cars from private lots—28 vehicles were removed.
- Town of Chapel Hill adopted a rental licensing program, which was later discontinued in 2005.
- Town of Chapel Hill instituted a temporary town-wide ban on duplexes, effective through June 30, 2003. The ban was made permanent in Northside in 2004 with the adoption of the Neighborhood Conservation District.

2003 — Community Home Trust, Habitat for Humanity, and EmPOWERment, Inc. collaborated to purchase and redevelop seven homes in Northside and sell them as permanently affordable homes.

2004 — Chapel Hill Town Council designated Northside the first Neighborhood Conservation District

2006 — Police substation at 501 Sykes Street opened in response to crime and safety concerns.

2007 — Northside Mobility Plan adopted, which identified needed pedestrian and bicycle mobility improvements.

2009 — Sustaining OurSelves (SOS) coalition formed, with members including the Jackson Center, NAACP, EmPOWERment, Inc., St. Paul A.M.E. Church and St. Joseph C.M.E. Church, and residents.

2011
- In response to a petition filed by SOS, Chapel Hill Town Council unanimously approved a six-month development moratorium in Northside and Pine Knolls.
- A Town of Chapel Hill planning process was initiated for Northside and Pine Knolls to develop solutions to the impacts of incompatible development and student rental development on the neighborhoods.

2012 — Chapel Hill Town Council approved the Northside and Pine Knolls Community Plan and related amendments to the Northside Neighborhood Conservation District Plan.

Key Trends and Observations from Prior Plans

A review of the prior plans, reports, and studies reveals several key trends and observations.

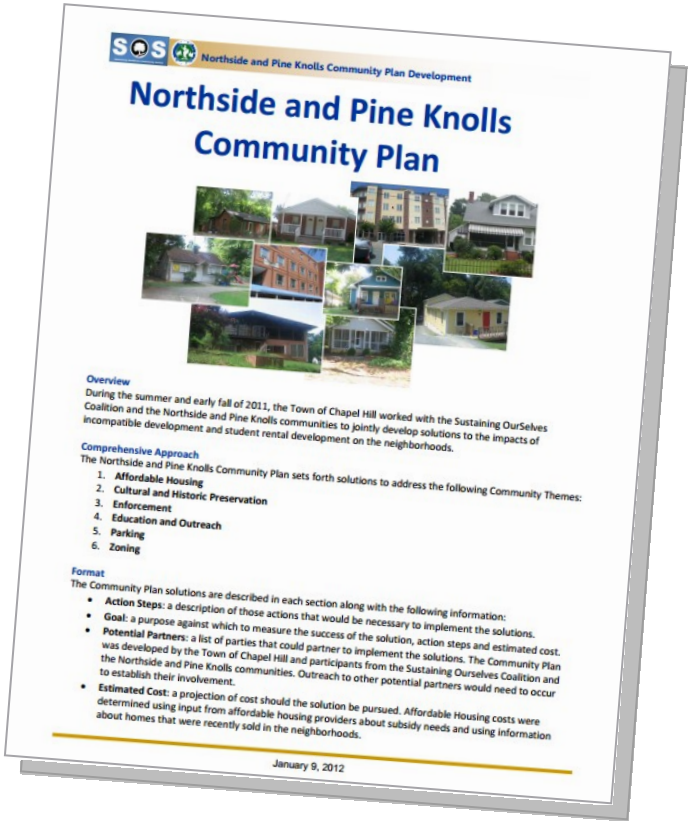
- **Increased Safety**: In the past, much of the planning and community organizing work in Northside was focused on crime and safety issues, including the utilization of Crime Prevention Through Environmental Design (CPTED) strategies to improve the physical community, as well as increasing police presence and neighborhood watch group involvement. Many of the identified issues related to crime and safety have been ameliorated, and today, crime is much less of a concern than it used to be.
- **Shift of Development Threat**: In 1988, Northside residents sought protection from the encroachment of commercial establishments into their neighborhood. In 1990, residents cited increased occupancy levels in new duplexes as a primary concern. Residents have also voiced concerns about the conversion of existing dwellings into student residences. In recent years, there is more emphasis on new student rental construction being out of proportion with the existing neighborhood, as well as continued concern about high density commercial and residential development along Rosemary Street.
- **Challenges with Engaging the Community**: Over time there have been a few key community members involved in planning discussions, but for many years there has been a consistent challenge to effectively engage and mobilize the broader community. In fact, a Town Council and Planning Board member found that to be the biggest obstacle during the Neighborhood Conservation District designation process in 2004. Typically, a 51% resident approval is required to implement an NCD, but that could not be obtained during the Northside NCD process. The Town Council deemed an NCD to be in the town and neighborhood's best interest and thus approved the final NCD designation for Northside even without majority community support[5]. Since 2009, the SOS coalition has employed active coalition building, grassroots organizing, and honest conversations that have mobilized the community and brought hundreds of residents out to neighborhood meetings and community festivals. This involvement was critical in the creation of the Northside and Pine Knolls Community Plan.
- **Lack of an Organized Community Association**: The Northside Neighborhood Association has not been active for almost a decade, and there is no other active community association that fills a traditional neighborhood association role. EmPOWERment, Inc. hosts a monthly neighborhood outreach meeting that has around a dozen people in regular attendance. They were initially organized as a neighborhood watch group and have since focused their work to tie in with the goals outlined in the Community Plan. There is currently an effort in Carrboro to re-initiate the Lloyd Street Neighborhood Association, which played a crucial role in starting the Baldwin Park Community Garden in 2011. The Lloyd Street Neighborhood Association makes an effort to involve Chapel Hill Northside residents in their work, but focuses mainly on the Carrboro section of Northside. The SOS coalition is still active and meets on an ad-hoc basis, but it includes groups beyond Northside residents. The Jackson Center serves as a resource for information, helps organize meetings and community events, and facilitates conversations between the university and the community but does not fill the role of a community association. The lack of a large resident-based community association that could be the point organization for communication and action efforts in the neighborhood may hinder long-term implementation efforts.

These trends will be important to consider going forward, so that planning efforts address current concerns and engage as much of the community as possible. As has been the case for prior accomplishments in Northside, an organized community will be critical to turning plans into action.

5 "A Closer Look at Neighborhood Conservation Districts: West Hillsborough Neighborhood, NC" Hilary Schoendorf, UNC-CH Department of City & Regional Planning, April 2007.

Current Work by Community Stakeholders

The ***Town of Chapel Hill*** has long acknowledged the importance of the Northside community and has worked over the years to address residents' concerns. The Northside and Pine Knolls Community Plan, adopted by the Town Council in January 2012, has been lauded by residents and community stakeholders as a document that is truly reflective of their concerns and their visions of what the communities could be. Chapel Hill Planning Staff are working with other town departments and community partners to implement the action steps outlined in the Community Plan. Their initial approach is primarily regulatory-based, including a focus on the Conservation District design guidelines, code enforcement, and improving parking regulations.



SOS Northside and Pine Knolls Community Plan Development

Northside and Pine Knolls Community Plan

Overview

During the summer and early fall of 2011, the Town of Chapel Hill worked with the Sustaining OurSelves Coalition and the Northside and Pine Knolls communities to jointly develop solutions to the impacts of incompatible development and student rental development on the neighborhoods.

Comprehensive Approach

The Northside and Pine Knolls Community Plan sets forth solutions to address the following Community Themes:

1. **Affordable Housing**
2. **Cultural and Historic Preservation**
3. **Enforcement**
4. **Education and Outreach**
5. **Parking**
6. **Zoning**

Format

The Community Plan solutions are described in each section along with the following information:

- **Action Steps**: a description of those actions that would be necessary to implement the solutions.
- **Goal**: a purpose against which to measure the success of the solution, action steps and estimated cost.
- **Potential Partners**: a list of parties that could partner to implement the solutions. The Community Plan was developed by the Town of Chapel Hill and participants from the Sustaining Ourselves Coalition and the Northside and Pine Knolls communities. Outreach to other potential partners would need to occur to establish their involvement.
- **Estimated Cost**: a projection of cost should the solution be pursued. Affordable Housing costs were determined using input from affordable housing providers about subsidy needs and using information about homes that were recently sold in the neighborhoods.

January 9, 2012

The ***Marian Cheek Jackson Center for Saving and Making History***, a public history and community advocacy center located in Northside, collects oral histories from neighborhood residents, engages youth in creative expression, coordinates a food ministry, and organizes community development events. They actively build coalitions with partner organizations, publish a bi-monthly newsletter, the "Northside News," and stay abreast of development and planning activities that affect the neighborhood. Central to the Jackson Center's role is the facilitation of a University-Community partnership. In addition, they have acted as a key spokes-organization for the neighborhood, particularly during the recent community planning process.

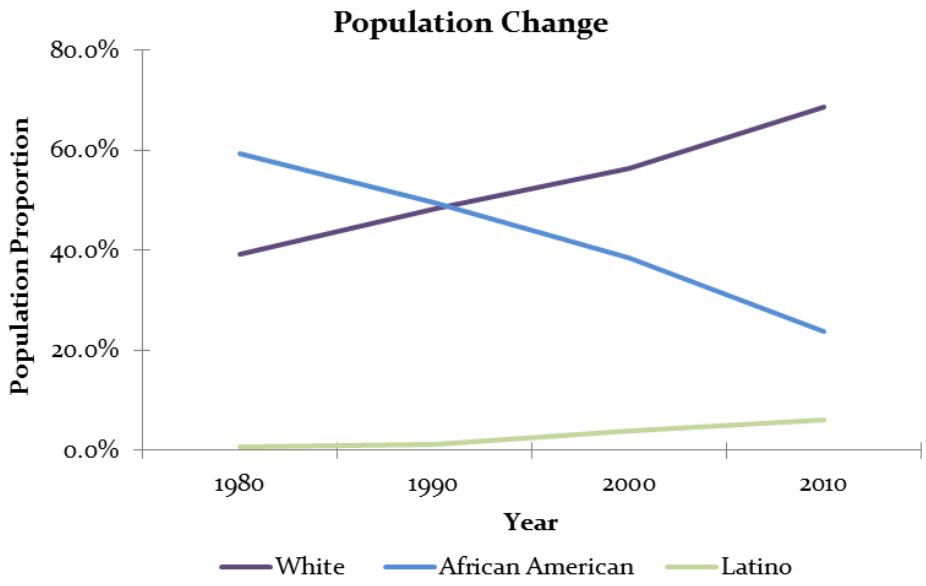
EmPOWERment, Inc. is a community development organization headquartered in the Midway Business Center, just south of the Northside neighborhood. They promote affordable housing opportunities, economic development strategies, and community organizing initiatives. EmPOWERment, Inc. rehabilitates homes and sells them to qualified homebuyers at an affordable price. They also own or manage 40 rental units that are designated affordable. They currently own 9 rental properties within Northside, and have rehabilitated and sold several more. In addition to housing, EmPOWERment, Inc. runs a neighborhood outreach group that meets once a month to help address some of the goals outlined in the Community Plan.

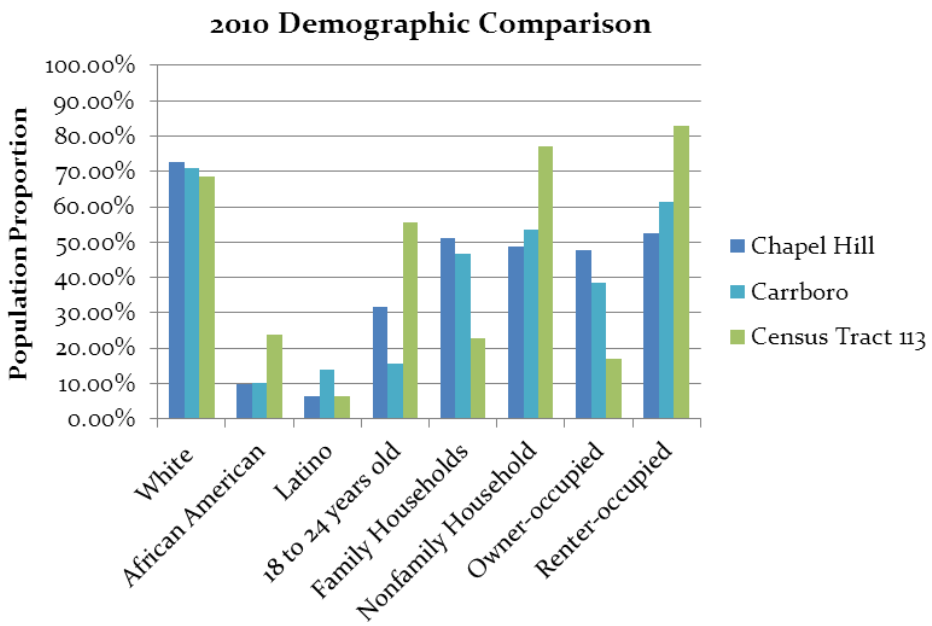
An EmPOWERment, Inc. rental property

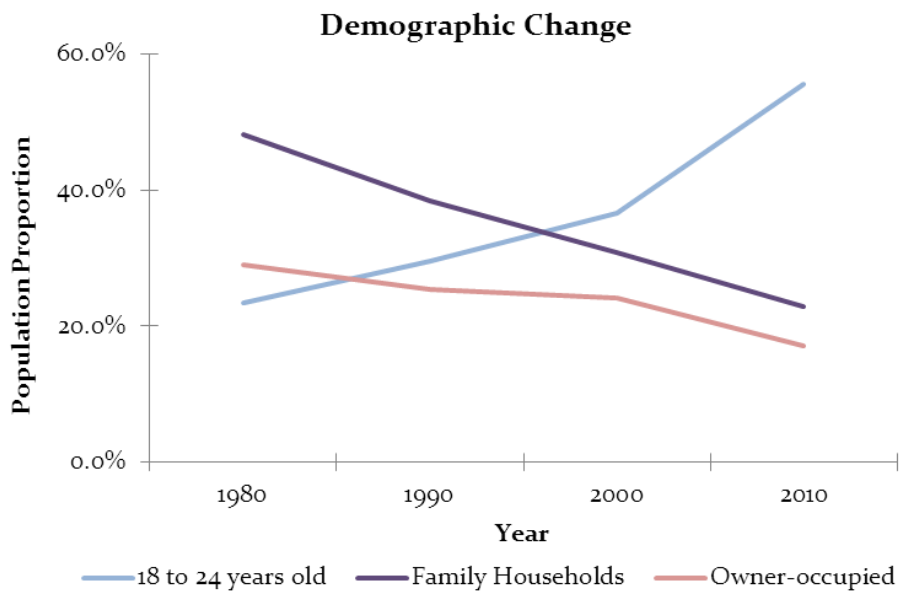
The ***Sustaining OurSelves*** (SOS) coalition, a group mobilized by the Jackson Center that includes EmPOWERment, Inc., churches, non-profits, the local NAACP chapter, and residents, formed to address development pressures in Northside and Pine Knolls. They hold community forums to address neighborhood issues; past forums have focused on the Greenbridge project, student development pressures, and the Downtown Development Plan. Their advocacy for the Northside and Pine Knolls development moratorium and community planning process came out of these community forums, and SOS was key in organizing community meetings and crafting the Community Plan document. Since the adoption of the Community Plan, SOS continues to meet on an ad-hoc basis to address neighborhood issues.

Demographic Trends

Census Tract 113, which includes most of Northside, is very different from the rest of Chapel Hill and Carrboro demographically. In 2010, compared to Chapel Hill, Tract 113 has a slightly lower White population, more than twice as high African American population, and a comparable Latino population. In addition, in Tract 113, 56% of the population is between the ages of 18 to 24 years old, as compared to 32% in greater Chapel Hill and 16% in Carrboro. Eighty-three percent of the housing units are renter-occupied in Tract 113, versus 52% in Chapel Hill and 62% in Carrboro. Conversely, just 17% of housing units in Tract 113 are owner-occupied, as compared to 48% in Chapel Hill and 38% in Carrboro. The demographics within Tract 113 have changed dramatically over the years as well. The African American population, while still larger than that of Chapel Hill and Carrboro as a whole, has declined significantly since 1980. Similarly, the college-age population has steadily increased, while family households and owner-occupied housing units have decreased. These trends reflect residents' concerns about today's more transient community of students and renters, and the loss of a tight-knit community.







Current Conditions

The Northside neighborhood has a wide diversity of building types, as it borders the downtown district of Chapel Hill and houses some key institutional buildings. The neighborhood is primarily single-family residential, along with a large number of public housing apartment units, and several higher density condominium and apartment buildings along Rosemary Street and Church Street. Institutional uses include three churches, the Hargraves Recreational Center, the Old Town Hall which is leased by the Inter-Faith Council and houses a men's homeless shelter and community kitchen, and the future site of Elementary School #11. Rosemary Street is lined with businesses like restaurants, hair salons, professional offices, as well as several UNC or municipal-owned parking lots. The Northside neighborhood is diverse in terms of land uses, structure types, and resident demographics.

Historic Sites

The Northside neighborhood, with it's rich African American history, contains several sites of historical significance.

The William P. Hargraves Community Center, located on Roberson Street, was constructed beginning in 1941 with funding from the New Deal's Works Progress Administration, the Negro Community Center Association, and assistance in the form of labor and materials donated by community citizens. In 1942, construction was not yet complete, and the facility was provided as housing for the B-1 Navy band, who agreed to complete the construction and maintain it until they no longer needed it. In 1945, the band turned the building back over to the town for use as community center and recreational programs[6]. Today the center has a baseball field, basketball courts, tennis courts, a swimming pools, picnic areas, and meeting facilities[7]. It is an important gathering place for community events.

The Old Municipal Building, which served as the Chapel Hill Town Hall from 1938-1971, stands at the corner of W. Rosemary and N. Columbia streets[8]. It has been leased by the Inter-Faith Council (IFC) since 1985, which operates a men's homeless shelter and community kitchen out of the building. The IFC is currently constructing a new shelter facility approximately 2.5 miles north of downtown, but a move date has not yet been determined. The Town has not decided how the Old Municipal Building will be used once IFC vacates it.

The Chapel Hill-Carrboro City School System is currently constructing a new elementary school on the large parcel of land between Caldwell Street and McMasters Street. This site has been used for educational or service purposes for over eighty years. In 1924, the Orange County Training School was constructed on this site, financed by the Rosenwald Fund and Orange County. In 1930, black citizens voted in a special election to increase their taxes and join the Chapel Hill school district. In 1948, the school was renamed Lincoln High School, and continued to serve all grades until the new Lincoln High School was built on Merritt Mill Road in 1951. The former school became Northside Elementary, serving black children in grades 1-6 until the schools were desegregated in 1966[9]. The building was later demolished, and new buildings were constructed that housed Orange County health and human services offices, which individually moved into other Orange County facilities beginning in 1998, and by 2008 several of the buildings were completely vacant. Construction on the new elementary school has begun, and the facility is scheduled to open in August 2013[10].

6 "Hargraves History." (n.d.) Retrieved from Carolina Digital Repository: https://cdr.lib.unc.edu/record?id=uuid%3ae088754c-7d85-4bec-856c-0ac133de4b7d
7 Town of Chapel Hill. (n.d.). Hargraves Community Center. Retrieved from Town of Chapel Hill: http://www.ci.chapel-hill.nc.us/index.aspx?page=1585
8 "History of Your Town Government." Town of Chapel Hill Communications and Public Affairs. (2011, February). http://www.ci.chapel-hill.nc.us/Modules/ShowDocument.aspx?documentid=1766
9 Burroughs, M. D. (n.d.). District History Timeline. Retrieved from CHCCS Centennial: http://www2.chccs.k12.nc.us/education/components/scrapbook/default.php?sectiondetailid=56110
10 CHCCS News Blog. (2012, January). http://www2.chccs.k12.nc.us/education/components/board/default.php?sectiondetailid=73134&postid=71951

Residential Property Types

There are approximately 810 dwelling units in Northside, 252 of which are apartments or condominiums. Apartments include 76 public housing units owned by the Chapel Hill Housing Authority, and 55 units in the Warehouse building. Rosemary Village, the Fountains, and Chancellor's Square are all condominium developments. Orange County property records classifies approximately 541 units as single family, but many of them have been converted to duplexes or triplexes. Property data was manually recoded to duplex or triplex based on address assignments and field observations. The data displayed to the right includes the recoded dwelling types and can be considered reasonably accurate. The photos below show the range of housing types in Northside.

Dwelling Type	Units
Apartment	131
Condominium	121
Res - Duplex	114
Res - Single Family	432
Res - Triplex	12
Total	**810**

Photos, left to right: Warehouse Apartments, Rosemary Village Condominiums, Public Housing Units, the remainder are a variety of old and new single-family and duplex housing.

The map on the following page shows year built data for most of the structures in Northside, including commercial and multi-family properties[11]. The table includes information for residential single-family, duplexes, and triplexes only. The houses in the historic Pritchard's Field area were primarily built between 1921 and 1960. The area west of Roberson, and south of Whitaker and Fowler still has a large number of houses built between 1941 and 1960. Over time, development spread north to the topographical limits of the neighborhood. Development since the 1980's has been primarily infill, suggesting that original houses were replaced and this is when the neighborhood started to lose some of its original architectural fabric.

