Duke | **NC LF** | NORTH CAROLINA LEADERSHIP FORUM

NC Leadership Forum

Regional Housing Report: Lower Cape Fear 2023

2023

Introduction

Although North Carolinians have always had significant political differences, they have historically exhibited a practical, problem-solving mindset to politics. However, the tenor of the times has become highly partisan, and like many other states, North Carolina finds itself sharply divided. Although some progress has been made in enabling constructive engagement across parties, progressive and conservative leaders often depend on different media and social media outlets, operate with different facts and beliefs, and don't often enough engage substantively with people with whom they disagree. Too often leaders assume the worst about the motives of members of the other party. For these reasons, our leaders are less willing and able to work together to create widely embraced solutions and opportunities for our state and its people. Our aim is to continue to help bridge this divide.

The North Carolina Leadership Forum (NCLF) seeks to create constructive engagement between North Carolina government, business, and non-profit policy leaders across party lines, ideologies, professional experiences, and regional perspectives. A program of Duke University, NCLF has been bringing together cohorts of NC leaders since 2015. Building on the success of our original statewide program, NCLF facilitated four regional programs on the topic of adequate housing, two in Spring 2022 and two in Spring 2023. Because many state leaders start out as local leaders, NCLF views expanding its regional offerings as part of a long-term strategy to impact the political environment of the State. The program also offers regional leaders a chance to grow and develop their skills to have a greater impact on local public policy needs.

The 2023 Lower Cape Fear Leadership Forum addressed the topic of housing, asking:

How can we increase access to adequate housing in the Lower Cape Fear region of North Carolina?

The Lower Cape Fear region was selected for this program for a variety of reasons. Stakeholders in the area, including local leaders who had participated in prior NCLF programs, the New Hanover Community Endowment, and the Cape Fear Council of Government, confirmed that housing was an increasingly urgent issue that needed to be addressed regionally. Rapid growth in the region overall has only made that need more urgent. Further, the mix of political perspectives and rural and urban contexts across the involved counties, combined with limited opportunities for engagement, showed a clear and compelling need for increased dialogue.

The four participating counties were: Brunswick, Columbus, New Hanover, and Pender. NCLF recruited an advisory committee to help identify and recruit participants, attend sessions, provide feedback in debrief sessions, and model participation in the program.

 The Lower Cape Fear Leadership Advisory Committee members were:

- **Andy Anderson**, Pastor, Father's Cup Overflow Ministries; Advocate, Disability Rights NC
- **Jonathan Barfield, Jr.**, County Commissioner, New Hanover County
- **Natalie English**, President & CEO, Wilmington Chamber of Commerce
- **Isabella Luján,** Realtor/Broker Coldwell Banker; Co-chair, Latin American Business Council
- **Jacqueline Newton**, County Commissioner, Pender County Commission
- **Frank Williams,** President, Pioneer Strategies, Inc., Brunswick County Commission
- **Steve Yost,** President, North Carolina's Southeast
- **Phil Brown,** Chief Community Impact Officer, Novant Health; President, NC Medical Society (served on the Advisory Committee during the initial planning phase, but did not participate in the Forum.)

NCLF used a team of facilitators that represented a diversity of views and backgrounds to help plan and lead the program's four sessions, using the NCLF model. They were:

- **Lakesha McDay**, Executive Vice President of Programs and Operations, New Hanover Community Endowment
- **Kate Pett**, Director, Thrive Asheville
- **Frank Williams**, President, Pioneer Strategies, Inc.
- **Leslie Winner**, Co-chair, NC Leadership Forum

The cohort of 34 distinguished policy leaders were intentionally balanced across political party, sector, and gender and reflected the region in terms of race, geography, and age. Members included county commissioners, mayors, housing advocates, developers, and others contributing in meaningful ways to the region's success. For a complete list of the 2023 Cape Fear Leadership Forum participants, see Appendix A.

The group gathered for three one-day and one two-day meetings between January and May of 2023. Meetings were rotated through the region and held in Supply (Brunswick County), Wilmington (New Hanover County), Whiteville (Columbus County), and Burgaw (Pender County).