11 Data from Orange County property records. Not all structures have year built information.

Map: Year Built Data

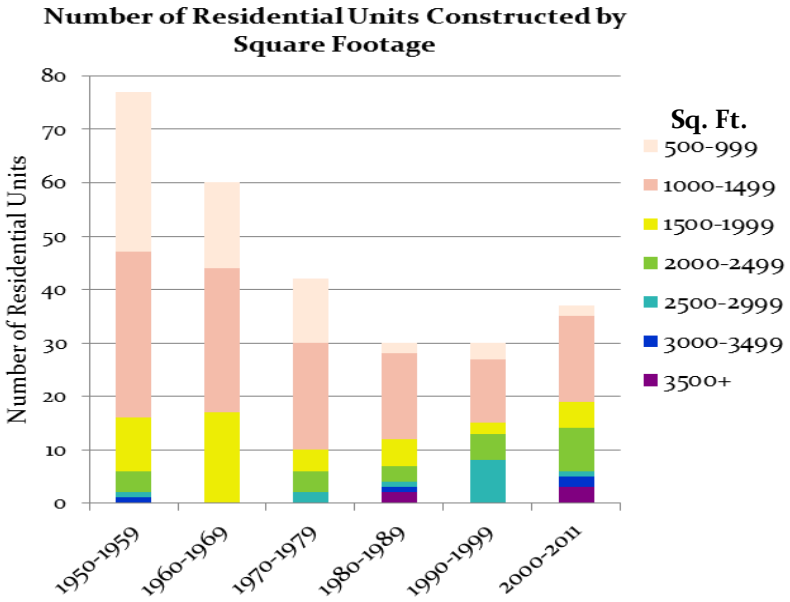
Residential Year Built (n = 498)

Year	n	%
1871- 1900	3	1%
1901-1920	6	1%
1921-1940	109	22%
1941-1960	197	40%
1961-1980	93	19%
1981-2000	57	11%
2001-2010	33	7%

Residential Property Size

Historically Northside has been made up of modestly-sized single-family dwellings. Residents cite concerns that investors are expanding old homes or building new ones designed specifically to house multiple students. As a result, the new and renovated dwellings are out of scale with the existing homes in Northside. Today the neighborhood still primarily consists of smaller dwellings; 67% percent of the houses are less than 1,500 square feet[12]. The map on the following page shows the distribution of building size, including residential, commercial, and institutional buildings throughout the neighborhood. The western side of the neighborhood is primarily made up of houses in the 1,000 to 1,999 square foot range, while the western side has a wider variety of sizes. The photos below give some examples of the range of house sizes in Northside.

Looking at year built and square footage data over time (graph to the right), the square footage range of 1,000 to 1,499 square feet is consistently the largest proportion of all units built in the same year (graph below). The 1960's had a large number of houses built between 1,500 and 1,999 square feet (17%), but that range has stayed between 2 and 5% of units since. In the 1990's there was a boom of new houses built in the 2,500-2,999 square feet range, which make up 5% of the housing stock in Northside today. Very large houses, with 3,500 square feet or more, have been constructed starting in the 1980's. However, the number of them is small compared to the consistent construction of houses in the 1,000 to 1,499 square foot range.



496 sq.ft., c.1947

1,426 sq.ft., c.1967

2,426 sq.ft., c.1922

4,116 sq.ft., c.2001

12 Data from Orange County property records. Not all structures have year built and square footage information.

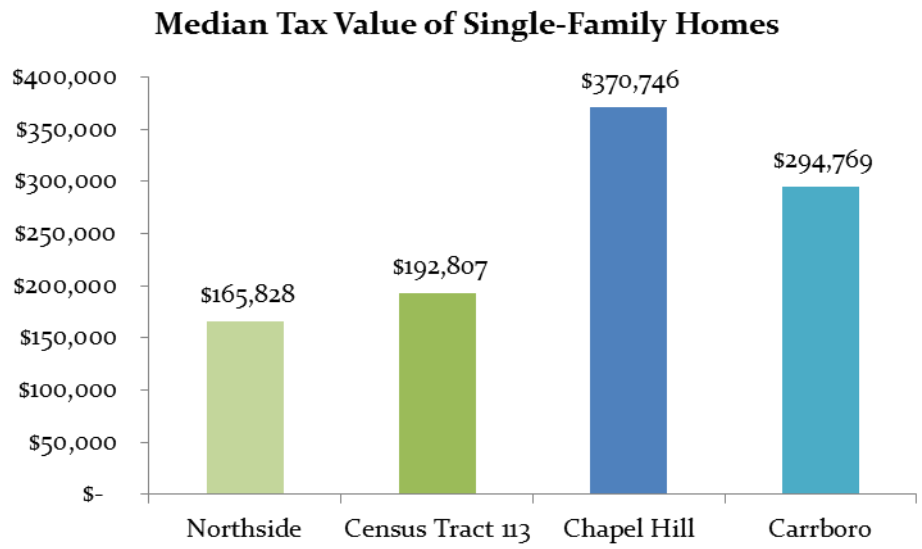
Map: Building Square Footage

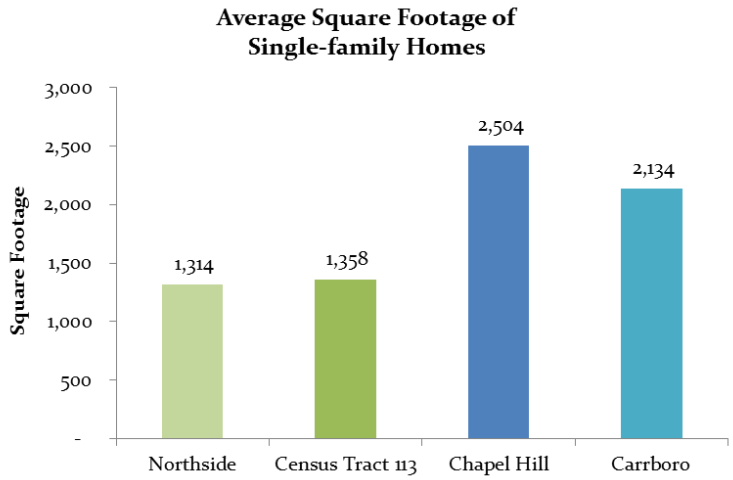
Residential Square Footage (n = 504)		
Sq. Ft.	n	%
0-499	3	1%
500-999	137	27%
1000-1499	225	40%
1500-1999	100	18%
2000-2499	49	9%
2500-2999	27	5%
3000-3499	6	1%
3500+	11	2%

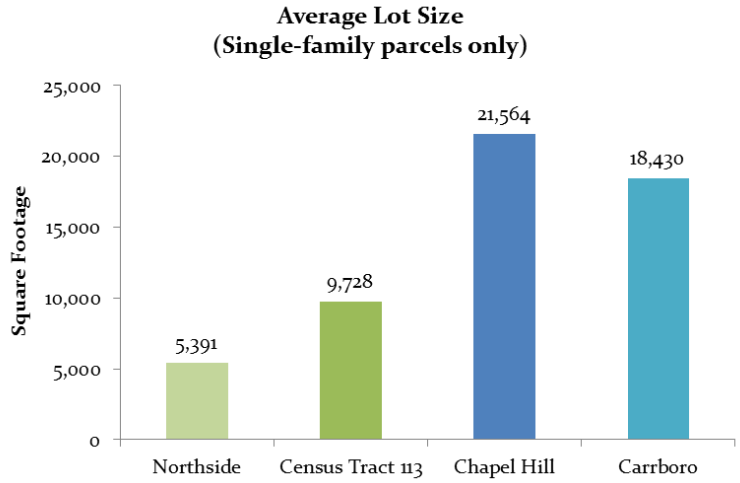
Residential Property Comparisons

On average, single-family houses in Northside are smaller than in both Chapel Hill and Carrboro, with an average of 1,314 square feet and a median of 1,191 square feet. For comparison, an average single-family home within Census Tract 113 is a little bigger at 1,358 square feet, and is much larger in Carrboro and Chapel Hill, at 2,134 square feet and 2,504 square feet, respectively[9]. Homes in Northside trail in property tax values as well, with the median value of a single-family home in Northside at $165,828 as compared to $294,769 in Carrboro and $370,746 in Chapel Hill[13].

Lot size is an important consideration as well. As with houses, lots are considerably smaller in Northside than in greater Chapel Hill and Carrboro. The average lot in Chapel Hill is 21,564 square feet, or roughly half an acre. In Carrboro, the average lot is 18,430 square feet. Lots in Northside and Census Tract 113 are 5,391 square feet and 9,728 square feet, respectively. Lots in Northside are less than a quarter of the size of an average lot in Chapel Hill.







13 Data from Orange County property records.

Residential Property Value

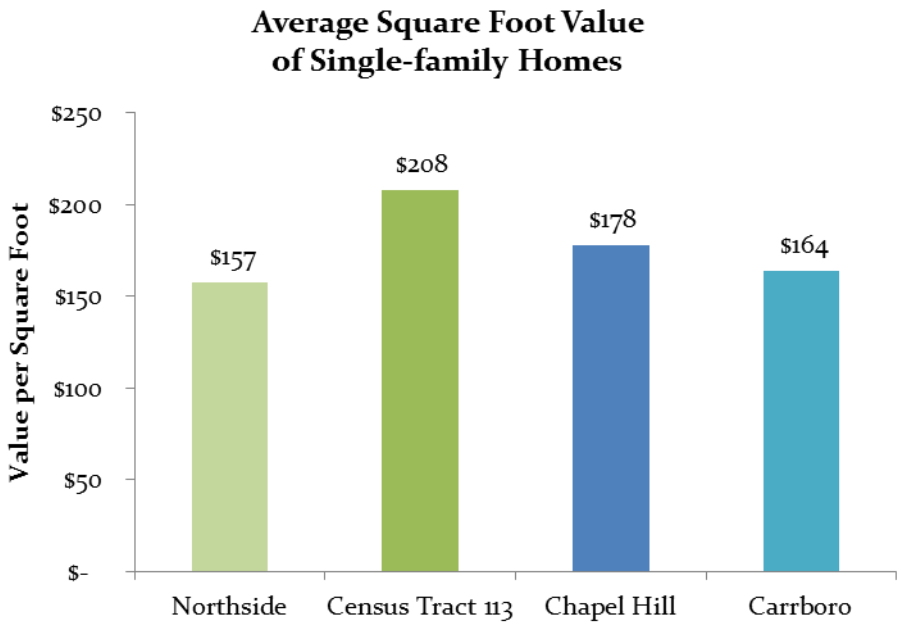
Considering the large differences in house size and lot size between Northside, Carrboro, and Chapel Hill, comparing property value on a per square foot basis can help determine how Northside competes in the greater real estate market. Looking at the average property tax value per square foot of house (bottom left graph), Census Tract 113 does better than Carrboro at $208/square foot versus $164/square foot, but Northside still trails at $157/square foot[14]. This suggests that homes in Census Tract 113 reflect the value of their central location, but home values in Northside are still depressed despite the neighborhood's proximity to downtown, likely due to a variety of factors. However, the average value per square foot of lot is higher in Census Tract 113 and Northside as compared to Chapel Hill and Carrboro (bottom right graph), at $67/square foot in Northside, and $36/square foot in Chapel Hill.

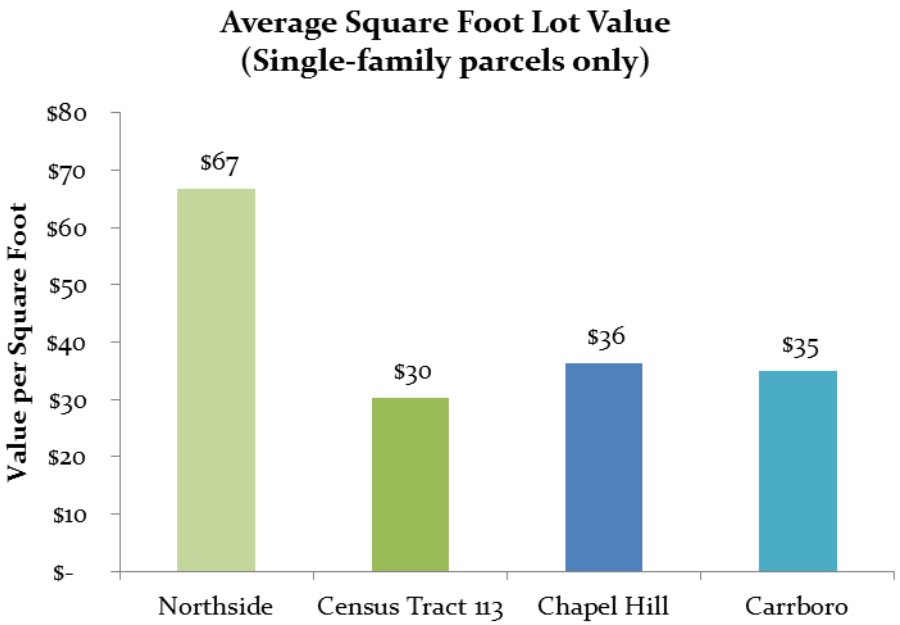
Valuation Example

This house at 511 Chapel Street was listed for sale in the spring of 2012[15].

Asking Price: $165,000
House Size: 696 sq.ft.
Lot Size: 5,095 sq.ft.
Year Built: 1966

Price per sq.ft. of house: $297
Price per sq.ft. of lot: $32





14 Data from Orange County property records. Calculation method: average of value calculations: single-family residential housing value (land and buildings) divided by the finished floor area (or lot area).

15 Information from real estate flier obtained at the property.

Assessment of Property Condition

Self-Help staff walked through the neighborhood and classified buildings based on physical condition as seen from the street. This included all buildings, residential, commercial, and institutional. Buildings were classified as following:

- **1 - Standard Setter** - in good physical condition, have curb appeal, and generally stand out from other houses in the vicinity. Note that no judgment was made as to how well these homes fit within the overall neighborhood context.
- **2 - Acceptable norm** - in decent physical condition but do not have any exceptional features that make them stand out from others.
- **3 - Need Significant Investment** - structures that are generally livable but would require significant repairs and investment to be marketable.
- **4 - Depressed** - properties that are severely dilapidated to the point that they are likely bringing down the values of nearby properties. This included abandoned properties, burned houses, and a few occupied buildings in very bad shape.

The majority of the properties in the neighborhood received a 2 (34%) or a 3 (26%). Nineteen percent of properties are vacant, 17% scored a 1, and just 3% scored a 4. While there are many vacant parcels, Northside has a lot of challenging topography, and many of them are likely not buildable.

The scores for each property were averaged by block and displayed spatially (right). From these averages, patterns emerge. The southeast corner of the neighborhood, along W. Rosemary Street, N. Columbia Street, and the blocks immediately behind them have an average score between 1.50 and 2.24. The blocks along Caldwell Street, McMasters Street, and in the northwest corner of the neighborhood score lower, with averages between 2.50 and 3.00. The high concentration of lower scores along Craig, Gomains, and Sykes Streets are partially explained by the high concentration of public housing units in this area. The units within Northside were built in the 1960's and 1970's and appear to have been cursorily maintained since then.

There is generally no relation between a property's occupancy and its score. Thirty percent of properties that scored a 1 or a 2 are owner-occupied, as opposed to 63% that are renter-occupied. Similarly, 34% of properties that scored a 3 or a 4 are owner-occupied, as opposed to 62% that are renter-occupied.

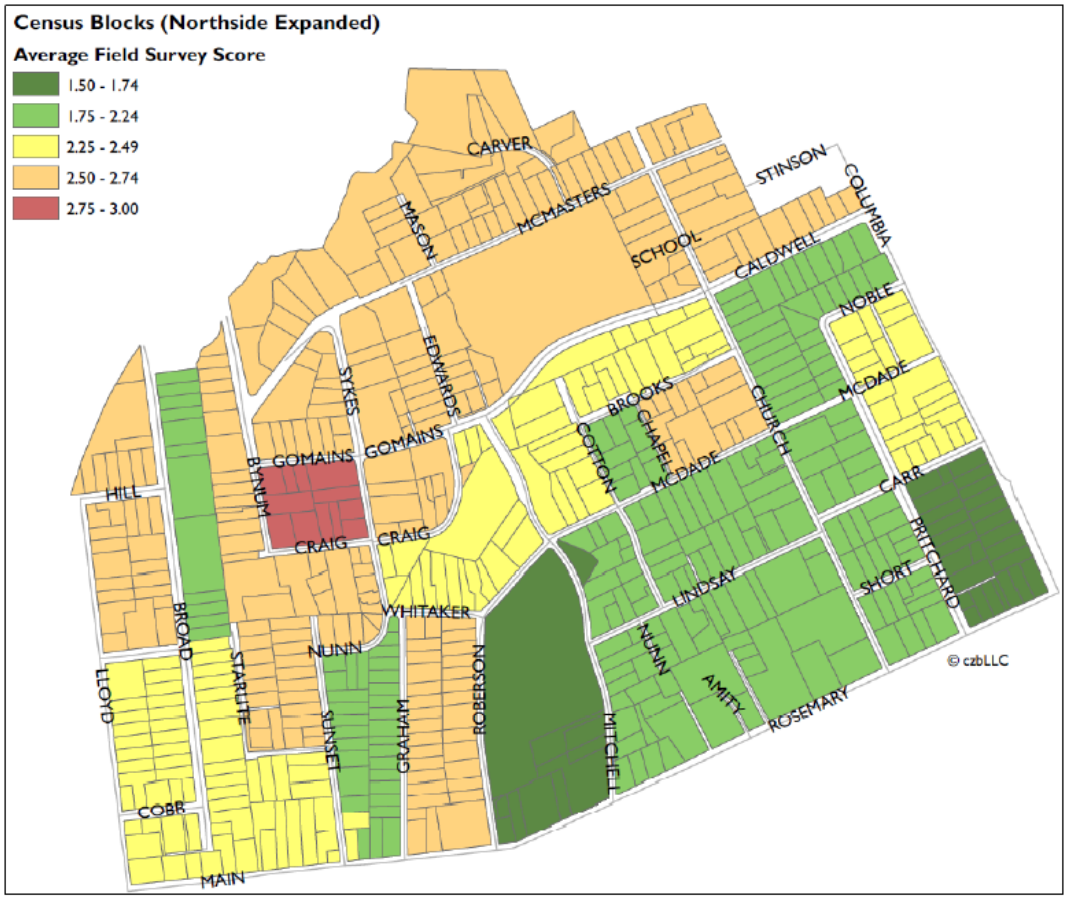


Figure: Condition Scores Averaged by Block

Examples of Condition Scores

1

2

3

4

Property Ownership

Of the 746 total parcels in Northside, there are approximately 490 individuals or entities that own property within Northside, including commercial and institutional uses. The table and maps below show the locations of property owners for all parcels, based on their mailing addresses listed in Orange County tax records.

Property Owner Locations (n = 746)		
States/Countries	**n**	**%**
North Carolina	666	89.6%
California	13	1.7%
New York	12	1.6%
Maryland	8	1.2%
District of Columbia	8	1.1%
Georgia	6	0.8%
Maine, Virginia	5	0.7%
Florida, South Carolina	4	0.5%
Connecticut, Hawaii, Illinois, Indiana, New Jersey,	2	0.3%
Colorado, Pennsylvania, Washington,	1	0.1%
Australia	1	0.1%

The majority, 89.6%, of property owners live in North Carolina. Additionally, 83.9% of property owners residing in North Carolina live in Orange County, and 82.8% of them live in Chapel Hill or Carrboro. Durham County has the second highest number of property owners (23, or 4%). It is likely that a number of those in Durham used to live in Northside and now rent their property. This shows that there is a relatively small number of absentee property owners, and many of those who do not live in Orange County live in adjacent Durham, Wake, and Chatham counties.

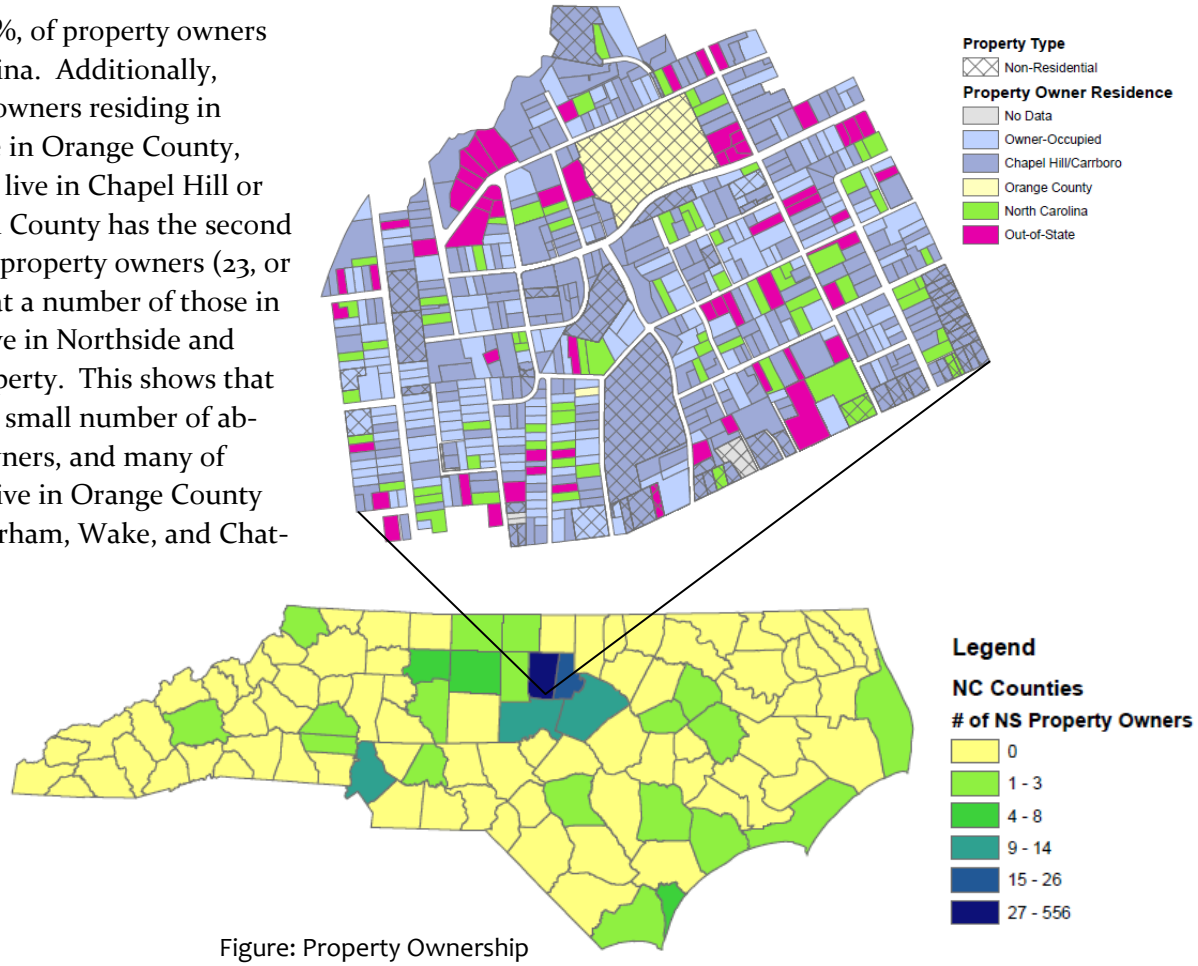


Figure: Property Ownership

Residential Property Ownership

Not including apartments, there are an estimated 589 residential parcels, of which 33% are owner-occupied[16]. Another 29% of residential parcels are not owner-occupied but are owned by a resident of Chapel Hill or Carrboro. Just 11% of residential properties are owned by out-of-state individuals or entities.

16 Owner-occupancy estimated by matching mailing addresses listed in Orange County tax records to the physical property address.

Market Trends

czb LLC, an urban planning and neighborhood development consulting firm based in Alexandria, VA, conducted a mixed-method market analysis approach to evaluate the market trends in Northside. Key trends are summarized within this section, and the full market analysis report is provided in the Appendix.

Factors that Shaped Northside

czb LLC defines Northside as a neighborhood in transition from a low– and moderate-income family-oriented minority community to a transient student renter occupied neighborhood. Six factors have played a large role in this transition.

1. Homes in Northside are generally smaller and older than in other neighborhoods in Chapel Hill and Carrboro, leading to soft demand to buy and live in Northside.
2. Race and income shape housing values; the Chapel Hill market is overwhelmingly white and white households in the Triangle generally choose to buy in white neighborhoods.
3. Northside families, like other upwardly mobile black households in the Triangle, have consistently chosen to leave for larger and newer homes in Durham and other areas since the 1970s.
4. As the student population has grown at UNC, demand for off-campus student rentals has also grown.
5. The concentration of subsidized, low-income housing in Northside has led to weaker demand in Northside, and eventually students migrated in to fill this gap.
6. The lack of a comprehensive housing policy in Chapel Hill and Carrboro that would have created a broader distribution of housing price-points and eased commuting pressures. Without this, Northside families had few affordable housing options within Chapel Hill and Carrboro.

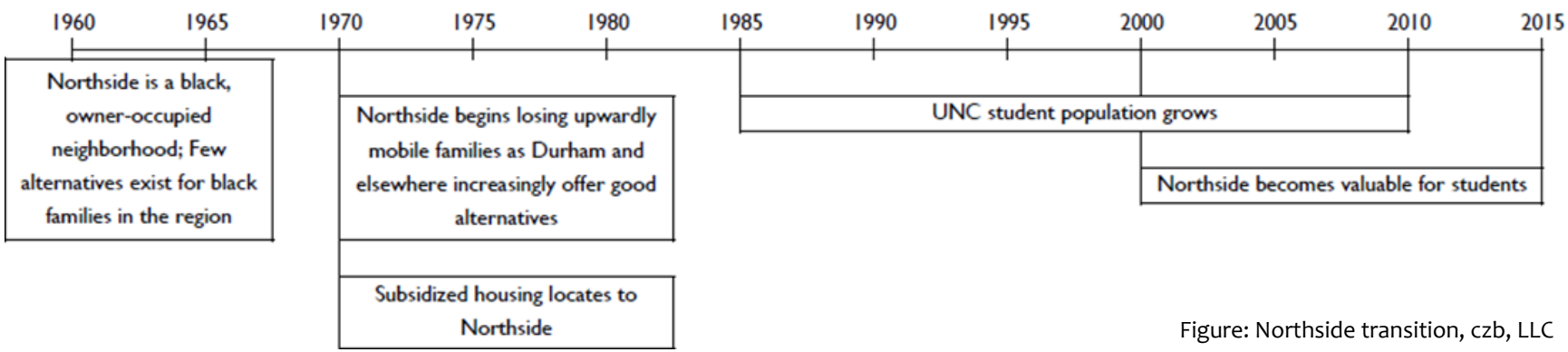


Figure: Northside transition, czb, LLC

Market Pressures

High demand for rental housing by UNC students and low demand for homeownership housing by potential buyers continue to reduce the homeownership rate within Northside. From 2000 to 2010, overall homeownership rates in Northside have fallen from 28% to 20.6%; in some high-homeownership blocks, the rates have fallen more drastically from 80% to 36%. Similarly, the student resident population has increased by 26% (or 222 individuals) from 2000 to 2010.

UNC-Generated Housing Demand

Nearly 63%, or more than 17,000 students, are not housed on UNC's campus, but instead live in Carrboro, Chapel Hill, Durham, and surrounding areas. In 2011, UNC had an estimated 11,387 beds on campus, and were in fact housing a larger proportion of students on campus (46%) than in 1990 (40%). czb estimates that students account for approximately 55% of Chapel Hill renters, or about 11,000 to 12,000 students, with the remaining off-campus students living in other jurisdictions.

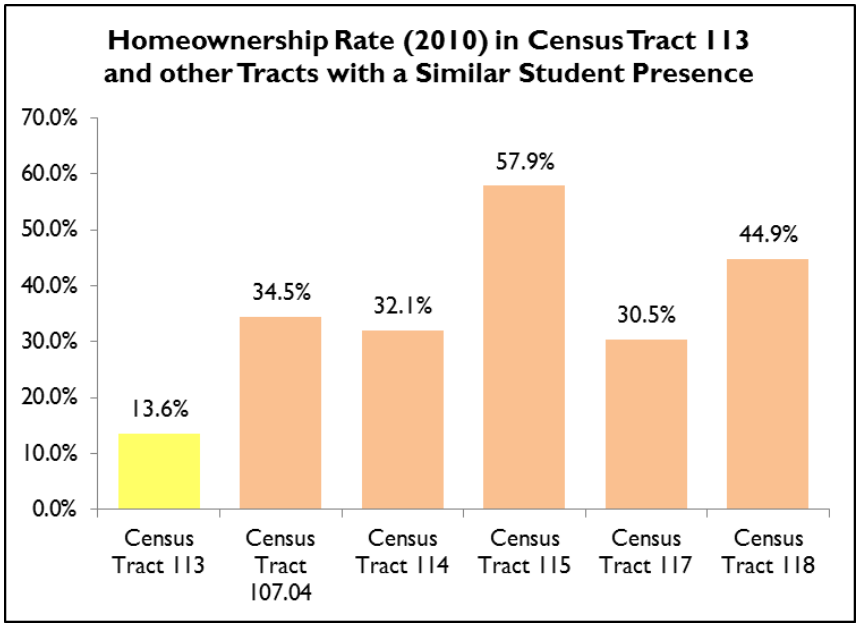
Many of the neighborhoods surrounding UNC also have a high student presence but have not experienced the weak housing demand that Northside has. The charts below compare homeownership rates and income levels in Census Tract 113 versus other tracts that have a similarly high student presence. These comparisons suggest that Northside's weaker housing market is not caused by student rentals, but that in fact the arrival of students in the neighborhood was a reaction to that weaker housing market.

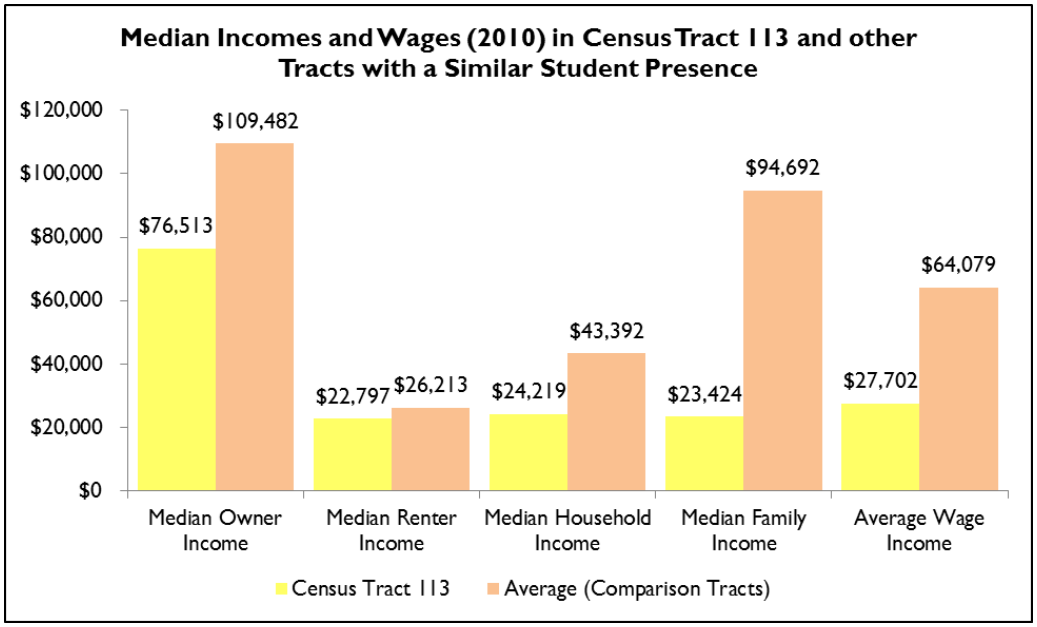
UNC's 2011 total enrollment: **29,137**

UNC's 2011 total number of beds on campus (including greek houses): **11,387**

Students living off campus: **17,750**

Proportion of Chapel Hill renters that are students: **55%**





Sources: 2010 American Community Survey 5-Year Estimates, Orange County, czbLLC.

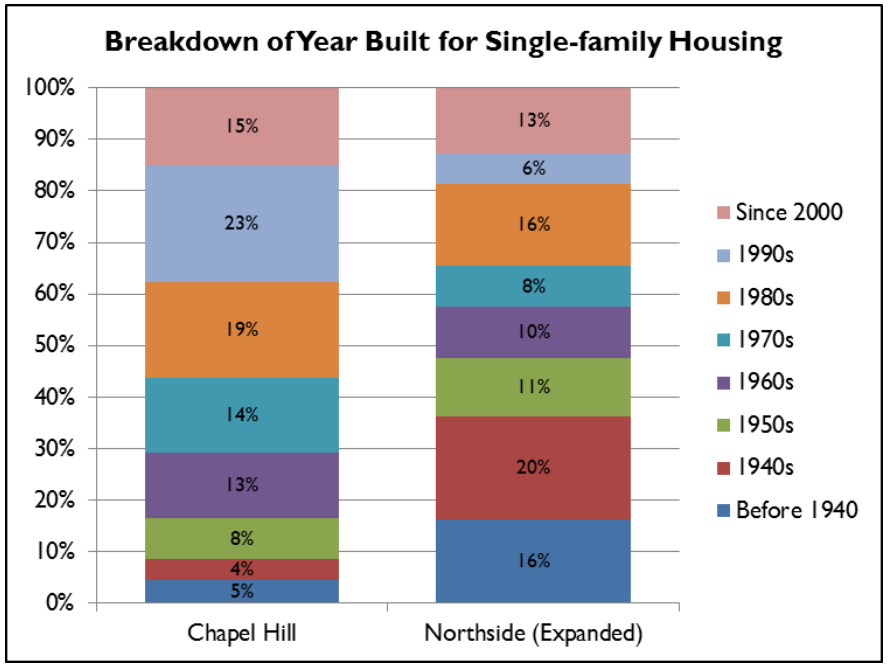
Causes

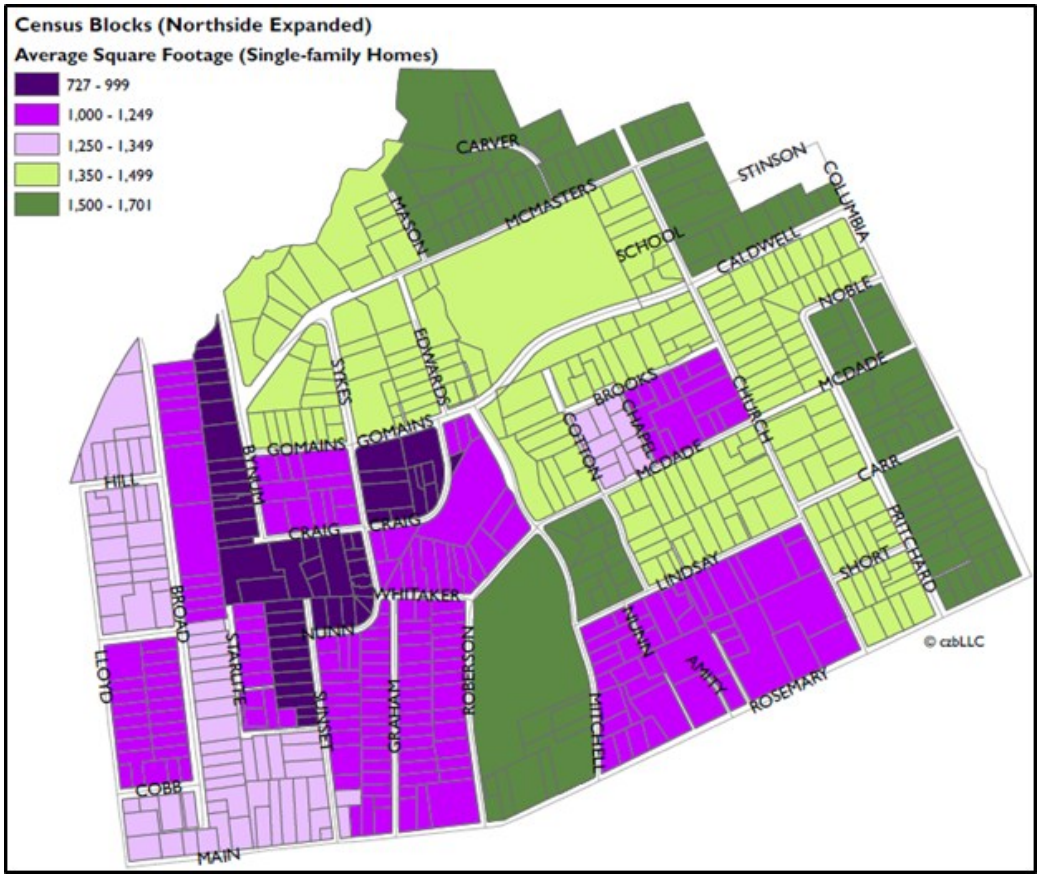
The market analysis conducted by czb suggests that "reduced values are a function of both the neighborhood's housing *supply* as well as the nature of *demand* for the neighborhood among current and potential residents."

The age and size of the neighborhood's single-family housing stock is a key factor in housing demand in Northside.

- Built prior to 1950: 36% of Northside's single-family homes, 9% of Chapel Hill's single-family homes
- Built between 1990 and 1999: 6% of Northside's single-family homes, 23% of Chapel Hill's single-family homes
- The average single-family home size in Northside is 1,314 square feet, half the size of the average single-family home in Chapel Hill.
- The homes on the western side of the neighborhood are smallest, with most less than 1,250 square feet.

The real estate market in Chapel Hill largely places a premium on newness and size, and as the housing stock in Northside has neither of those, housing values have suffered.





Sources: Orange County, czbLLC.

Context Within the Greater Chapel Hill Market

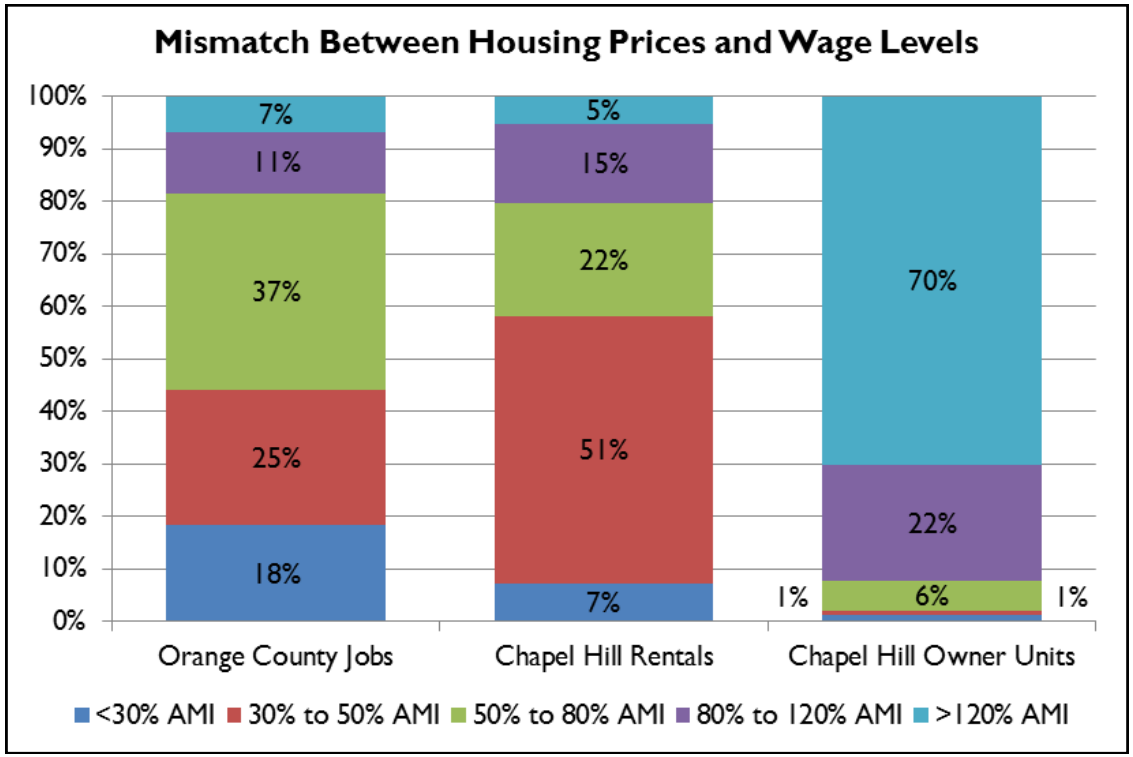
The Chapel Hill area has a large number of both service sector workers and households who earn between 80 to 120% of the Area Median Income (AMI)[17], but has a severe shortage of affordable rental and homeownership units for these households who have incomes ranging from 50 to 120% of AMI.

This [shortage of housing] is not the fault of the University's growth. It is rather the consequence of the absence of a coherent housing policy framework in Chapel Hill designed to result in the presence of a full and sustainable housing ladder. - czbLLC

An estimated 85% of workers who work within Chapel Hill's city limits live outside of the city. In Orange County, 37% of the workforce are service sector workers, in retail trade, accommodation and food services, and other services jobs. The average wage for these workers is $20,450 annually (30% AMI for a four person household), an income at which they can afford to pay no more than $562/month on housing costs.

There are approximately 1,059 rental units in Chapel Hill and Carrboro affordable to these workers, and over 35,000 service jobs in Orange County. Households making less than 50% of AMI can afford rentals priced from approximately $500 to $875, and while there is a large supply of these rentals in Chapel Hill, workers are also competing with students at this price point. This housing price and wage mismatch ultimately pushes the majority of service sector workers to housing outside of Chapel Hill and Carrboro city limits, and the same has pushed families in Northside to Durham and other places with more affordable housing.

- Rentals affordable to households below 30% of AMI:
  7% of Chapel Hill's rentals (727 units)
  6% of Carrboro's rentals (332 units)
- Homeownership opportunities below 50% of AMI:
  2% of Chapel Hill's owner-occupied units (194 units)
  2% of Carrboro's owner-occupied units (63 units)
- Homeownership opportunities below 80% of AMI:
  8% of Chapel Hill's owner-occupied units (760 units)
- Homeownership opportunities below 120% of AMI:
  30% of Chapel Hill's owner-occupied units (2,897 units)
  30% of Carrboro's owner-occupied units (928 units)



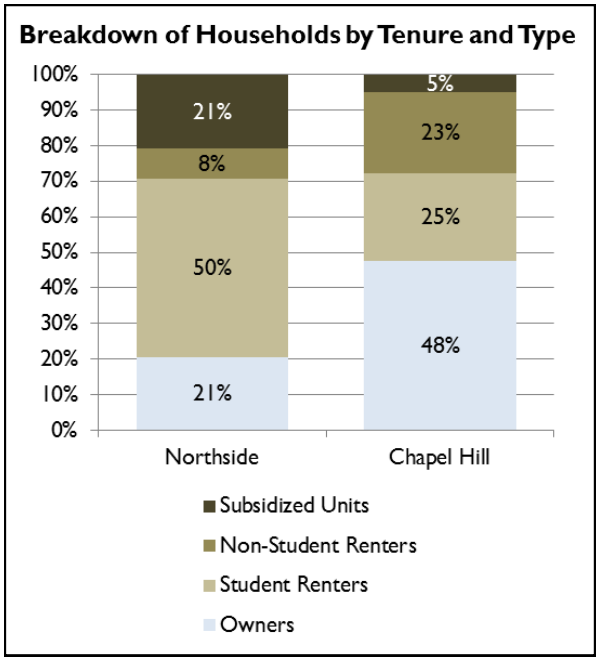
Sources: 2010 American Community Survey 5-Year Estimates, HUDUser.org, County Business Patterns, czbLLC.

17 The HUD FY2012 Income Limits for the Durham-Chapel Hill HUD Metro FMR Area lists the AMI as $68,700; it should be noted that it is significantly higher in Orange County and Chapel Hill. The 2010 American Community Survey estimates the Median Family Income is $79,811 for Orange County and $99,852 for Chapel Hill.