The program progressed as follows:
- Establish ground rules for constructive engagement.
- Begin to build relationships and trust among members of the cohort.
- Identify the broad array of concerns related to housing in the Cape Fear region.
- Identify the core values participants hold in regard to housing issues, and discuss how participants prioritize those values.
- Develop a shared knowledge base by establishing basic facts and a greater understanding of where the complexities lie.
- Establish the overarching concerns related to the topic. Identify and discuss potential options to address each of these concerns, including benefits and drawbacks of each option.
- Determine the extent of agreement and disagreement about the proposed options and the levels of tolerance for their downsides.
- Identify the actions about which there is a consensus. For those actions that have substantial but not complete support, determine how they could be modified to broaden support. Dig deeper into the options that generated the greatest amount of disagreement to allow participants to articulate deeply held views, further understand others' viewpoints, and to practice skills in constructive engagement.

All NCLF meetings operate under the Chatham House Rule:

When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.

For a more detailed description of the four meetings, see the Regional Process Overview on the NCLF website.

Context: Adequate Housing in the Lower Cape Fear Region

The Lower Cape Fear region of North Carolina (for the purposes of NCLF, Brunswick, Columbus, New Hanover, and Pender counties) is a major driver of population growth in the State of North Carolina overall. Brunswick County is the fastest growing county in the State, growing 27% since 2010 and expected to grow another 49% by 2040. While Brunswick is still relatively small compared to other counties in NC, this growth means it has gone from just over 100,000 people in 2010 to over 150,000 residents in 2022 and is on a trajectory of growth to reach over 225,000 residents by 2040. Four of the top ten fastest-growing municipalities in the state are in Brunswick County. The adjacent Pender County is the 6th fastest growing county in the state. New Hanover County, the largest of the four by almost double, has grown 11% since 2010 (outpacing the statewide average of 9.5%) and is projected to grow another 26% by 2040. Almost all of this growth is driven by migration; in addition, all four counties had more births than deaths in 2020.

	Total population (2020)	% white	% people of color	% <19 (2019)	% 19-64 (2019)	% 65+ (2019)
New Hanover	225,702 • 11% growth since 2010 • 26% projected growth by 2040	74%	12% Black 8% Hispanic 4% Multiracial	22.1%	60.7%	17.2%
Brunswick	136,693 • 27% growth since 2010 • 49% projected growth by 2040	81%	8% Black 5% Hispanic 4% Multiracial	17.3%	52.3%	30.5%
Pender	60,203 • 15.3% growth since 2010 • 31% projected growth by 2040	74%	13% Black 8% Hispanic 4% Multiracial	24.4%	57.9%	17.7%
Columbus	50,623 • -13% growth since 2010 • -36% projected growth by 2040	59%	29% Black 5% Hispanic 3% Native American	23.7%	56.8%	19.5%

Source: US Census and NC Office of State Budget and Management

While New Hanover County is growing at a similar pace to Pender and Brunswick, Columbus County's population trajectory is unclear. The Columbus County population had been declining since 2010 (largely driven by high death rates, low birth rates, and limited in-migration), but since 2020 the decline has leveled off. It is too early to tell if growth in adjacent counties is now contributing to more migration to live in Columbus County as well.

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[1] *For more information on this trend in Columbus and other NC counties, see Carolina Demography at UNC-Chapel Hill, County estimates show more deaths than births, pandemic migration, (3.24.22) https://carolinademography.cpc.unc.edu/2022/03/24/county-estimates-show-more-deaths-than-births-pandemic-migration/.*

Migration to the region is a result of several related factors, including increased numbers of older residents moving to Brunswick and New Hanover counties and some migration in response to COVID-19 (workers permanently or temporarily moving to work remotely from the coast). Tourism demands and a growing service-sector workforce to serve both tourists and the aging population also impact the composition of the regional population. Together, all of these forces exert pressure on housing demands in the region, increasing the price of housing and altering what types of housing are needed in the area.

It is also not uncommon for residents to live in one county and work in another nearby. Occupancy and lease rates are quite high, particularly for rental units across the region. In addition, a significant number of units in New Hanover, Pender, and Brunswick are either vacation or part-time residential units for retirees and are not occupied year-round. Not only is there a high demand for housing, housing prices are rising very quickly, particularly for renters. Further, collectively, the area is trending towards being more urban and less rural.