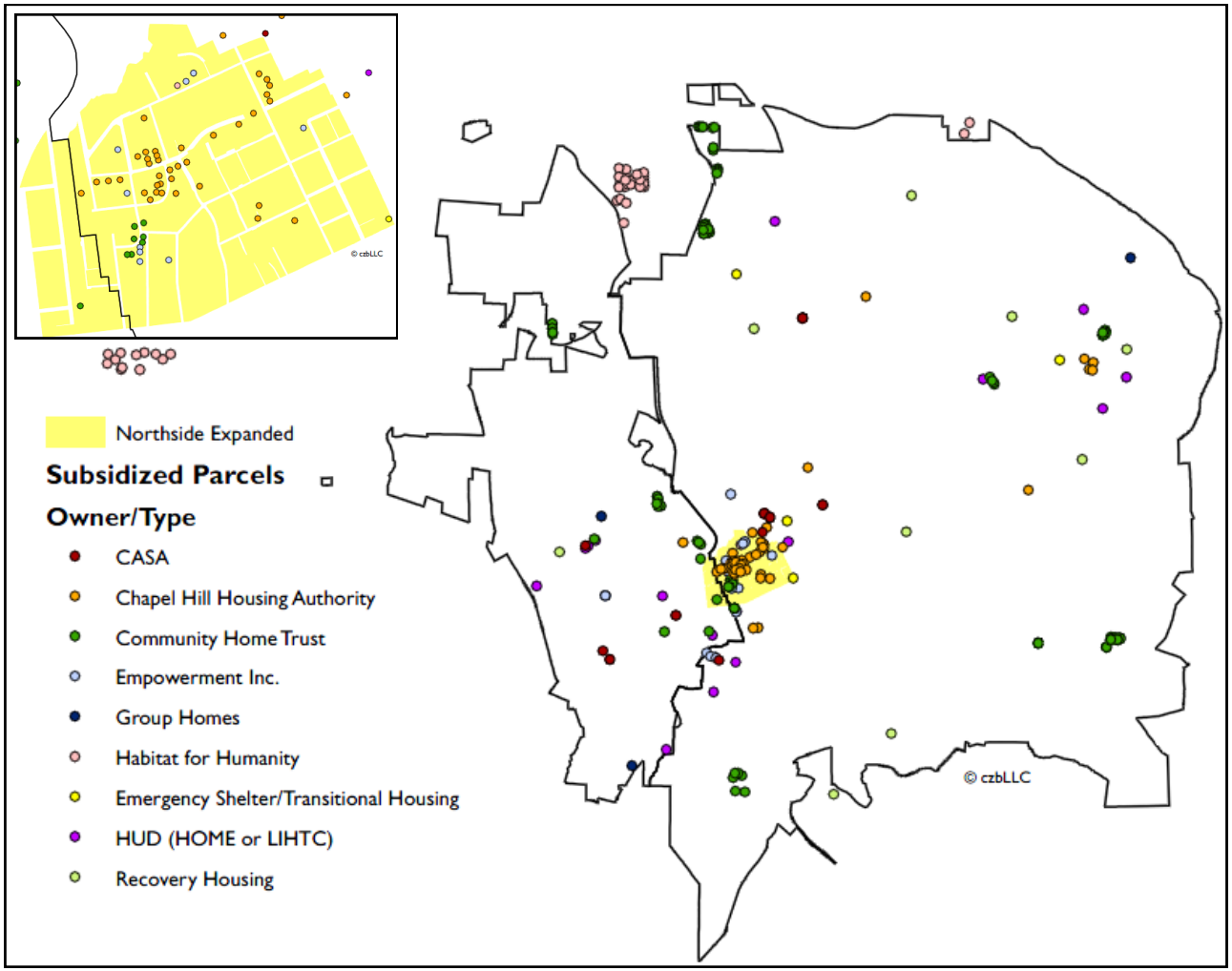
Distribution of Designated Affordable Housing Properties

These maps show the spatial distribution of housing units that are designated affordable through some form of subsidy in Chapel Hill and within Northside (inset map). While Northside contains 4% of all of Chapel Hill's residential properties, 16% of the town's subsidized rental properties and 25% of its public housing units are located within Northside. When Section 8 vouchers are included in the total count of subsidized units, czb estimates that 1-in-5 units in Northside are subsidized in some way, compared to 1-in-20 in greater Chapel Hill.

Whether through 1960s urban renewal or the addition of public housing in the 1970s, or the absence of town-wide inclusionary rental policies since, Northside has been and continues to be the go to location for low-income renters; it helps Chapel Hill and Carrboro balance their imbalanced books. Any gains catching up and keeping up not created in the Northside would have to be developed elsewhere and there is no indication that the towns are ready to embrace a fair share approach any time soon. - czbLLC



Sources: 2010 Census, czbLLC, Self Help
Note: "Student Renters" are those non-family renter households where the householder is aged 15 to 34.



Assets & Opportunities

Assets

Northside has many amenities and assets that make it a desirable place to live, including the following.

- **Neighborhood atmosphere** - In past surveys and community meetings, residents have cited the quietness of the neighborhood and knowing one another's neighbors as some of the top assets of the community[18]. The neighborhood has maintained a quiet, safe, family feel that many residents appreciate.
- **Convenient location** - The convenience of the location was another asset cited by residents in past surveys. The neighborhood's proximity to downtown and to several bus routes in the fare-free Chapel Hill transit system provides great access to job opportunities, particularly those at the University and UNC Hospitals. On walkscore.com, the neighborhood as a whole receives a Walk Score of 91/100, which is classified as a "Walker's Paradise." On a street-by-street basis, even streets towards the northern edge of the neighborhood score well; McMaster's Street is considered "Very Walkable" with a Walk Score of 74/100.
- **Institutional assets** - Northside has a strong institutional base, with the Hargraves Community Center, several well-attended churches, an elementary school under construction, and the Chapel Hill Town Hall just outside its eastern boundary. These institutions help to build and maintain community, and provide gathering places for residents.

Tot Lot on Sykes Street

- **Diversity** - The wide diversity of building types, both residential and commercial, provide for a diversity of residents and activities.
- **Greenspace** - A large number of mature trees, creeks, and open space, as well as two parks, a tot lot, and greenway trails provide shade and recreational opportunities.
- **Access to education** - In addition, the neighborhood's location within the desirable Chapel Hill-Carrboro City School system, and the home of the system's next elementary school, makes the neighborhood desirable for families who want access to good education. Similarly, the UNC student population living within or near the neighborhood is an asset that can be tapped for tutoring efforts and other educational activities.
- **Community awareness of the neighborhood's importance** - The neighborhood is well-known for its history and importance within the African-American community, and it's role in the greater history of Chapel Hill. Now that the neighborhood's importance is well known, planning efforts can focus on what to do next, rather than why it is important.
- **Relative affordability** - Northside is very affordable compared to other areas in Chapel Hill and Carrboro. Particularly for residents who do not need a very large house, Northside provides affordable living right in the heart of downtown.
- **Share of subsidized properties** - Northside has a large share of the subsidized properties within Chapel Hill and Carrboro. It is an asset to have much of the town's affordable housing conveniently located with access to jobs and transit. However, this can also be considered an opportunity.

18 "A New Approach to Development: Recommendations for Resident-Drive Community Building in the Sykes Street Area" UNC-CH Department of City & Regional Planning, Spring 2001.

Opportunities

Northside is facing some challenges which present opportunities to strengthen the community and encourage development in a compatible way.

- **Poor connectivity** - Many of the roads within the neighborhood do not connect, or are not well-aligned with other roads, often due to topographic constraints. This isolates some parts of the neighborhood, and the lack of access also increases walking, biking, and driving times to places outside of the neighborhood.
- **Poorly maintained greenway trails** - While there are dedicated trails and greenways, they are not well maintained or clearly-identified.
- **Lack of a cohesive neighborhood identity** - As the neighborhood spans across several historic sub-neighborhoods, town jurisdictions, and with very different character in different parts of the neighborhood, there is little physical cohesiveness that can unite residents. Additionally, there is a lack of cohesive social identity, due in part to the sub-neighborhoods and Northside's diverse population.
- **Lack of an organized neighborhood association** - Past Neighborhood Association groups are no longer active. The lack of a large organized group of residents makes it hard to quickly disseminate information to residents, and to have a group that is actively watching development activity and planning issues at the town level.
- **Older housing, poorly maintained housing** - More than other parts of Chapel Hill, Northside has both a larger number of older homes, and a larger number of homes that need maintenance and significant investment to be marketable.
- **Smaller housing** - The housing stock within Northside is smaller than both Chapel Hill and Carrboro.
- **Share of subsidized properties** - Northside has a large share of the subsidized properties within Chapel Hill and Carrboro. This can be an asset, but also limits where low– and moderate-income households have affordable housing options.
- **Prime location for development pressure** - Northside's proximity to the University and to the downtown district make it prime for both student-rental and larger mixed-use development projects.
- **Lack of marketability for families** - The houses in Northside are smaller and on smaller lots than can be found elsewhere in Chapel Hill & Carrboro. In addition, while student rental developments are often larger, they are also designed specifically for students and do not have desirable layouts for families or individuals.
- **Diversity of residents** - Neighborhood diversity can be considered an asset, but is also an opportunity. Residents with different lifestyles do not always live together harmoniously. Families and long-term residents in Northside have filed enforcement complaints about late-night noise, increased traffic, litter, and illegal parking, and these complaints are often associated with student rental properties[19].

Broad Street dead-end

Tanyard Branch at McMasters Street, poorly maintained trail

19 Northside and Pine Knolls Community Plan

Indicators of Neighborhood Health : 2010 Snapshot

The following indicators can serve as markers of a healthy neighborhood, and this data snapshot provides a baseline for future comparison. The indicators used are all available from free, publicly available data sources. Unless indicated with a footnote, the data is from the 2010 Census. It should be noted that the data is only available at the census tract level, and Census Tract 113 is slightly larger than the Northside neighborhood and does not include the portion of the neighborhood that is within the Carrboro city limits. The goals and objectives setting to come after this report will likely produce additional more specific indicators that will reflect the kind of community Northside wants to become.

Indicator	Census Tract 113		Chapel Hill		Carrboro	
	n	%	n	%	n	%
Total population	2,926		57,233		19,582	
Population density (per sq.mi.)	6,954		2,710		3,030	
Demographic Profile						
White alone	2,003	68.5	41,641	72.8	13,891	70.9
African American alone	697	23.8	5,530	9.7	1,969	10.1
Other races or multiracial	226	7.7	10,062	17.6	3,722	19.0
Hispanic/Latino (of any race)	182	6.2	3,638	6.4	2,706	13.8
18 to 24 years old	1,629	55.7	18,009	31.5	3,035	15.5
Households						
Total households	1,161		20,564		8,625	
Family households	266	22.9	10,501	51.1	4,020	46.6
Median household income[a]	$24,219		$52,785		$41,971	
Families with 2010 income below poverty level[a]	144	52.4	890	8.7	339	8.7
Crime & Safety[b]	**Northside only**		**n**	**rate**	**n**	**rate**
	n	**rate**				
Part I Crimes	96	63.62	1762	30.79	718	36.67
Violent Crimes	13	8.61	88	1.54	63	3.22
Property Crimes	18	11.93	1674	10.71	655	33.45
Part II Crimes	169	111.99	2764	29.25	1576	80.48

a *U.S. Census Bureau, American Community Survey 2006-10*

b *Data from Chapel Hill & Carrboro Police Departments; rate per 1,000 persons; estimated population for Northside is 1,509 people.*

Indicator	Census Tract 113		Chapel Hill		Carrboro	
	n	%	n	%	n	%
Housing Units						
Total housing units	1,246		22,254		9,258	
Owner-occupied units	198	15.9	9,784	43.9	3,319	35.9
Renter-occupied units	963	77.0	10,780	48.4	5,306	57.3
Vacant units	85	6.8	1,690	7.6	633	6.8
Median house value (owner-occupied units)[a]	$225,900		$356,400		$328,200	
Average square footage[c]	1,358		2,504		2,134	
Average tax value per square foot of housing[c]	$208		$178		$164	
Median gross rent[a]	$805		$848		$785	
Median gross rent as a percentage of household income[a]		40.5		37.8		30.9
Median selected monthly owner costs as a percentage of household income (with a mortgage)[a]		23.1		22.2		24.8
Affordable Housing Units	**Northside only**					
Designated affordable units[d]	142		749		32	
Section 8 voucher holders[e]	32		244		160	
Total subsidized units[f]	174	21.4	993	4.5	192	2.1

c *Orange County Property Records, single-family residential only*

d Development Concepts, Inc. (2010). *Residential Market Study for the Town of Chapel Hill, North Carolina.* Retrieved from http://www.ci.chapel-hill.nc.us/Modules/ShowDocument.aspx?documentid=8819

e *Estimates provided by Orange County Housing, Human Rights, and Community Development Department.*

f *Estimated total dwelling units in Northside is 810.*

Community Aspirations & Strategy Framework

This baseline report and associated market analysis has revealed strengths and challenges in Northside, including marketable assets in the community, a declining homeownership rate, challenges in the housing stock, and a market gap and strong student rental demand. Couching these challenges within identified community aspirations provides a framework for strategy and community building going forward. A review of past planning work and conversations with the Jackson Center staff and Board of Directors identified the following community aspirations:

- Preserving a sense of culture and community identity, as well as preserving African-American land ownership in Northside;
- Helping long-term residents improve their housing conditions and quality of life;
- Minimizing the negative impacts of student renters/rentals, and perhaps cooling off the student rental market;
- Maintaining/restoring a close-knit, proud community; and
- Building a neighborhood that attracts a diverse range of individuals and families going forward.

These aspirations lead into a potential strategy framework with four focus areas:

1. **Retention:** Creating a strategy to retain families and homeowners who could choose other neighborhoods. What specifically can we do to keep existing owners/families in the neighborhood?
2. **Transition:** Creating a strategy for influencing property disposition in the neighborhood. Some existing owners will want to or have to leave Northside. (E.g., home no longer meets their needs or is no longer affordable.) What specifically can we do to up the chances that a home sold in Northside gets sold to an owner-occupant or becomes a stable (non-student) rental?
3. **Attraction:** Create a strategy for re-igniting homeownership demand in the neighborhood. Who are the next generation of Northside homeowners and how do we get them to choose Northside?
4. **Balancing the Market:** Create a strategy for influencing the demand for student housing as well as its location and impact on the neighborhood. What can we do to have student rental housing complement our retention and attraction strategies?

These focus areas will be used to frame conversations with the community and its partners, and will help identify specific strategies to achieve community aspirations. Potential strategies and tools will also be adapted to the needs and aspirations of different sub-neighborhoods identified earlier in the report that are facing different challenges and different market realities.

Conclusion

Northside is a diverse neighborhood with a rich history. Its prime location, affordability, amenities, and quiet, safe, family-feel make it desirable to long-time residents, young families, and students alike. However, more affordable housing markets in other areas such as Durham, Carrboro, and Orange County have pulled residents from Northside for several decades, leaving a market gap that students have filled. Northside has not been the neighborhood that residents remember for a long time, and with the current demographics, market, and land values in the neighborhood, it cannot rebuild that same neighborhood that is well-remembered by many. Nevertheless, the neighborhood has many desirable assets, it is still a quiet, safe neighborhood, and it has a groundswell of community residents, advocates, and supporters that are committed to shaping it into a neighborhood with a strong and active community into the future. Other communities across the country have successfully revitalized their fading neighborhoods into diverse, strong, and vibrant communities, and these examples can provide guidance as Northside charts its own direction.

Looking forward there are some key realities to keep in mind,

- The market, neighborhood, and political dynamics surrounding this collective work are complex; this complexity is exciting.
- It has taken decades for the current market to emerge, and it will likewise take determined, sustained effort to change the current trajectory.
- The underlying land has value, and in this value lies an opportunity for both community empowerment and real estate development.
- Different sub-neighborhoods will require different strategies to meet their specific challenges and aspirations.
- New strategies will be required to generate new results, or else existing trends will continue.
- The support that Northside is receiving from the local governments, UNC, and others, as well as the staff capacity of the Jackson Center, presents a rare opportunity to form partnerships and build lasting momentum.
- Effective intervention in Northside requires two related efforts:
    1. Direct focus on the neighborhood's market.
    2. Addressing broader issues across Chapel Hill and Carrboro.

The Town of Chapel Hill's Northside and Pine Knolls Community Plan lays out policies and regulatory changes that, when implemented, can improve the quality of life for all residents in Northside. Self-Help, working within the housing element of the Community Plan, hopes to utilize its experience in residential development and neighborhood revitalization to apply a market-informed, community-grounded approach to some of the neighborhood's concerns. This report provides a snapshot of what the community is like today from a demographic and physical standpoint, and helps residents and community stakeholders understand what market-based realities are happening in Northside. This report should start conversations with residents and community stakeholders and inform decision-making processes going forward.

Northside Baseline Report Appendix

- Referenced plans, studies, and reports.....ii
- Chapel Hill Northside Neighborhood Zoning.....iii
- Carrboro Lloyd-Broad Neighborhood Zoning.....iv
- Final Report on Market and Related Conditions.....v

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czb, August 2012

Referenced Plans, Studies, and Reports

The following plans, studies, reports, and other materials provided history and background on the Northside neighborhood and contributed to the completion of the timeline on page 5.

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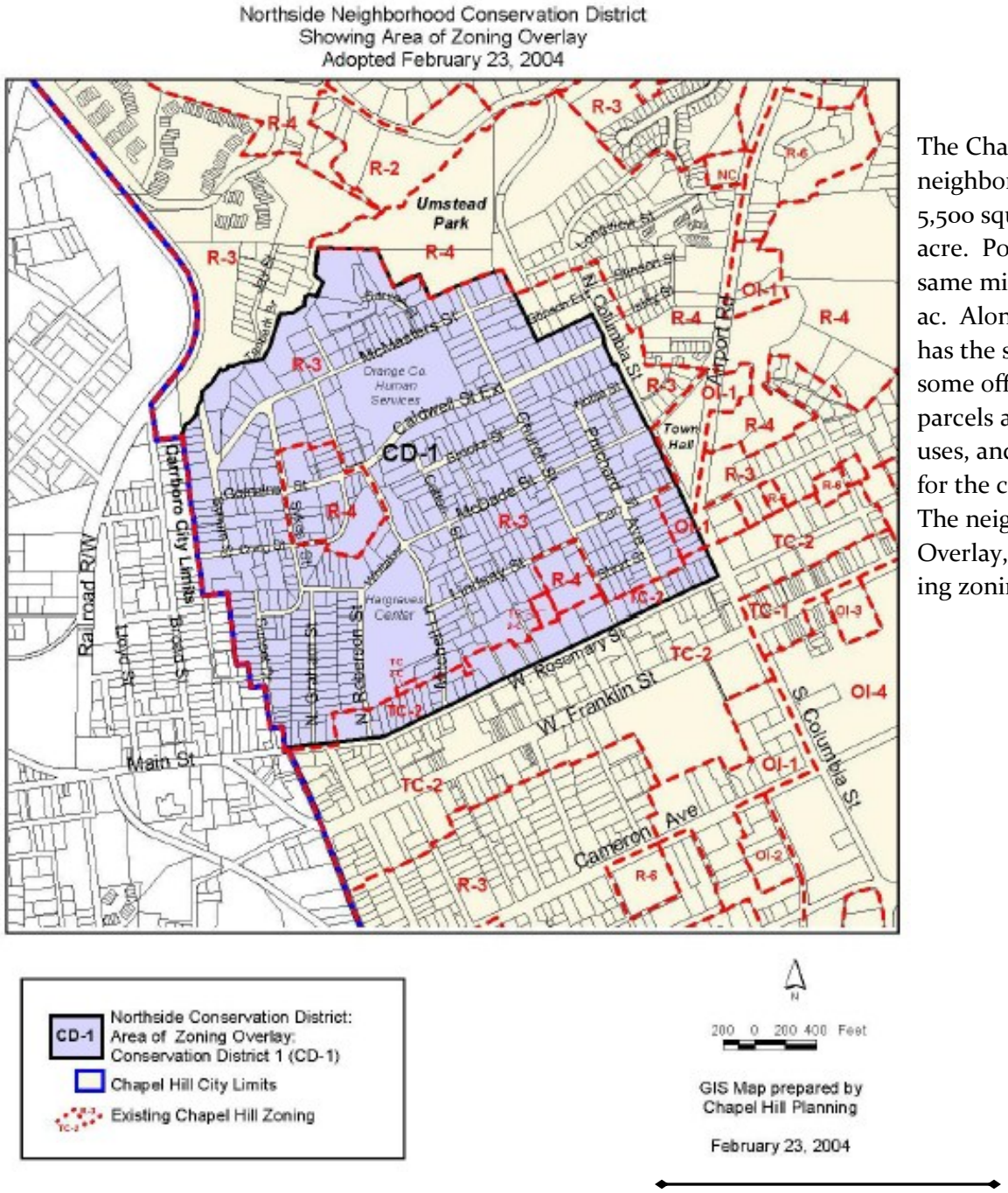
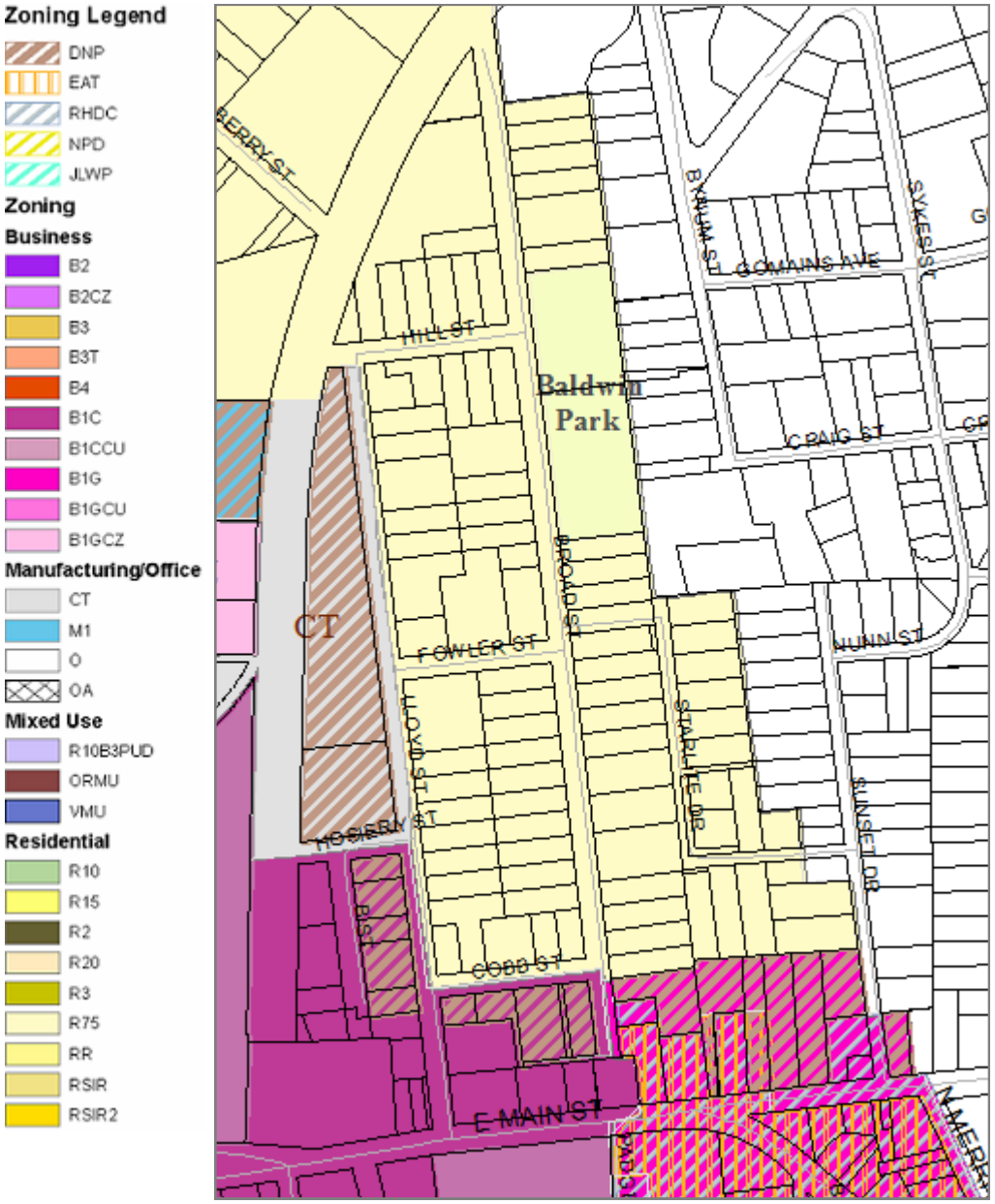
Chapel Hill Northside Neighborhood Zoning



The Chapel Hill zoning map show that the majority of the Northside neighborhood is zoned R-3, which specifies a minimum lot size of 5,500 square feet and a maximum density of 7 dwelling units per acre. Portions of the neighborhood are zoned R-4, which has the same minimum lot size requirement, but a higher density at 10 du/ac. Along N. Columbia Street, several parcels are zoned OI-1, which has the same lot size and density requirements as R-4, but allows some office and institutional uses. Along W. Rosemary Street, most parcels are zoned TC-2, which allows for commercial and mixed-uses, and also allows a residential floor area bonus as an incentive for the construction of additional dwelling units in the town center. The neighborhood also has Neighborhood Conservation District Overlay, which applies additional design guidelines to the underlying zoning regulations.

Carrboro Lloyd-Broad Neighborhood Zoning



The Carrboro zoning maps show that the majority of the Lloyd-Broad neighborhood is zoned R 20, which specifies a minimum lot size of 20,000 square feet, and a minimum of 20,000 square feet per dwelling unit. The adjoining non-residential zoning districts include Corporate Town, Town Center Business, and General Business zones. On top of these, there are three overlay districts, Downtown Neighborhood Protection District, Residential High Density and Commercial Overlay District, and a Restaurant District. The Downtown Neighborhood Protection District is applied to commercially zoned downtown areas where lots are adjacent to or are directly across the street from residentially zoned properties, and requires specific height, setback, and design requirements that help ease the transition between the commercial and residential uses.

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czb for Center for Community Self-Help
August 2012

"When I plant my garden in the spring, I do it with the thought that one single bean can create many new beans – half a pound or more. How many plants will come from one bean if you chop it, feed it, and water it?"

Mildred Edna Cotton Council, 1999

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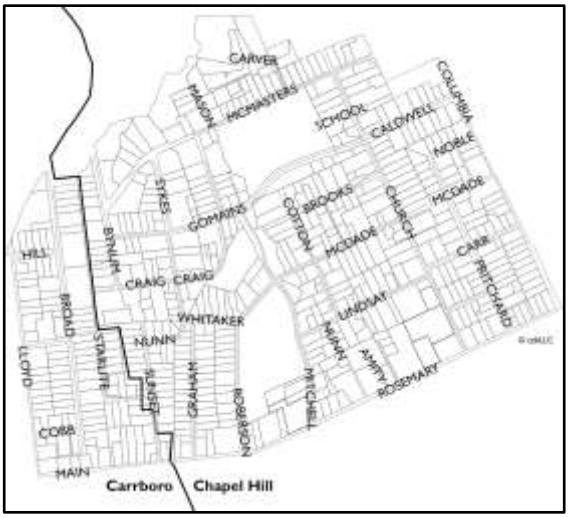


Message to Northside Residents

A neighborhood is a place where there are houses, parks, apartment buildings, churches, ball fields, and sometimes stores, sometimes even places to eat. It's where we live, play, pray, and shop. What these places are like, and how we look after them is something that everybody pays attention to, whether they live in the neighborhood or not. Are our homes neat and tidy? Are the parks clean and safe? What about the apartment buildings? Is the dumpster where it belongs? Are cars parked in the right places? How about Sundays? How full is the church parking lot? All of this folds into a story that everyone reads. And as people read a neighborhood story – residents and visitors alike – eventually they draw conclusions and fit their conclusions to their own lives and circumstances. In their own way, people ask, "do I want to live here (or there)"?

If the answer is yes, they tend to ask two additional questions. "Can I afford to live there?" and "does it make sense for me to live there?" The bottom line is that people draw conclusions about neighborhoods in relationship to their own situation. A husband and wife might really want to live in the Northside, having fallen in love with the "feel of life" on Graham. But they have four kids and an elderly aunt and they need more space, and the house that is available in Northside that is big enough is also too expensive. In this case, the family may choose to buy a home they can afford in Durham, even though it may mean commuting to UNC or other employers. When this happens frequently, prices fall and it makes less and less sense for families to buy and own homes in the neighborhood. Eventually the homes sell not to families but to investors. Over time, the neighborhood can become – one house at a time – less the stable place it used to be.

Whereas the neighborhood is the physical place where we live, the communities we belong to say something about *who we are.* Neighborhood and community are often confused as one and the same; though they are related, in actuality they are quite different. We belong to communities, and we live in a neighborhood. Houses in a neighborhood are built and bought and sold. Our community is what we value and how we treat each other and what our mothers taught us. It's when a house becomes a home.

At stake today is more than the real estate in Northside. While many of the houses are older and smaller and less valuable in dollars and cents than other residences in Chapel Hill and Carrboro, the homes are priceless. One of the very difficult challenges that the Northside community faces is the preservation of the community against a tide of rapidly escalating real estate values and the displacement that can and often does occur when families of limited means are caught in the middle. The residents of the Northside have some very difficult questions to think about. Can *community* be preserved if the people who comprise it are no longer living in the neighborhood? Why have Northside residents been leaving and what might need to occur for that trend to change? Can tomorrow's Northside – the one residents actively shape – be a place where it makes sense for families to put down roots?

Introduction

Northside is a historically African American residential neighborhood located mostly in Chapel Hill and partly Carrboro, NC. It is a neighborhood predominantly but not entirely comprised of modest single-family homes on modestly sized lots. It is also a neighborhood that is presently under significant pressure as the combination of excellent location and comparative affordability has made this area an ideal investment opportunity for the establishment of student rentals. As such, Northside is a neighborhood *in transition* from a traditionally owner-occupied place where low and moderate-income minority families have lived to an increasingly transient student renter occupied place. A combination of factors has shaped this status quo.

1. First, homes in Northside are smaller and older than what's generally available elsewhere in Chapel Hill and to a lesser extent in Carrboro, so demand to buy and live in Northside has been comparatively softer.[1]

2. Second, racial preference shapes settlement patterns everywhere in America, and is a major factor in establishing price in Chapel Hill, Carrboro and throughout the Triangle. The bottom line is that the wider Chapel Hill market is overwhelmingly white, and white households in the Triangle overwhelmingly choose to buy in very white neighborhoods; race and income shape housing values significantly.

3. Third, the quantity and quality of housing options for upwardly mobile black households in the region is substantial; Northside families - like everyone else - have opted for larger and newer homes whenever affordable, and have been leaving Northside for Durham and other locations on a slow but continual basis since the 1970s.

4. Fourth, as the student population at the University of North Carolina (UNC) has grown beyond the capacity of the University to provide housing, so too has demand for off-campus student rentals.

In sum, the most succinct way to describe Northside today is as a place where a perfect storm of factors has converged to push and pull upwardly mobile minority families *out from* Northside (over the last forty years) to Durham and other areas, while pushing and pulling students *into* Northside as homes have become available.

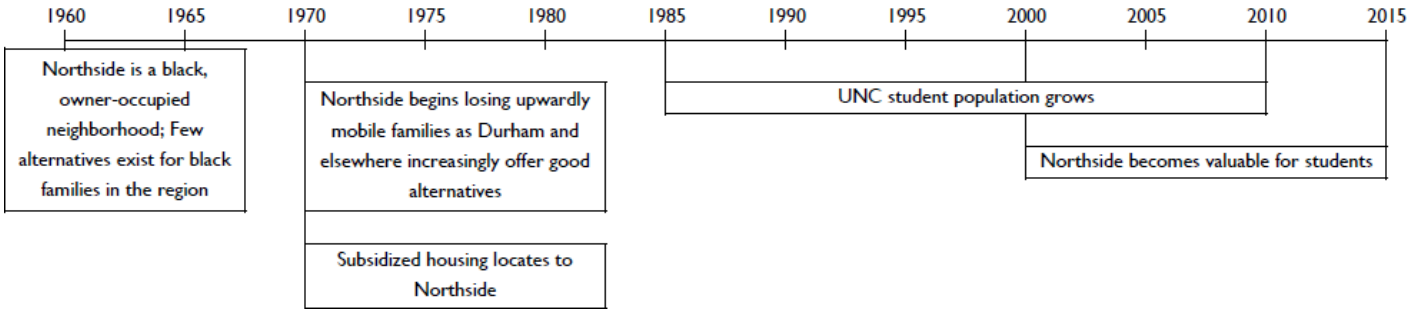
Still, these four influencing factors – stocks, racial preference, competition, and UNC generated pressure in the context of locational advantage – do not entirely explain either the status quo or the dimensions of the challenge Chapel Hill and Carrboro now face. Two additional elements must be considered.

One is the concentration of subsidized, low-income housing in Northside and not anywhere else in the area; this ensured both that Northside would become increasingly isolated economically (weakening demand) and would set the table for eventual student in-migration. The other is the absence of a coherent housing policy fabric in Chapel Hill and Carrboro aimed at distributing

[1] On a block by block basis there is variation, of course, exemplified by higher rates of owner occupancy on the west end of the neighborhood. In such cases, specific owner histories explain block resilience. Higher homeownership rates don't always correspond with stronger markets; market values suggest the "hottest" market in Northside is on the east side of the neighborhood and is driven by investor owners rather than homeowners.

affordable rental stocks evenly throughout the towns, which would have created a more complete town-wide housing ladder while concurrently easing commuting pressures. The presence of the former combined with the absence of the latter made it a near certainty that for economically mobile Northside families to move up during the period 1970 to the present, they had little choice but to move out.

The slow but steady "trickling out" of stable black families left in their wake a vacuum into which a somewhat inevitable "trickling in" of transient student renters has resulted. Both longtime residents, as well as student renters have voted with their feet: it has simply been the case that it has made increasingly good economic sense for upwardly mobile black families to leave Northside, just as it has made increasingly good economic sense for the developers of student rental housing to buy relatively affordable homes and lots in Northside and create cash cows.



The transition from a majority owner-occupied African American neighborhood 50 years ago to a student renter dominated neighborhood today has occurred in four overlapping 25 year phases as illustrated above. This "swap" – of *families for students*, of *blacks for whites*, of *owners for renters*, of *investors for owner occupants*, and of *single family homes for multi-unit structures* – has been going on since the 1970s, though it has accelerated the last ten years. Moreover, these 'trades' are neither an unalloyed good, nor all bad.

Such "trades" are good in that the income potential of Northside properties is significant, and represents genuine current and potential future value the Towns of Chapel Hill and Carrboro would be wise to try to capitalize on. The long-term market value of Northside is nearly 200 acres acres of close-in, topographically distinct real estate where as many as 300 units of high-end housing can be plausibly envisioned within a mere 12-minute walk from the intersection of Columbia and Franklin. As such, fully built out, the area represents as much as $130M in potential residential development value (at 150-275% AMI), and $1.2M in annual retail leases.[2]

Furthermore, many of the properties that students willingly live in – often older, smaller, and borderline obsolete from the wider market's perspective – are otherwise difficult-to-market. Low- and moderate-income families often have the *ability* to afford such structures but are not

[2] At suburban densities, the area could wind up being aggressively redeveloped (as a master planned effort in stages or through natural market activity). It is conceivably the area could support a range of condominiums (priced between $140,000 - $225,000), townhouses ($175,000 - $300,000), and detached homes w yards ($300,000 - $600,000). An estimated 300 new households at the incomes needed to support these price points would theoretically be capable of supporting at additional 70,000 SF of retail space.

necessarily as *willing* to rent them as student often are, and without students these structures would be in less demand and be more prone to decline. Without students, there simply is no de facto transitional policy for Northside; that is, students add additional years of income generating potential to properties that otherwise have little market value.

In effect, student renters become ATMs for property owners during the interim period before the market 'discovers' the value of the land on which modest but otherwise disposable structures sit. Put still another way, the small houses that were where black families of modest means could both afford and were permitted to live from 1930-1970 were by the 1980s of nominal value except as student housing. Landlords' or speculators' buying these structures and renting them out has extended their useful life, and allowed theses owners to effectively bank the land while capturing the overflow of demand from students at a growing University with limited on campus housing. Indeed, the recent trend of investors building new, large homes highlights the leading edge of the speculative optimism among a new generation of owners that the west end is an excellent location.

From an equity point of view however, or from a community perspective, these 'trades' hardly sit well. As Northside property has grown in value, the real upsides are being captured not by Northside residents but by recent generations of absentee owners (who have historically invested little in maintenance, and who enjoy high profit margins) and speculators (who are banking on the long term value of the location). And, as yesterday's culturally significant Northside gives way to today's investors and student renters, and tomorrow's higher end residents, an invaluable piece of North Carolina tradition and history is increasingly at risk (and unrecoverable once lost).

At issue is the question of who benefits from the inevitable ebb and flow of neighborhood real estate values. What is the degree to which turnover in Chapel Hill and Carrboro – owing to housing stock characteristics, race as a factor in shaping settlement preference, superior competition, student overflow, and local policies – results in value gained at the expense of culture and history lost? What are the opportunities for intervening in this market to obtain an alternative outcome?

In wrestling with these difficult questions, others arise that require attention.

- When any property owner sells any property anywhere, they forfeit their claim on the future value of what they formerly held. If they want a share of the possible upside, they have to have a share in the possible downside. For decades, Northside families have increasingly concluded that the path to their best future was elsewhere, sometimes nearby in less expensive parts of Orange County, and more recently further away in Durham. In the wake of these departures, cultural history has been under pressure as much as real estate. At some point, the Northside community will have to prioritize among a number of competing aspirations.[3]

- The limited set of housing options available to upwardly mobile Northside families these past decades is not without cause and is not unexplainable. Chapel Hill and Carrboro do

[3] For example: property values and the wealth rising value provides, the opportunity to secure a piece of the American dream elsewhere in the Triangle, the preservation of cultural history, the importance of economic diversity, the imperative to restore Northside to a more family-oriented norm.

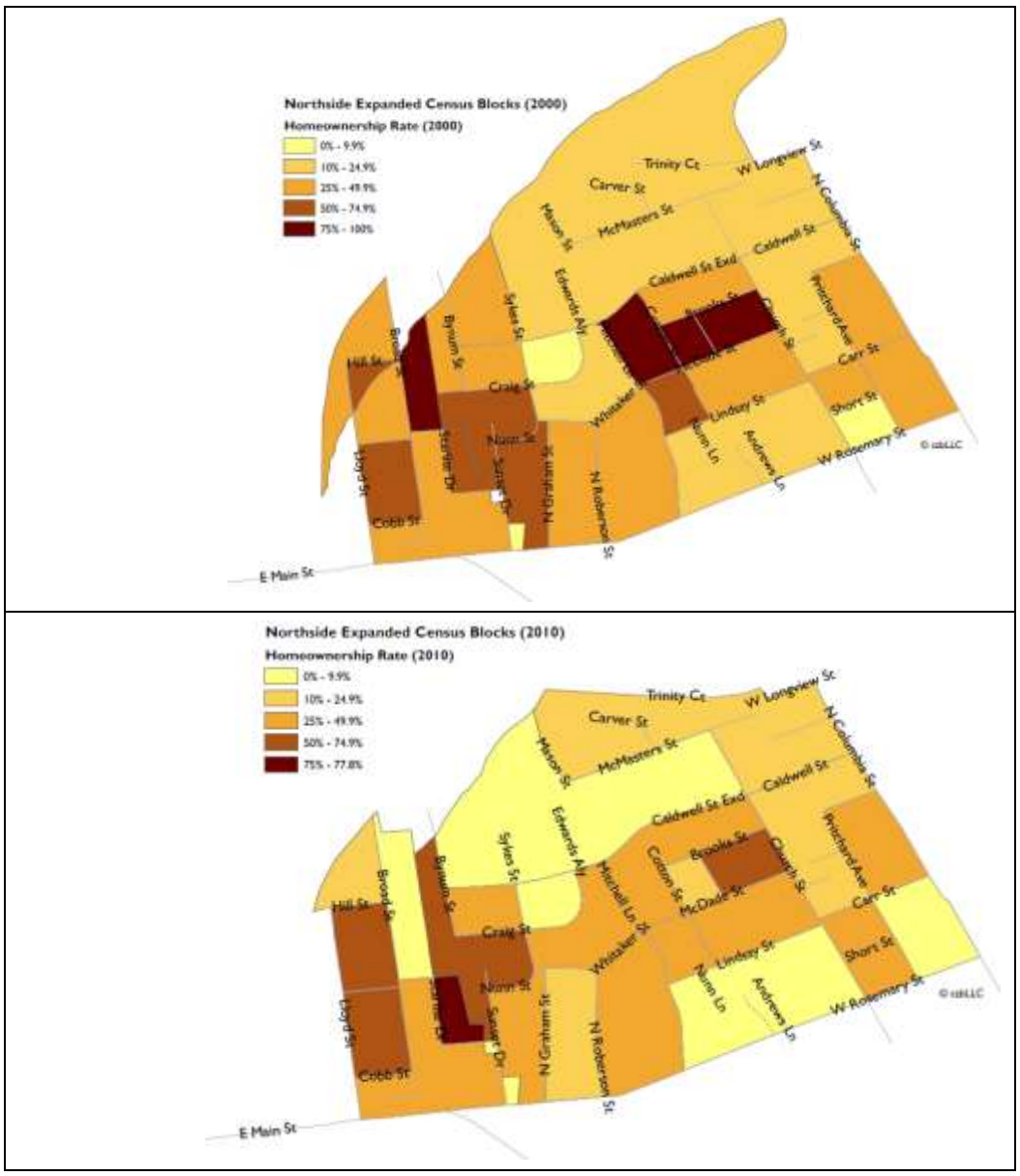
not have a set of housing policies that distribute owner and renter options in ways that sensibly attempt to balance demand and supply. By not being explicitly inclusive, Chapel Hill and Carrboro have been effectively exclusive. At some point, the broader community in these towns will have to come to terms with the issue of the "fair share" distribution of affordable housing units, and the incompleteness of their current housing ladder.

- As the University has grown, its impacts on neighborhoods – positive and negative – have grown as well. As Chapel Hill and Carrboro's housing markets are almost singularly tied to UNC-based demand, the University is the 800-pound gorilla. UNC shapes every part of the housing market, from low-end rentals to student rentals to first time buyer demand to family and even senior housing. Any failure of vision on the part of the Towns and the University as a partnership becomes manifest as affordability pressures, cross-cultural tension, lost history, traffic and subsequent environmental degradation. At some point, the dog and tail have to wag together.