While these four counties' population changes and housing needs impact each other, the counties also have very different demographic profiles. New Hanover, Pender and Columbus have more diverse populations, both in terms of race, ethnicity, and age, while Brunswick has a considerably larger population over 65 and a larger share of residents are white. From a socioeconomic view, New Hanover and Columbus have considerably more renters, while about 80% of Brunswick and Pender County permanent residents are homeowners. In all four counties, close to 50% or more of renters are cost-burdened, meaning they pay more than 30% of their income towards rent.

	Median household income (2021)	% Homeowner, % Renter (2021)	% Cost-Burdened Renters (2019)
New Hanover	$66,212	62.7% Own 35.9% Rent	53%
Brunswick	$67,286	81.8% Own 15.1% Rent	50%
Pender	$69,555	79.9% Own 16.9% Rent	49%
Columbus	$41,206	71.4% Own 26.4% Rent	57%

Source: US Census and NC Housing Coalition (https://nchousing.org/county-fact-sheets/)

Discussion: Concerns, Options, and Findings

Things Held Valuable

NCLF asked participants to share their values relating to housing and then consolidated the cohort's values into fourteen major categories. Noting that not all participants held all values or prioritized them in the same way, here are the things the group does or would value about housing:

- Neighborhoods that are racially and economically accepting and diverse.
- Access to housing that is equitable in accommodating diverse needs.
- Housing that is accessible for people with physical disabilities.
- Housing that is resilient and durable (e.g., against storms).
- New housing that is aesthetically compatible with existing communities.
- Housing that is broadly affordable.
- Housing that is safe, habitable, and good quality.
- That all people have access to a stable place to live.
- That homebuyers have access to capital.
- Affordable housing that is proximate to services, employment, and amenities.
- Developers that are competent.
- That developers have access to capital; ability to develop housing is facilitated.
- That property rights are protected and respected.
- That housing is an appreciating asset (and people can generate intergenerational wealth through housing).

In a subsequent exercise, participants were asked to discuss their values as a group by taking a position along a continuum on a range between two paired statements and then sharing their individual perspectives. This exercise helped participants visualize that other people with different views are not necessarily as uniform as imagined and shows that people might move along a political continuum depending on the value at stake.

Property rights are protected and respected vs. Housing is broadly affordable

The group was evenly distributed along the continuum, with strong feelings expressed at both ends. On the side of property rights, one participant put it this way: "You either own your property or you don't and so for me, it's the most important issue because everything else springs from that." Another added that, "Without property rights, it's anarchy." On the other end, participants thought making sure everyone was able to afford housing was the key priority, because if housing is not affordable first, property ownership is out of reach for some people.

One participant said that while she believed in property rights, she chose to stand with affordability because in her experience, when people raise the issue of property rights, it is used to preserve economically segregated neighborhoods, not prevent the dispossession of someone's property rights. She thought expanding the economic diversity of neighborhoods would expand the ability of more people to own property rights without infringing on existing owners. A different person favoring housing affordability offered that the flip side of the property rights conversation was gentrification, noting that it is unfair when property owners lose their homes because they can't afford the upkeep and taxes to stay in a neighborhood where housing prices are rising.

Housing is safe, habitable, and good quality vs. Housing is broadly affordable

Participants initially resisted being asked to choose between quality and affordability and grouped together in the middle, stating that the two values were not mutually exclusive and housing could be both high-quality and affordable. However, after being asked to think more deeply about possible tensions between the two values, participants shifted and had a discussion of how to define "quality," and then how quality affects affordability. Starting the discussion, one participant asserted that when it comes to quality, there are distinctions between wants and needs, and asked, "what is the minimum threshold to keep people safe?"

Another agreed, saying that housing quality should be about standards and not a debate over what amenities are appropriate or desired. Other people focused on how living in a particular home affects a person or family's overall quality of life, and that building standards were not a sufficient focus. One person framed this point by saying that for her, a well-maintained sidewalk meant quality, not necessarily granite countertops. Another member of the group pointed out that in order to keep housing affordable, there would have to be diversity in the quality of housing available. They agreed that certain minimum safety standards had to be met, but they argued that beyond that minimum, quality could vary to meet affordability needs. The conversation ultimately did lead some people to take different positions on quality where it is in tension with affordability, even if they had prioritized affordability as primary in the earlier conversation where affordability and property rights were the two values at stake.