Pressure

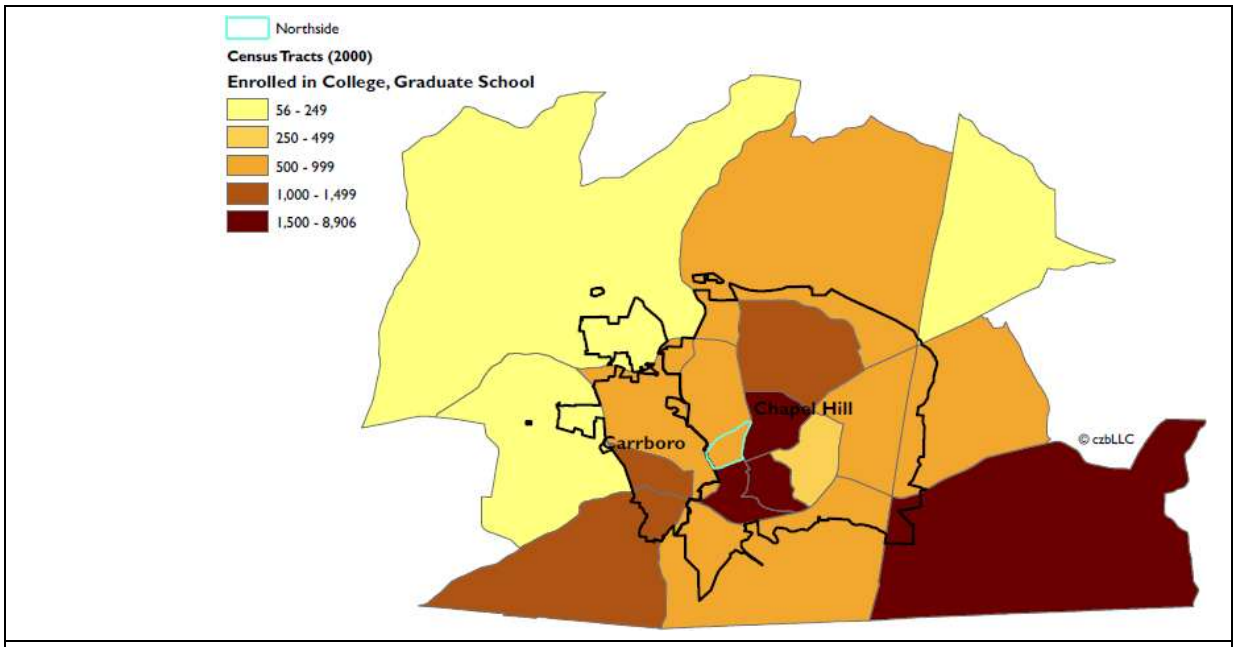
Northside has been under intense pressure in the last decade in two very different, but related, ways. Both high demand for rental housing by UNC students and low demand for homeownership housing by potential buyers have reduced and are reducing the neighborhood's homeownership rate. Increasingly, households who might choose to remain in or buy into the Northside are instead choosing other areas (such as on the east side of Durham).

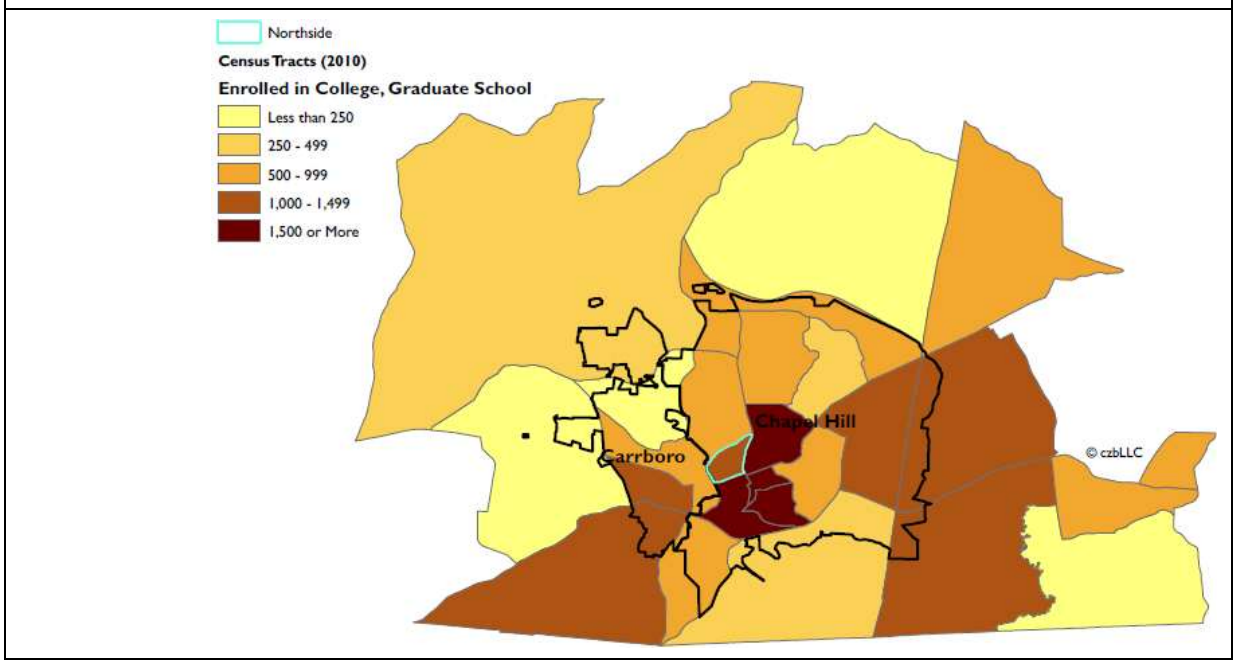
According to czb's review of Census data from 2000 and 2010, homeownership rates have fallen significantly in the neighborhood over the last decade, from 28% to just 20.6%. Central Northside (the area bounded by Mitchell, Caldwell, Brooks, Church, and McDade), for example - a high-homeownership area in 2000 - saw its overall homeownership rate fall from 80% in 2000 to just 36% in 2010.



Sources: 2000 Census, 2010 Census, czbLLC.

As the number of owner-occupants has fallen, the number of Census tract 113 residents enrolled in college or graduate school has grown: from 829 in 2000 to 1,051 in 2010, a 26% increase (or an increase of 222 individuals). (Census tract 113 includes the Northside as well as the area to the east of the neighborhood.)





Sources: 2000 Census, 2010 American Community Survey 5-Year Estimates, czbLLC.

Strong demand from student renters is not surprising, given the neighborhood's proximity to the University of North Carolina (it is less than one mile from St Joseph's CME Church to the Old Well).

According to data from UNC, the University's on-campus residence halls, affiliated apartment complexes, and fraternities and sororities, can house 11,387 students. This is well short of the University's total enrollment of 29,137 undergraduate and graduate students, meaning that almost 18,000 students cannot be accommodated in University-owned or –affiliated housing. The nearly two-thirds (63%) of students who live off campus create intense demand for rental units that the Town of Chapel Hill and surrounding markets have to absorb. Precisely how many of these off-campus units are within Chapel Hill is unknown, but we estimate the number to be between 5,000 and 6,000.

	UNC Housing (Students)		
	Demand	Supply	Gap
Residence Halls & Apartments		8,816	
Family Apartment Style		378	
Granville Towers		1,323	
Greek Houses		870	
Total		11,387	
UNC Undergraduates	18,579	11,009	7,570
UNC Graduate Students	10,558	378	10,180
Total	29,137	11,387	17,750

It is important to note, though, that while UNC's student population has increased substantially since 1999, construction of on-campus or campus-affiliated housing during the same time period has meant that *a larger share of students now live in UNC housing than did in the 1990s*. (For example, according to UNC data, the percentage of undergraduates living on campus or in campus-affiliated housing increased from 40% in 1999 to 46% in 2011, an impressive accomplishment.) As a result, the university has accommodated a good portion (all but roughly 1,500) of its increased enrollment.

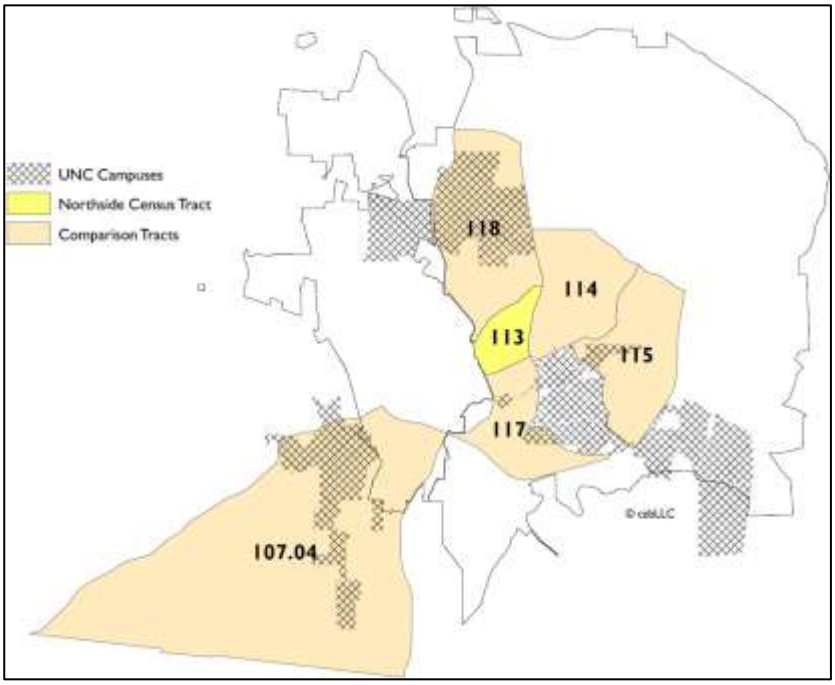
Nevertheless, students likely account for roughly 55% of Chapel Hill renters (47% of the town's renters are non-family households with a householder between 15 and 34 years of age; another 14% of the town's renters are family households with a household between 15 and 34 years of age). Additionally, 90% of workers in UNC's zip code live outside the zip code, and 85% of workers in Chapel Hill live outside Town; translation: UNC is the generator of student rental housing demand (11,000 – 12,000 students) met mainly in Chapel Hill, and the generator of moderate income family housing demand (8,000 employees likely renting and buying outside of Chapel Hill). The combination of these forces is a Chapel Hill rental housing market with virtually infinite demand, and traffic congestion resulting from affordability challenges presently being satisfied outside the Town.

Student renters though are not inherently bad for a neighborhood. Census Tract 113, which includes Northside, has a population of college and graduate students similar to those in one Carrboro Census tract and four other Chapel Hill Census tracts. These 6 tracts all have at least one-fourth (25%) of their overall populations enrolled in college or graduate school, and roughly one-fourth to one-third of their residents are college or graduate students living off campus.

Census Tract (CT)	Population	Individuals Enrolled in College	% of Population Enrolled in College	Dormitory Population	Off Campus Student Population	Off Campus Student % of Population	Off Campus % of Student Population
113	2,926	1,051	35.92%	0	1,051	100.00%	35.92%
107.04	5,134	1,301	25.34%	0	1,301	100.00%	25.34%
114	3,834	1,612	42.04%	434	1,178	73.08%	30.73%
115	1,812	603	33.28%	0	603	100.00%	33.28%
117	4,190	2,459	58.69%	1,210	1,249	50.79%	29.81%
118	3,186	908	28.50%	0	908	100.00%	28.50%
Total	21,082	7,934	37.63%	1,644	6,290	79.28%	29.84%

Sources: 2010 Census, 2010 American Community Survey 5-Year Estimates, czbLLC.

These tracts either include or surround most of the University's "campuses" (excluding the Friday Center and surrounding UNC property southeast of the main campus).[4] (The Census tract primarily comprised of UNC's main campus is not included in this analysis.) The point here is that student renters and market strength do co-exist; students, in other words, are not an indicator of market weakness.



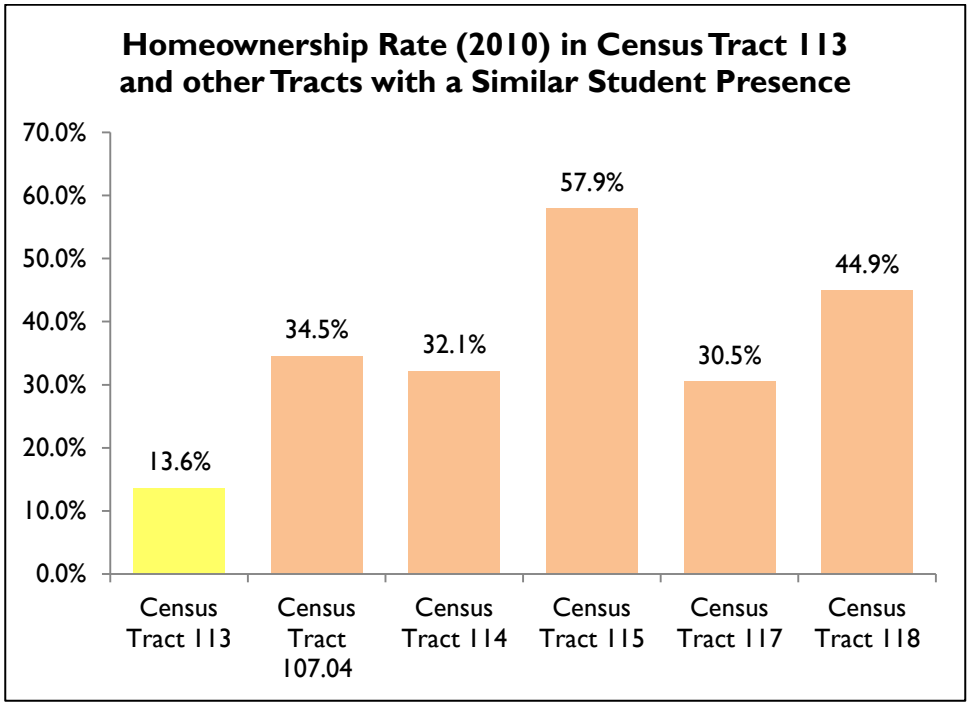
Sources: 2010 American Community Survey 5-Year Estimates, Orange County, czbLLC.

[4] In this case, "UNC Campuses" are defined as University owned land, including the main historic campus plus south campus/hospital area, University Lake and surrounding area (to the west) and the area around Horace Williams Airport that will be Carolina North (to the north).

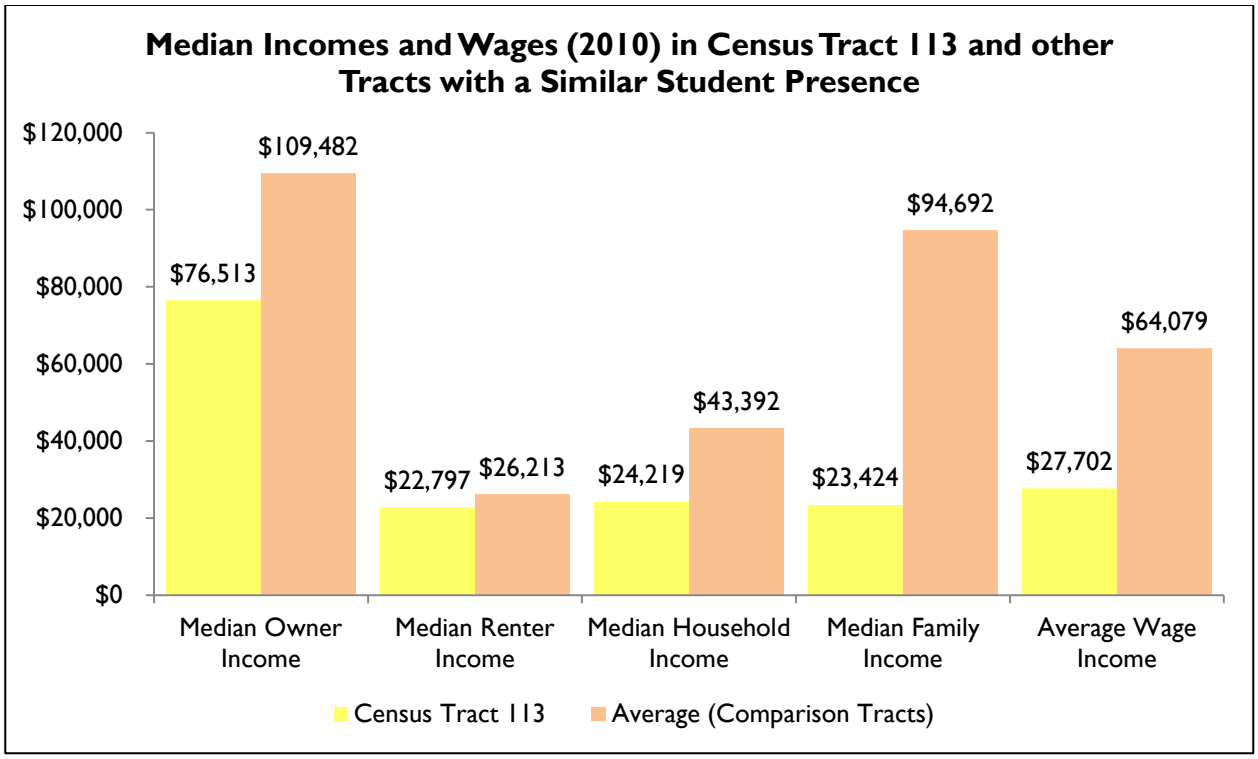
While Census tract 113's median gross rent is nearly identical to the median rent in these comparison tracts, the tract's median value and homeownership rate significantly trail those in other comparison tracts. Similarly, while renters' median incomes are similar in Census tract 113 and the other comparison tracts, the median incomes for owners, all households, and all families are significantly lower in Census tract 113 than in the surrounding tracts.

Census Tract	Median Gross Rent	Median Value	Home-ownership Rate	Median Owner Income	Median Renter Income	Median Household Income	Median Family Income	Average Wage
Census Tract 113	**$805**	**$225,900**	**13.6%**	**$76,513**	**$22,797**	**$24,219**	**$23,424**	**$27,702**
Census Tract 107.04	$840	$326,000	34.5%	$103,580	$30,000	$42,889	$84,107	$70,045
Census Tract 114	$869	$518,100	32.1%	$155,192	$20,045	$39,875	$102,188	$64,382
Census Tract 115	$768	$403,000	57.9%	$102,321	$38,273	$61,304	$120,688	$73,958
Census Tract 117	$942	$439,300	30.5%	$70,795	$21,382	$32,542	$72,045	$46,462
Census Tract 118	$826	$312,100	44.9%	$115,521	$21,366	$40,350	$94,432	$65,550
Average (Comparison Tracts)	**$849**	**$399,700**	**40.0%**	**$109,482**	**$26,213**	**$43,392**	**$94,692**	**$64,079**
Difference (CT 113 vs. Comparison Average)	**-$44**	**-$173,800**	**-26.3%**	**-$32,969**	**-$3,416**	**-$19,173**	**-$71,268**	**-$36,377**

Sources: 2010 American Community Survey 5-Year Estimates, Orange County, czbLLC.



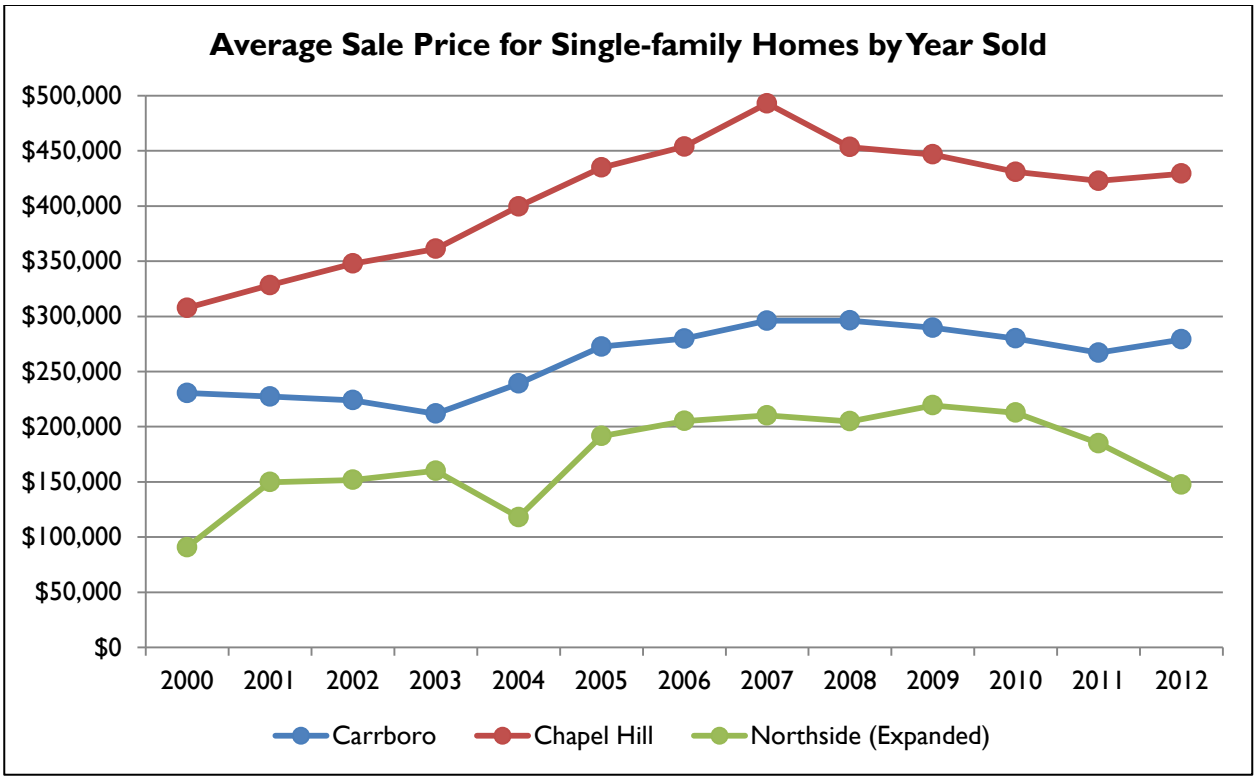
Sources: 2010 American Community Survey 5-Year Estimates, Orange County, czbLLC.



Sources: 2010 American Community Survey 5-Year Estimates, Orange County, czbLLC.

This is a crucial finding, strongly suggesting that Northside's weaker housing market is not a result of student rentals, but rather caused by different factors.[5] That is, the arrival of students is a reaction to a weaker housing market, not the reason for it.

[5] Data from the Multiple Listing Service confirms that the neighborhood's single-family housing stock is consistently valued lower than single-family stock found elsewhere in Chapel Hill. According to this data, single-family home sale prices in the Northside typically trailed those citywide by anywhere from $50,000 to nearly $140,000 between 2000 and 2010. Northside values did not peak (as they did citywide) during the housing boom (2005-2007) but stayed steady, at roughly $200,000 on average, instead. And while the average sale price for Chapel Hill is down from its peak, the average sale price in Northside has fallen far more precipitously, particularly since 2010.