Concerns

At the start of the program, participants were asked to interview colleagues and neighbors about their concerns about housing and share the results with the cohort. The following categories of concerns emerged about the region:

- The supply of housing is inadequate along the entire continuum of life stages.
- There are multiple barriers to home ownership, especially entry-level housing.
- Low-income homeowners cannot afford to maintain the quality of their homes.
- The available rental housing is low quality.
- There is an inadequate supply of affordable rental housing.
- There is not enough housing in locations that are safe and proximate to services.
- There is a lack of diversity of neighborhoods.
- The local government is not involved enough in addressing housing needs.
- Regulations and fees slow down and increase the cost of developing housing.
- The infrastructure is inadequate.
- Housing development is stymied by misperceptions of public, or "affordable" housing, and NIMBYism.

Actions to Address Concerns

Ultimately, the group selected five concerns for further discussion, brainstormed actions that could address the concern, and explored the benefits and downsides of selected actions in each category. Note that not all forum members agreed that each of these concerns should be addressed with policy actions. Rather, among all the issues discussed, these concerns were selected by the group as the most important to be considered further.

- Inadequate supply of housing, both single and multifamily;
- Inadequate supply of housing for home ownership;
- Inadequate supply and cost of rental housing;
- Regulations and fees slow down and increase the cost of developing housing; and
- Misperceptions and NIMBYism.

|	Inadequate supply of housing, both single & multifamily	Inadequate supply of housing for home ownership	Inadequate supply and cost of rental housing	Regulations and fees slow down and increase the cost of developing housing	Misperceptions and NIMBYism
Actions with broad support	Use public-private partnerships to reduce development costs by leveraging public assets and incentives, including making government surplus land and buildings available for housing development. **Local governments expand water and sewer availability (using bonds or other available resources.)**	County/city incentivize developers to create diverse housing options, through financial incentives or reduced regulatory requirements.	Encourage use of non-traditional rental housing models, such as tiny homes, ADUs, new forms of apartment housing, etc.	Change staff mindset/ culture to speed up government inspection and approval processes and to promote a get to a "yes" attitude instead of us vs. them.	Engage with community groups early in the process. Be strategic and plan ahead. Government, developers, community groups, and business groups should educate the community on development: why it is needed and how it works. Work to elect and support courageous candidates and officials that support smart development.
Actions with varying degrees of support	Develop a regional plan for infrastructure that would support development of single and multi-family housing.	County/city provide funds or a program to expand capacity of nonprofits to return distressed properties to the market for homeownership.	Increase/expand scope/scale of rehabilitation of rental housing.	Expand zoning to allow more housing by right; for example, allow higher density in more zoning categories by right.	
Actions with least support				Eliminate housing development regulations which are determined to be unnecessary.	

Benefits and Downsides of Selected Actions

NCLF asked participants to discuss the benefits and downsides of each proposal separately. Once they had talked through the tradeoffs, participants were asked to vote on "polarity" charts to determine the level of agreement in the cohort for each proposal. Participants placed two "votes" on a polarity chart for that option. For the first vote, a participant indicated his or her level of importance of the benefits of the proposal by placing a sticker above the x axis, on the spectrum of "agree" to "don't agree," while also taking into account the intensity of that viewpoint. The second vote shows the extent to which someone can tolerate the downsides of an option and also the intensity of that opinion. Taken in aggregate, these votes provided a visualizationof the level of agreement on particular options.

Inadequate supply of single and multifamily housing

Use public-private partnerships to reduce development costs by leveraging public assets and incentives, including making government surplus land and buildings available for housing development.
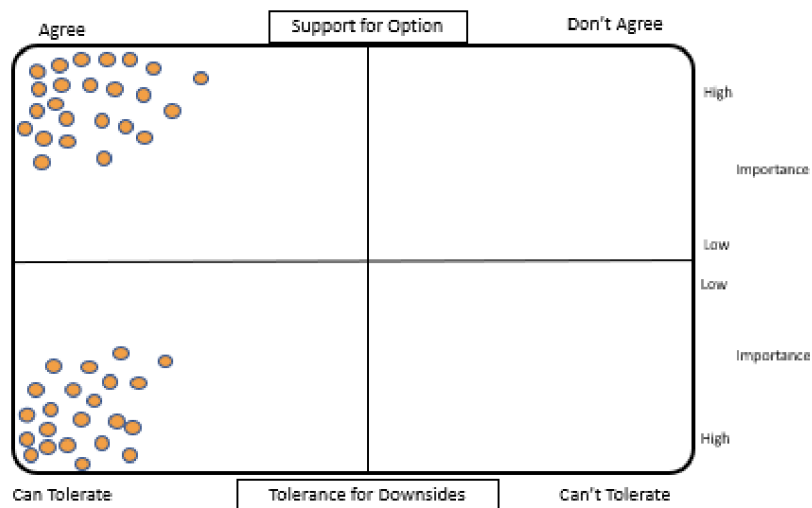
There was broad agreement in support of this action, viewing it as an innovative way to increase housing and lower overall costs. However, a few participants questioned the idea that such partnerships would reduce costs, citing government inefficiencies. They speculated that instead, development would lead to inequities in other areas. Public-private partnerships could also result in a loss of autonomy for municipalities, which could make them less willing to support the partnerships.

Some participants thought there might be pushback from the public if the partnerships were misconstrued as "free rides" instead of as loans. They suggested a public education campaign may be warranted to alleviate such concerns. However, none of these downsides were significant enough to lessen participants' support.

**Develop regional plan for infrastructure to support development of single and multi-family housing**
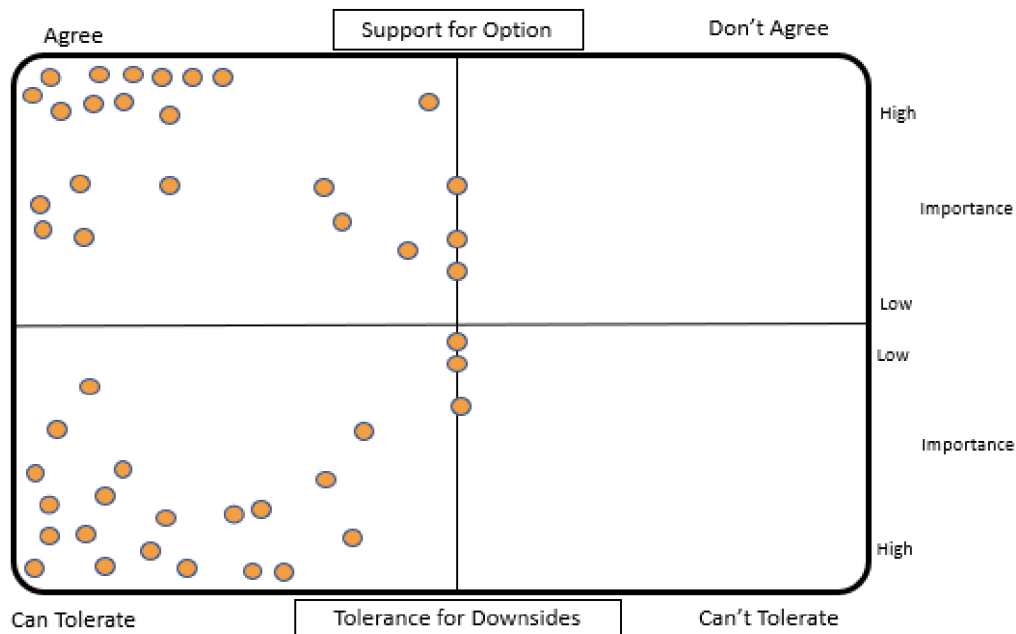
While there was general support for this proposal, there was considerable tension in the cohort about whether it was feasible to successfully organize a regional plan for infrastructure. Participants felt strongly that counties should be planning now for the future and that taking a regional approach to infrastructure made sense. Participants thought regional infrastructure planning would accelerate and streamline the ability to increase the housing supply, and that it would promote smart growth. Coordination around infrastructure could support economic development and allow counties to identify their needs while considering the impact on surrounding counties.