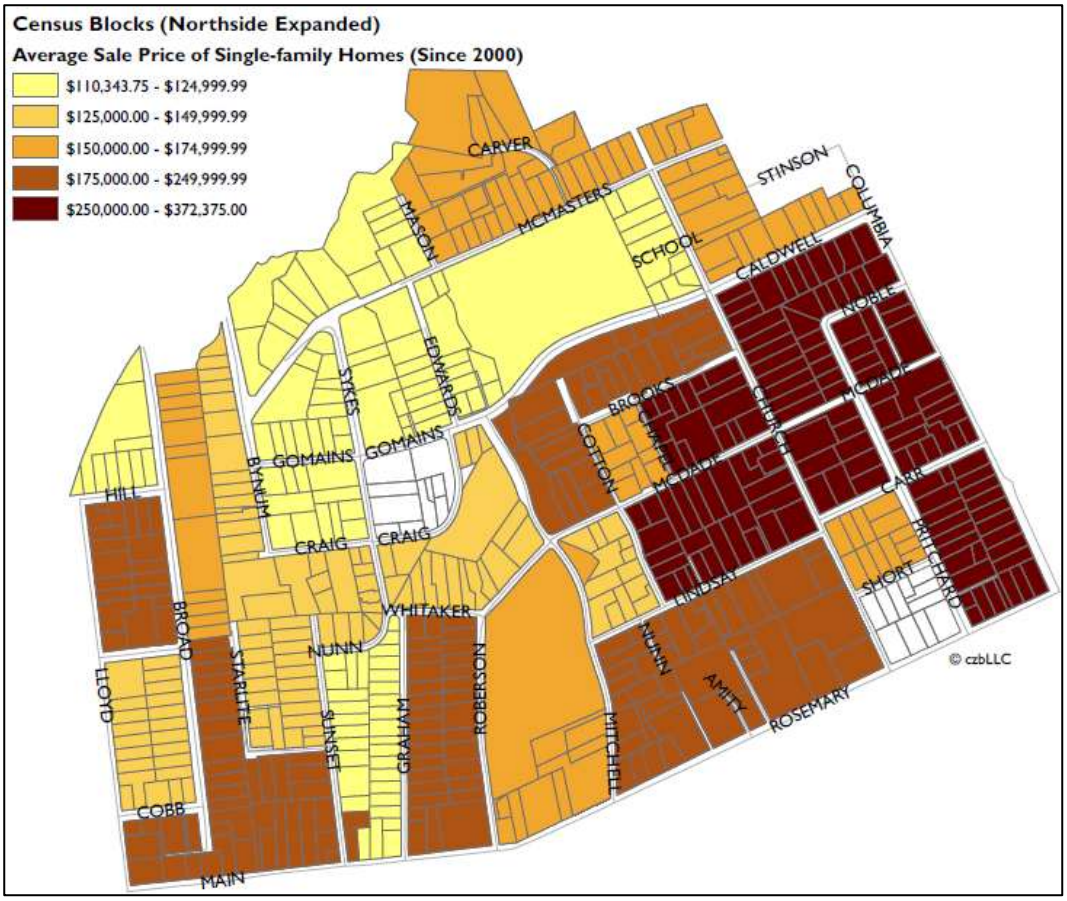


Sources: MLS, czbLLC.

Year Sold	Chapel Hill	Northside	Chapel Hill and Northside
2000	$307,646	$90,833	$139,639
2001	$328,252	$149,782	$77,555
2002	$347,820	$151,809	$72,100
2003	$361,086	$160,114	$51,644
2004	$399,548	$118,000	$121,101
2005	$434,701	$191,513	$81,045
2006	$453,655	$205,134	$74,599
2007	$492,877	$210,177	$85,899
2008	$453,362	$204,915	$91,266
2009	$446,664	$219,285	$70,339
2010	$430,767	$212,718	$67,214
2011	$422,762	$184,992	$82,013
2012	$429,263	$147,500	$131,493

Sources: MLS, czbLLC.

Aggregating sales data shows how the eastern side of the neighborhood typically outperforms the western and northern sections.



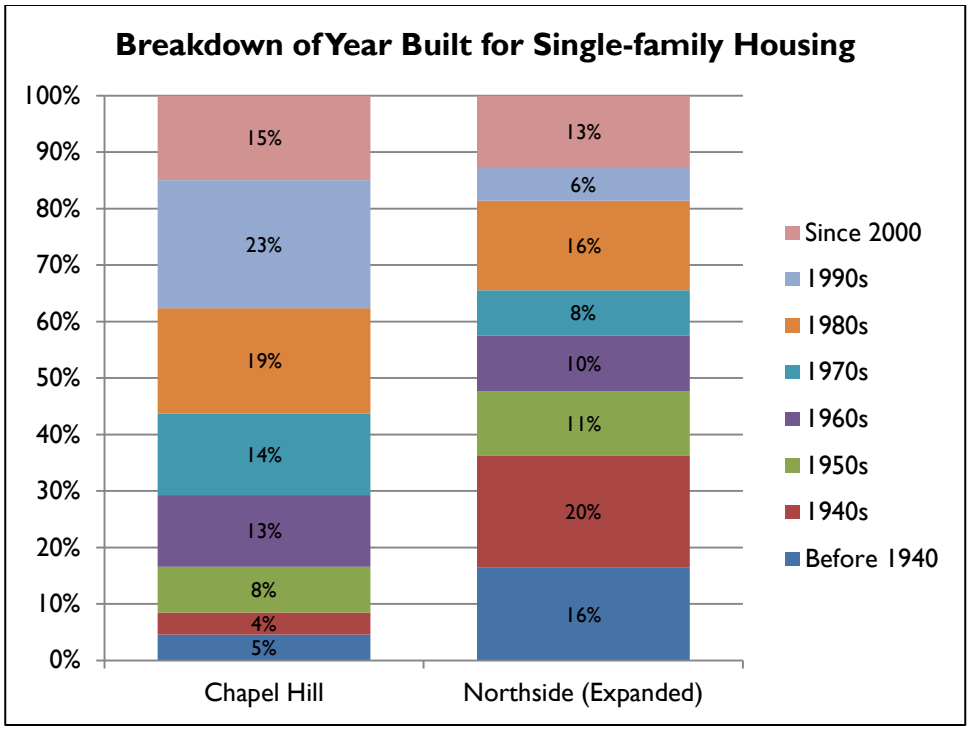
Sources: MLS, czbLLC.

Causes

So why the weaker market?

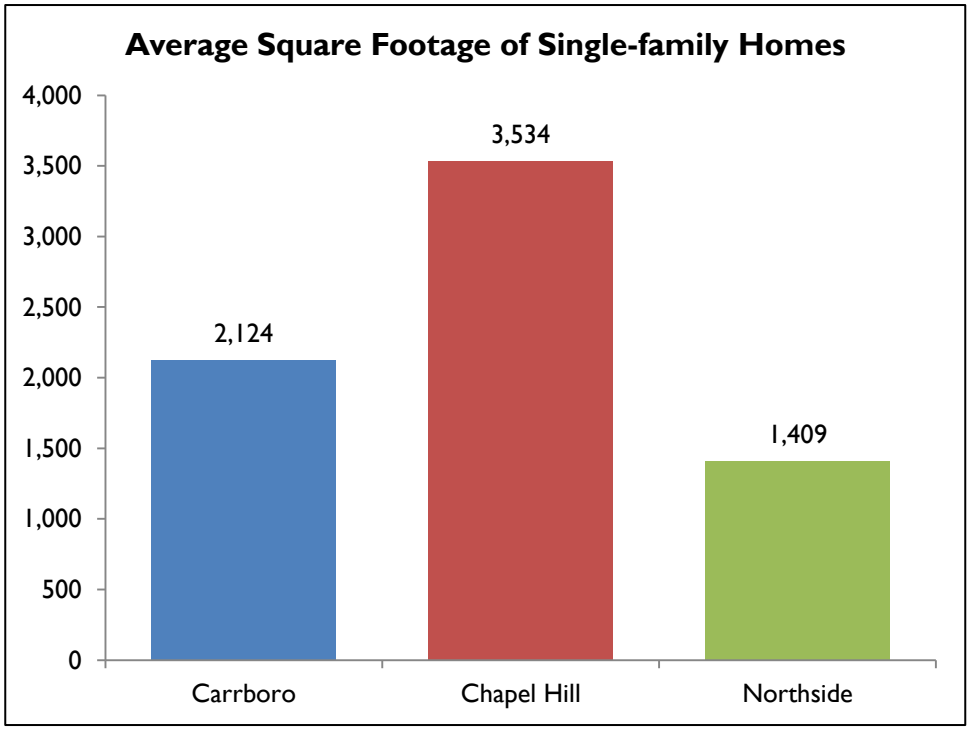
czb's analysis suggests that reduced values are a function of both the neighborhood's housing *supply* as well as the nature of *demand* for the neighborhood among current and potential residents.

Some of the difference in prices in Northside stem from the age and size of the neighborhood's single-family housing stock. According to the county, more than one-third (36%) of Northside's single-family homes were built prior to 1950 (compared to just 9% of Chapel Hill's single-family homes). While a slightly larger share of Northside homes were built in the 1950s and a slightly smaller share in the 1960s than in the town as a whole, these percentages are similar. The other important distinction was for housing built in the 1990s: just 6% of Northside single-family homes were built between 1990 and 1999, compared to 23% citywide.



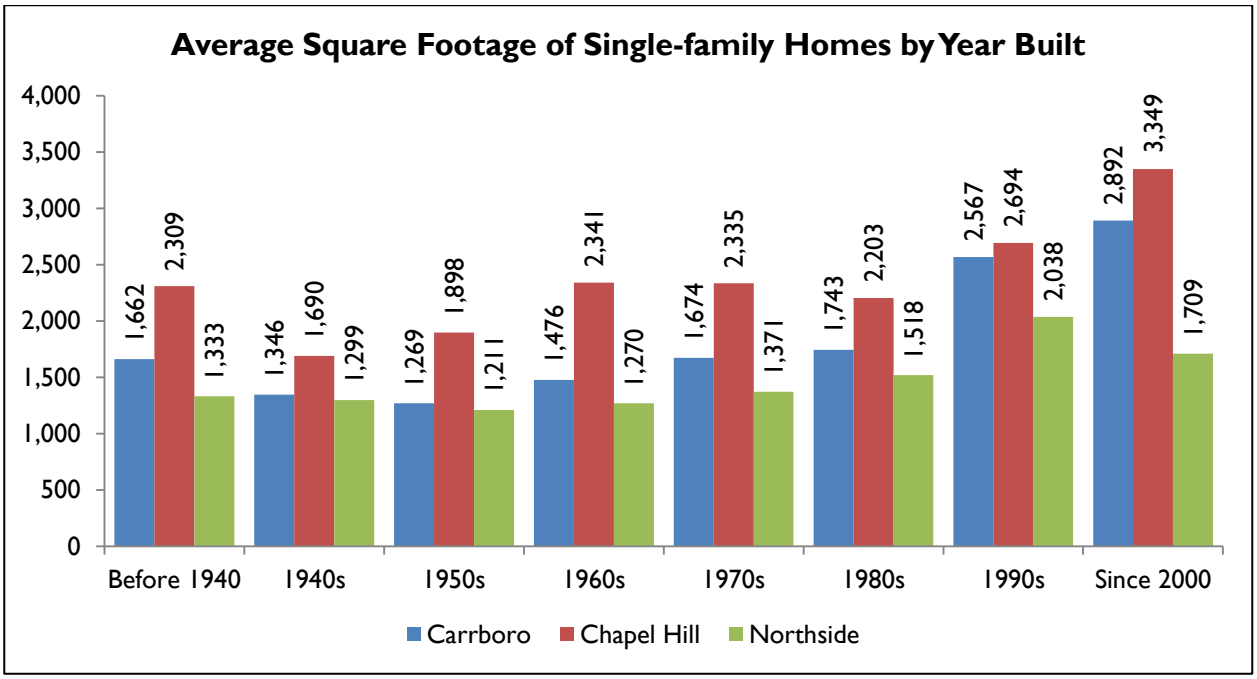
Sources: Orange County, czbLLC.

Even more importantly, Northside's single-family homes and lots average <u>less than half the size</u> of Chapel Hill's and roughly two thirds the size of Carrboro's).



Sources: Orange County, czbLLC.

Single-family homes of all ages are smaller (on average) in Northside; this is particularly true for units built since 2000.

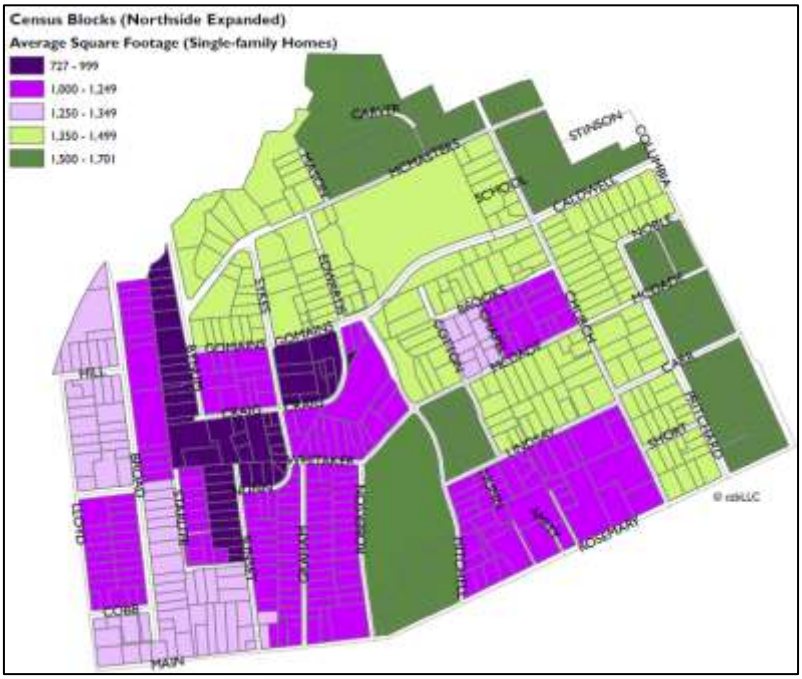


Sources: Orange County, czbLLC.

Northside's smallest homes are largely clustered on the western side of the neighborhood: Nearly all single-family homes in this area are less than 1,500 square feet (with most less than 1,250). The same is true in the central core of the neighborhood as well.

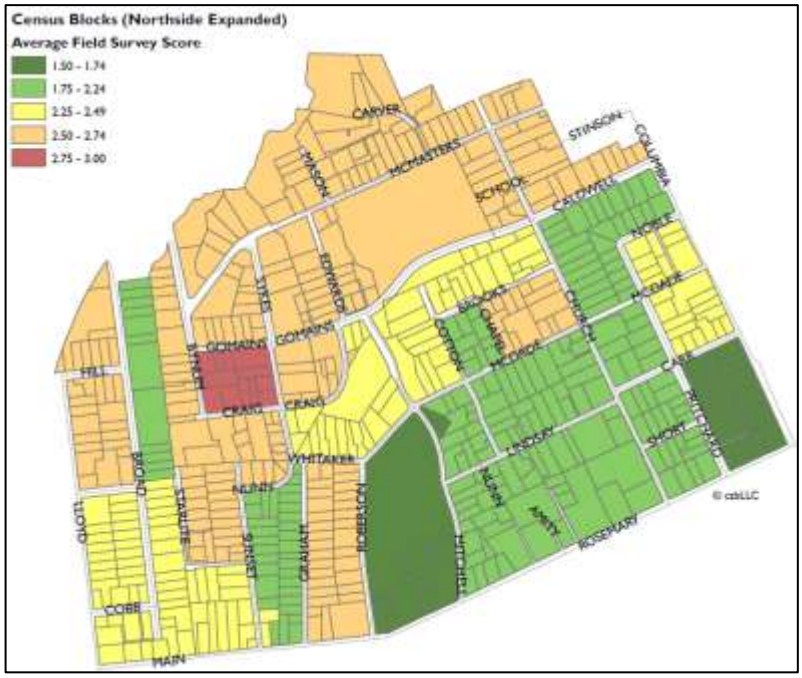
Takeaway? Northside is comprised of older homes of nominal historic architectural value, and in a market that places a premium on newness, values have suffered. Northside is likewise comprised of smaller homes, and in a market that prizes size, values have suffered. Together, these twin factors account for much of the reason that upwardly mobile Northside families have moved out and that absentee owners and student renters have moved in.

As upwardly mobile Northside families have chosen to move out to move up, their departure has been accompanied by the arrival of subsidized housing in disproportionate ratios as compared to the rest of Chapel Hill and Carrboro, thereby decreasing economic diversity.



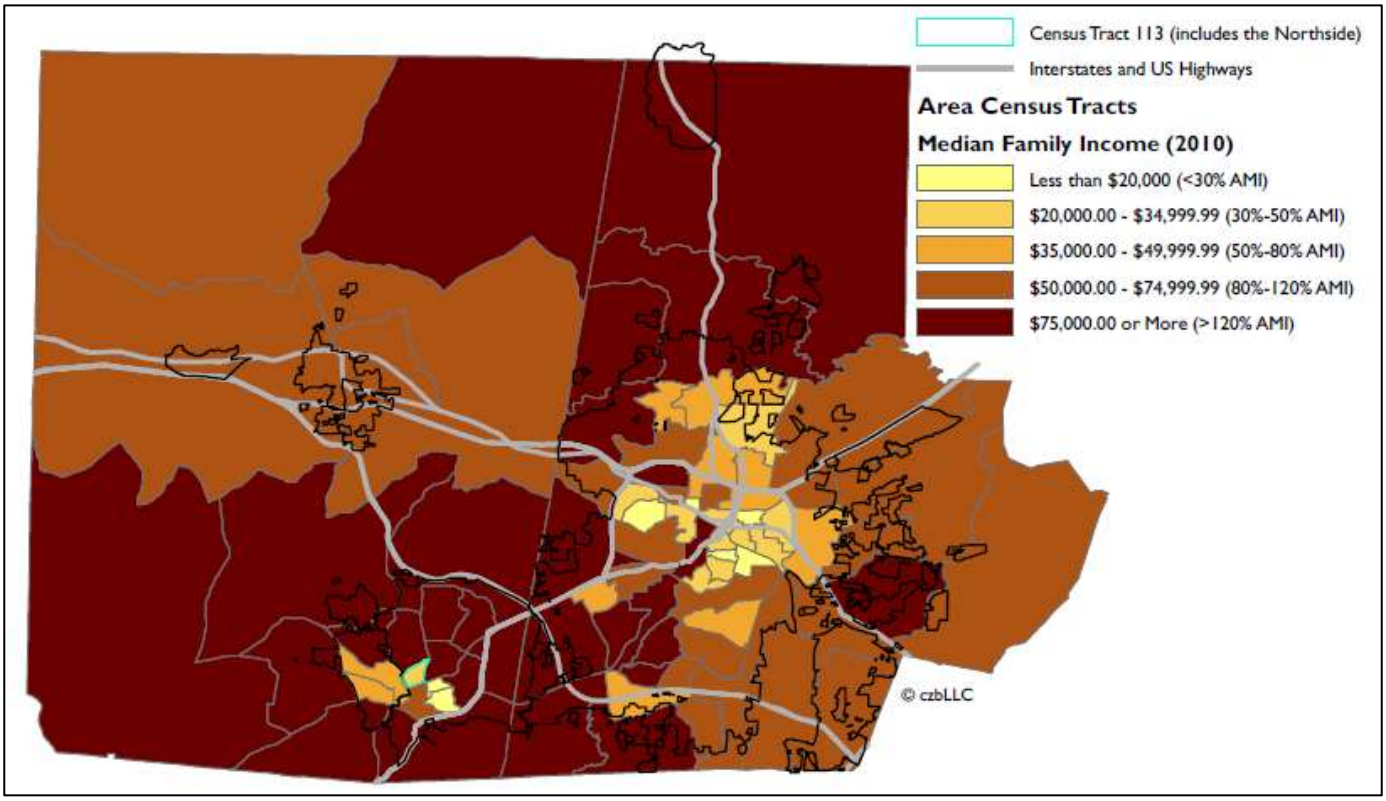
Sources: Orange County, czbLLC.

In general, higher quality property maintenance is on blocks with larger housing units while lower levels of maintenance are on those blocks with smaller units. According to property-by-property surveys by Self-Help staff, the typical building in southeastern Northside was a "standard setter" while the typical building in the west and north received more "needs significant investment" scores. (Note: these are generalized to the block level). The fact some parts of Northside are healthier than others should factor into any strategy aimed at strengthening Northside overall.