At the same time, several participants expressed strong concerns about the ability to fund a regional planning effort and how to structure paying for such a process. They also raised other important questions about implementation. For example, determining what constitutes a "region" was seen as complicated. Some thought smaller or less-resourced counties might be burdened or, alternatively, left out. Another challenge would be getting the right people involved. While the Council of Government could get key stakeholders in the room, they would need leaders with influence and bandwidth to champion and drive the plan.

In particular, there was skepticism that the proposed action was realistic given the coordination required across counties, the varying levels of trust amongst stakeholders, and the large number of actors who would need to be involved. For these reasons, one participant stressed that outreach and involving the community early would be essential to executing the plan in the long-term. Another participant cited a past example of attempted regional coordination that failed due to a lack of buy-in. In the end, these concerns created ambivalence in some participants, tempering their support.

Local governments expand water and sewer availability (using bonds or other available resources.)
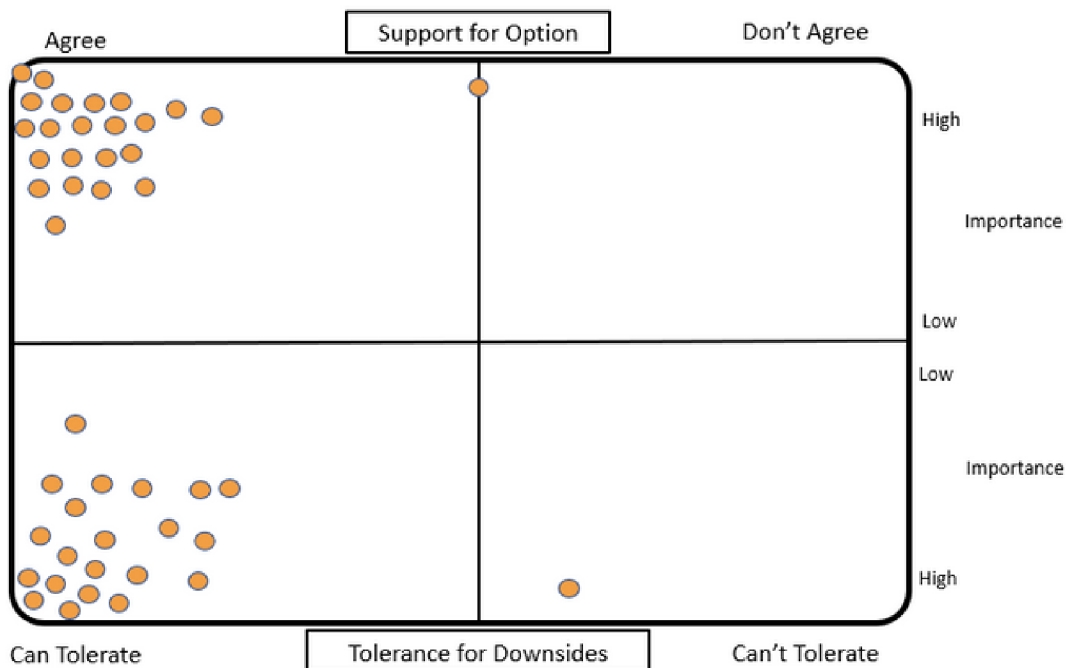
Inadequate supply of housing for home ownership