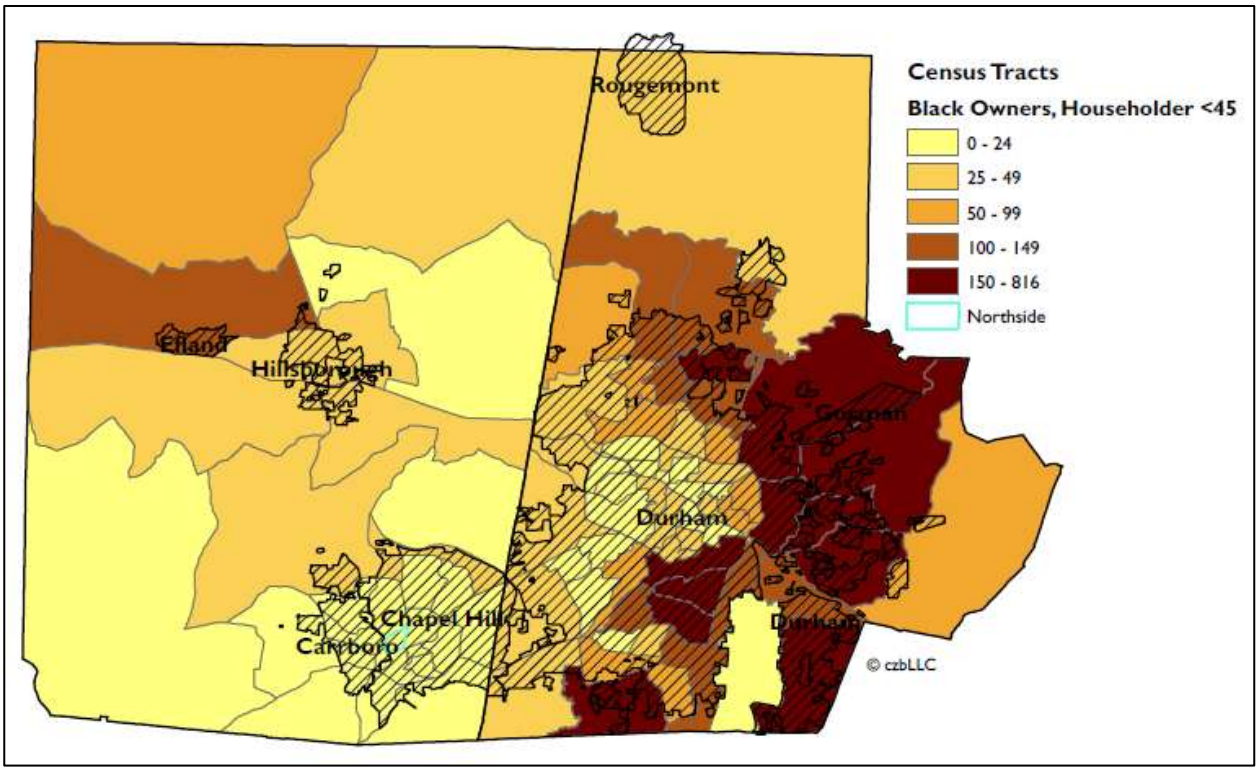


Sources: Self Help, czbLLC.

With its smaller housing stocks and lower upkeep standards (reflected in the field survey scores), the Northside is "losing out" to neighborhoods on the eastern side of Durham and in other parts of Carrboro plus Orange County: these are places where households that the Northside hopes to capture are moving instead.



Sources: 2010 American Community Survey 5-Year Estimates, czbLLC.



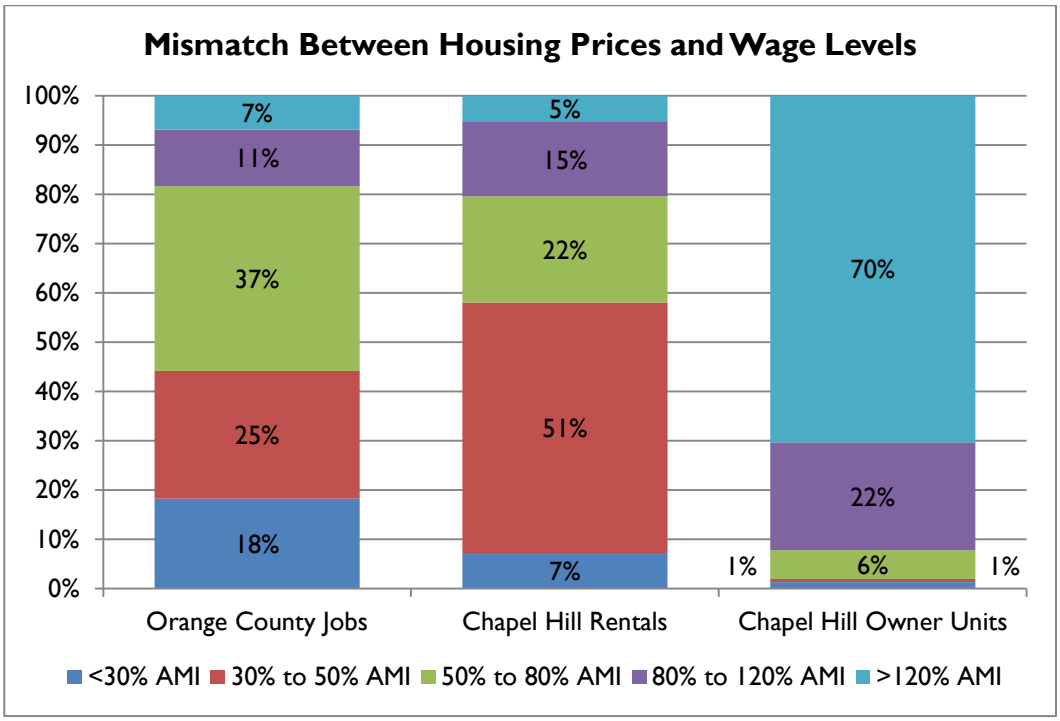
Sources: 2010 American Community Survey 5-Year Estimates, czbLLC.

Context

Based on the nature of the area's economy and workforce, households with incomes in the 80% to 120% AMI range are plentiful; there is substantial unmet demand for affordable rental and homeownership opportunities for these households as well as those with incomes in the 50% to 80% of AMI range. This has two immediate implications. First, the wider Chapel Hill market is short units in this range. Second, there is no existing policy framework to ensure that either that the market helps meet this demand, or that regardless of how demand may be met, that it is met in an appropriately distributed manner.

In any event, fully 85% of Chapel Hill's in-town workers live outside the city. This is not the fault of the University's growth. It is rather the consequence of the absence of a coherent housing policy framework in Chapel Hill designed to result in the presence of a full and sustainable housing ladder. These percentages hold for service sector workers, who account for 37% of the county's workforce. The average wage for these workers (those in "retail trade," "accommodation and food services," and "other services" jobs) is $20,450. At this income level, these workers can afford an apartment renting for no more than $562 each month. This puts about 7% of Chapel Hill's rentals (or just 727 units) and 6% of Carrboro's (332) within reach of these local workers. (To put these 1,059 units in perspective, there are more than 35,000 service jobs in Orange County.) Similarly this puts just 2% of Chapel Hill's owner-occupied units (or just 194 units) and 2% of Carrboro's (63) within reach of households below 50% of AMI (generously assuming these households could afford to purchase properties valued up to $100,000). (Only 8% of the city's owner-occupied units (760 units) are valued below $150,000, or affordable to households below 80% of AMI; 30% of both Chapel Hill and Carrboro's owner-occupied units

(2,897 units in Chapel Hill and 928 in Carrboro) is valued below $250,000, or affordable to households below 120% of AMI.)



A focus on subsidized housing, however, is not a sure bet nor necessarily the appropriate strategy for the Northside.

According to feedback from local experts, several subsidized homeownership units are proving hard to sell. A review of these properties shows that they are significantly smaller (on average) than other Chapel Hill properties. Community Home Trust and Empowerment, Inc., single-family homes, for example, averaged 1,517 square feet, compared to 3,423 for all Chapel Hill single-family homes; subsidized townhomes averaged 1,203 square feet, compared to 1,722 for all Chapel Hill townhomes; and subsidized condominiums averaged 922 square feet, compared to 1,157 for all Chapel Hill condominiums.

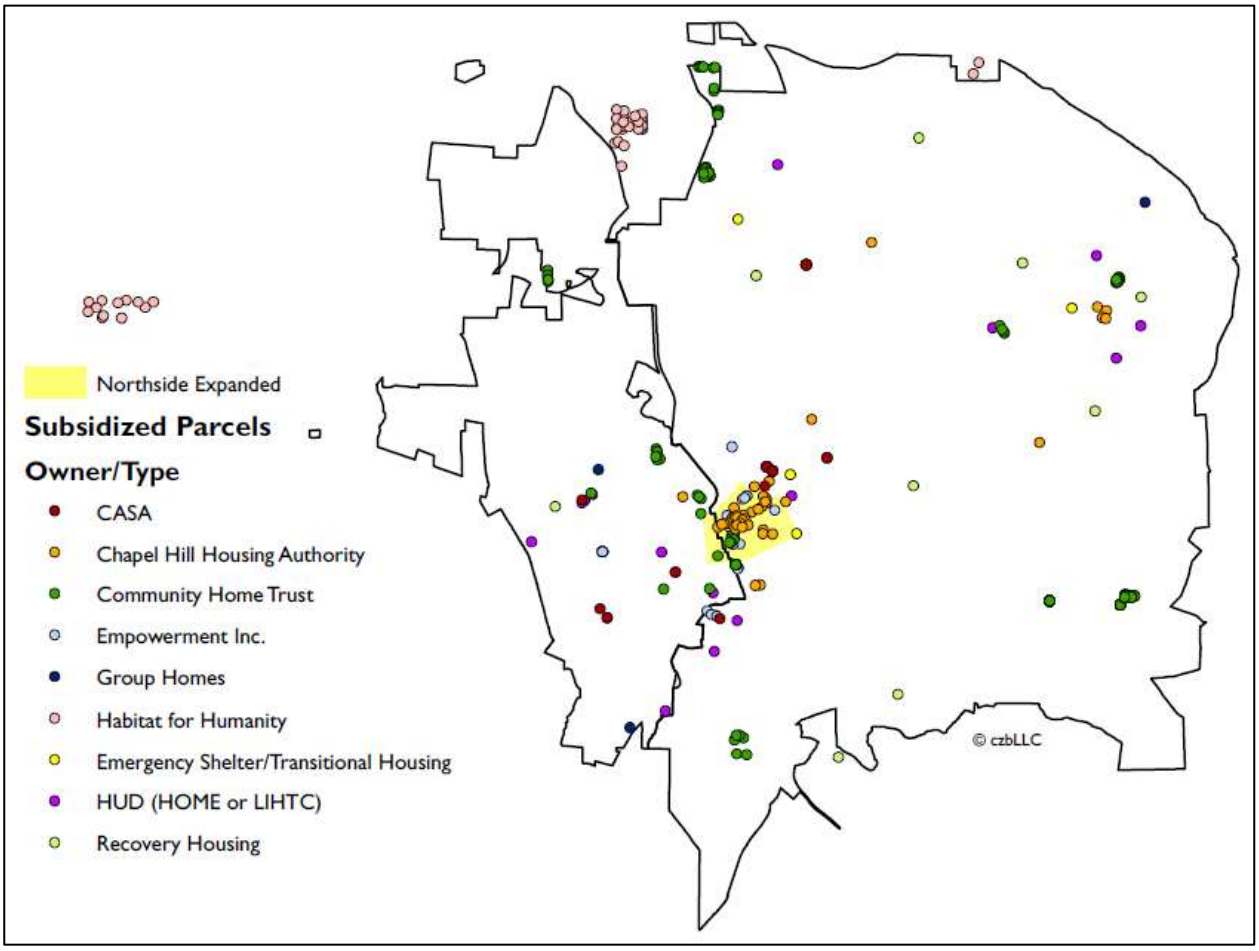
CHT Property Type	# of Properties	Average Year Built	Average Sq.Ft.
Residential - SF	42	1990	1,517
Residential - TH	46	1990	1,203
Condominium	95	2003	922

Sources: Orange County, czbLLC.

Property Type (All Chapel Hill)	Average Sq. Ft.
Residential - SF	3,423
Residential - TH	1,722
Condominium	1,157

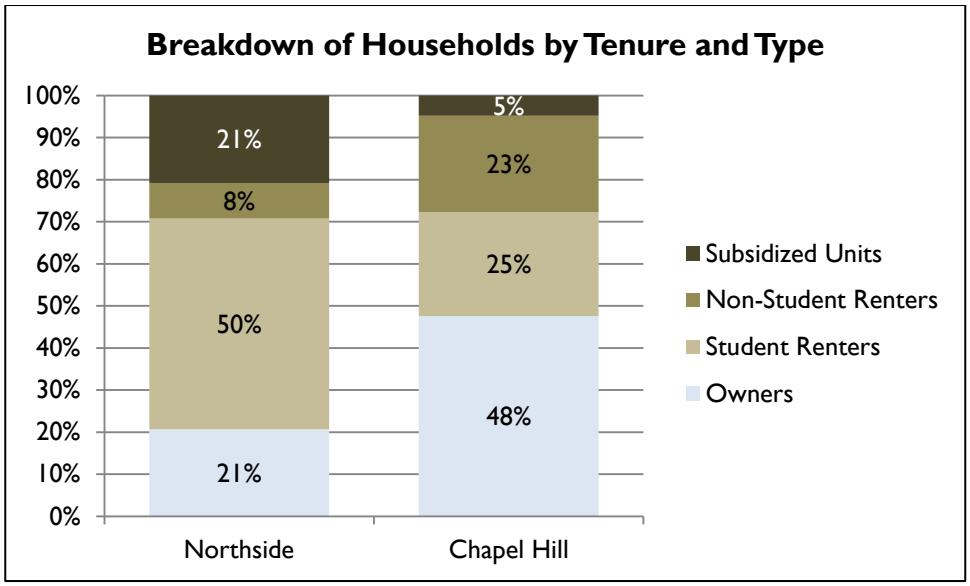
Sources: Orange County, czbLLC.

Most critical of all, Northside is already the go-to location for the town's subsidized housing supply: while the Northside is home to 4% of Chapel Hill's residential properties, it houses 16% of the town's subsidized rental units, 25% of its public housing units, and 39% of Empowerment Inc.'s properties.



Sources: Orange County, Self Help, czbLLC.

Adding Section 8 vouchers to this total, czb estimates that roughly 1-in-5 units in Northside are subsidized in some way (compared to just 5% citywide). czb further estimates that about half of all non-subsidized units are occupied by students, leaving just 21% owner-occupied and only 8% non-subsidized, non-student rentals.[6]



Sources: 2010 Census, czbLLC, Self Help.

Note: "Student Renters" are those non-family renter households where the householder is aged 15 to 34.

Conclusions

The challenges now facing longtime residents of the Northside neighborhood are substantial.

Market: The wider Chapel Hill (and to a somewhat lesser extent, Carrboro) market is very expensive, with housing costs so far outpacing local wages that an astounding 85% of Chapel Hill's in-town workers live outside the town. This places extra weight and pressure on the Northside in several material ways.

- First, with relatively low cost land and less expensive homes, the task of citywide affordability preservation is more cost effectively addressed in the Northside than elsewhere. There will be considerable political pressure on both affordable housing preservation (keep up?) and affordable housing development (catch up?) fronts. Whether through 1960s urban renewal or the addition of public housing in the 1970s, or the absence of town-wide inclusionary rental policies since, Northside has been and continues to be the *go to* location for low-income renters; it helps Chapel Hill and Carrboro balance their imbalanced books. Any gains catching up and keeping up not created in the Northside would have to be developed elsewhere and there is no indication that the towns are ready to embrace a fair share approach any time soon.

[6] 174 of the subsidized units in Northside represent 21% of the neighborhood's units. The 21% owners are those owner households identified by the census; "student renters" are the non-family renters with a household head aged 15 to 34; the "non-student renters" are all other renters. This is not an exact figure since data is combined from multiple sources, but it provides a general idea of how the local market breaks down.

Without such a tool, the pressures on Northside to continue disproportionately "solving" Chapel Hill and Carrboro's affordability problems are considerable.

- Second, because the incomes of long time Northside residents are very low, it is both easy and would be inaccurate to define the Northside challenge as primarily an affordability task. The market challenge for Northside is not a problem of too little affordable supply. It is instead the problem of too much subsidized product in the same vicinity of blocks with too little demand, and both in the local context of a shortage of affordable product (for working families who rent and first time buyers), and Durham's superior alternatives for African American families.

- In sum, there are three strategic market challenges in Northside: to retain strong households first, to leverage the community's considerable strengths to trigger future demand second, and to structure development activity in ways that capture and reinvest the new value in equitable ways.

- What's especially critical is that all parties understand that with infinite demand for rental housing, any new rental product aimed capturing some portion of either the 85 percent of workers who commute, or the 11,500 UNC students not housed on campus will find a market. The question is not whether one can develop apartments in Northside and use subsidies to rent them for $625/month and reach service sector workers who are now commuting. The question instead is *whether that product at that price point makes sense for Northside*. The community and its partners must determine what is the higher shared priority: making Northside as a neighborhood function from a market point of view and capturing newly created value, or taking advantage of the comparatively low development costs to address citywide affordability shortages. In czb's opinion, the former trumps the latter.

Neighborhood: Northside is not a single neighborhood. czb determined that Northside is actually five neighborhoods plus the Rosemary Street corridor plus the area north of McMasters, each with houses of differing sizes, differing tenure, and differing market strength. That Northside is really a neighborhood of distinct and smaller subareas requires a precise response in each, with each aimed at specific balances of supply and demand as outcomes.

- For weaker sections like those along Sykes and Broad, the necessary work that is seeding redevelopment of the market through careful editing and infill combined with community organizing.
- For more stable but modest parts like McDade, Brooks, and Lindsey, the necessary work is to combine upgrade incentives with assistance and community organizing to retain existing owners, and over time expand on their considerable strengths.
- For more market-oriented areas like Graham, Sunset, Pritchard, Caldwell, and Church, the necessary work involves creatively infilling above the market when possible.
- And along Rosemary the necessary work includes the development of high-density, mixed-income products.
- In sum what is needed is a two-tiered tightly-connected strategy
    - A decision to intervene in the Northside as a whole with the aim of addressing the weak market realities that are pervasive (i.e. soft demand)

- Doing so with submarket precision on a block-by-block basis with some blocks being targeted for demand-based work, others for retention, others for careful editing, but all connected the goal of repositioning Northside into a community of choice in Chapel Hill and Carrboro.

Community: Northside is a proud community whose most important traditions include a rich family life. The advent of transitory students and the conversion of single-family homes into multi-unit student rentals have radically disrupted community life. Yet the reality is that the market of owners and renters and houses and parks began to change long ago. By the 1970s Durham and Carrboro were places where successful African American families could buy a larger home than existed in Northside, and many families steadily moved away. Rebuilding yesterday's community at yesterday's prices with today's demographics and market realities is not possible. What is possible though is to strategically create a contemporary version of what used to exist: a strong family-first homeowner community of households at many income levels. Such a diverse community cannot be easily created, much less maintained.

But it is possible, as success in Seattle (Capitol Hill neighborhood - LISC), Battle Creek, MI (Kellogg Foundation and Neighborhoods Inc) Alexandria, VA (Del Ray neighborhood – market forces), Oak Park (Chicago) (covenants), North Boulder (CO) (inclusionary policies and housing authority programming), and elsewhere illustrate. At the core of the work is a commitment to economic diversity, which means reduced concentrations of poverty and increased levels of home ownership by moderate and middle and professional income households. This is a decades-long process, but it is achievable if four key steps are followed:

1. Identify and develop a strategy to retain Northside families who have the capacity to leave (this means building on strengths, creating a link to the past, and being intentional about honoring the community).

2. Begin to develop a housing product and a marketing campaign to appeal to upwardly mobile families seeking a diverse community just a 12 minutes walk from Franklin and Columbia, and right around the corner from downtown Carrboro (this means working to build more stability and creating a discrete strategy to achieve a more family and less student oriented market, with a specific focus on marketing to African American professionals)

3. Work on a town-wide basis to pass and implement a meaningful inclusionary rental housing development policy that makes no allowance for transferring development of below market units off site (this is meant to blunt the Towns' default habit of concentrating low income families in one area)

4. Develop a mixed income product line at higher densities along Rosemary (this is meant to a) capture the value now being siphoned off by absentee owners, and b) use gains to subsidize a modest handful of affordable rentals as a commitment to preservation)

Method and Comment

czb uses a mixed-method approach to evaluating neighborhoods. This is a distinctly different way of evaluating a market than is conventionally done. A traditional approach to a market analysis determines whether there is an imbalance of supply and demand – whether of houses or apartments or office space or retail. Then, based on any imbalances, calculates how much excess demand there might be, and how long it might take for a new product designed to meet that demand to be absorbed by the market.

There are two reasons why czb does not take this approach. First, this approach in inherently imprecise, based as it must be on a range of variables subject to change, from interest rates to other projects no one foresaw. Second, the scale of analysis is *the project*.

When the task is to reposition a whole neighborhood, analyzing the market for the probability that it will embrace a new project is to miss the forest for the trees. It's the wrong question at the wrong time. The right question is not how many units can be bought and paid for, but what kinds of units developed in what manner make sense for a neighborhood, and whether those new products (houses, apartments, offices, stores) contribute in a positive way to the organic life of a community. There is a time and place to do *that kind of market analysis*: the appropriate moment for that is *after* the neighborhood is truly understood. *After* the community wrestles with the hard questions about where it wants to go in relation to what is realistic.

This report is an attempt to describe Northside as a place <u>and</u> as a home, as a neighborhood <u>and</u> as a community. It is an attempt to describe it in the context of history, present day market and demographic reality, future potential, and within the larger Chapel Hill/Carrboro and Triangle setting. To do this, czb used what we call a *mixed method approach*. We collect and analyze a range of quantitative as well as qualitative data. For this report, qualitative data consisted of walking through Northside and personally seeing each structure at least three times, taking into consideration size, age, architecture, marketability and curb appeal, and resident pride of occupancy or ownership. Quantitative data came from Town and County records, real estate sales transactions, and the US Census. By considering several types of data from several sources, we are able to build more than a one-dimensional portrait of a "market"; we are able to paint a picture that gives us a sense of where the neighborhood was, is today, and is going.

In the early 1980s when we were in Chapel Hill as young students who needed income to pay for tuition and books and housing, we worked in a variety of places. First at La Res for Bill Neal, later at Fearrington, and after that at Magnolia. Between classes and work, we prowled the Carrboro market in its early days looking for the perfect tomato; we walked the aisles of Fowlers, smoked hogs in Saxapahaw, peeled shrimp at Crooks, and picked over large plates of fried okra at the old Breadmans. Most special of all, we learned how to make celery salt at Dip's Country Kitchen, because the chef was welcoming and encouraging no matter how little we knew.

The redevelopment of Northside is inevitable. How it redevelops, and which traditions and values guide it remains an open question for Northside and Chapel Hill/Carrboro to sort through together.

czb | August 2012