County/city incentivize developers to create deeply affordable housing through financial incentives or reduced regulatory requirements OR County/city incentivize developers to increase the housing supply at all price points through financial incentives or reduced regulatory requirements
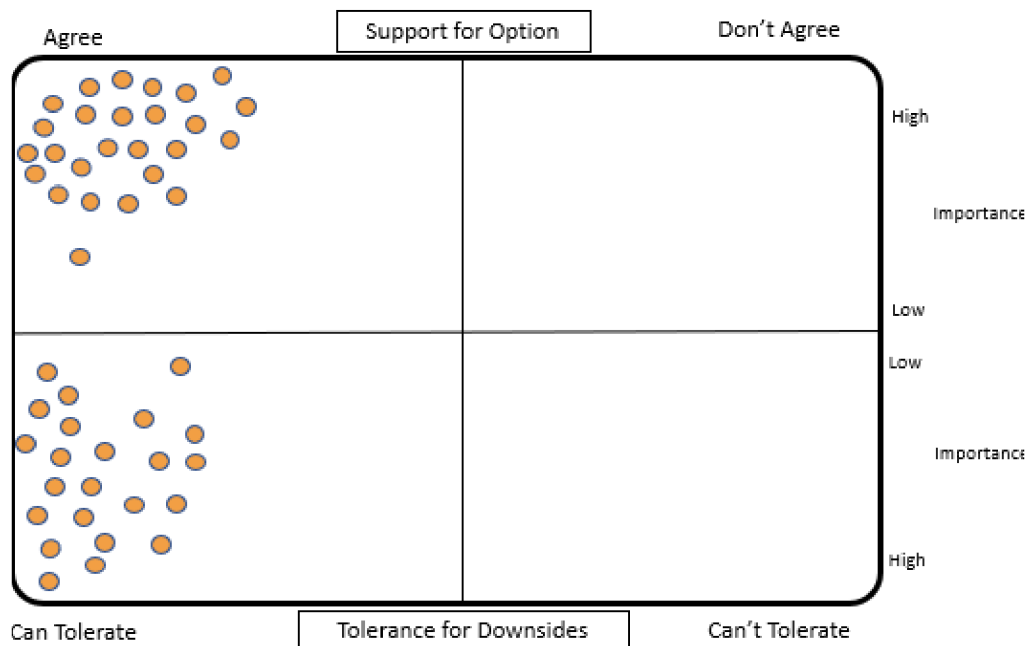

Forum participants strongly supported incentivizing developers to create diverse housing options. To further explore this idea, we asked them to choose between incentives that target deeply affordable housing or incentives that apply to the entire spectrum of housing. On this question, the group split into three sets. One group felt that because the lack of affordable housing was, at its core, a supply problem, incentivizing housing at all price points would have the greatest impact on diversifying the housing supply and thus would be the most beneficial to the whole community. As one person said, "We need it all." On the other side, some participants argued that practically speaking, setting a high narrow priority makes taking action easier and more likely. This group believed that the population that needs funds the most should be served first. Another added that if financial incentives weren't preserved for the least served, then they would get overlooked while other groups would get housing regardless. Between these two positions was the belief that incentives should be structured to achieve specific outcomes, but that prioritizing only deeply affordable housing would miss other significant needs. They advocated for a variety of incentives that were flexible and responded to the distinct needs of the local community, including workforce housing and housing for seniors. This conversation revealed specific differences within the group about how best to prioritize subsidies for affordable housing within a range of options.

County/city provide funds or a program to expand capacity of nonprofits to return distressed properties to the market for homeownership.
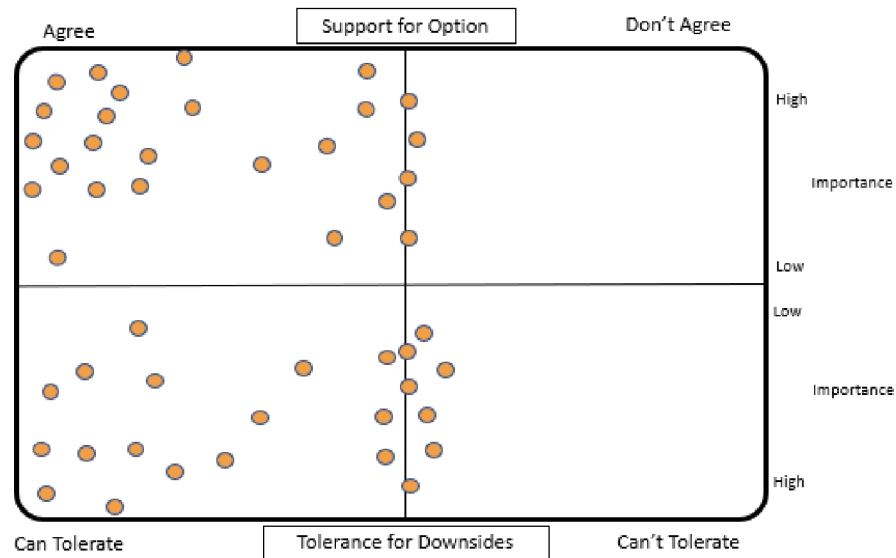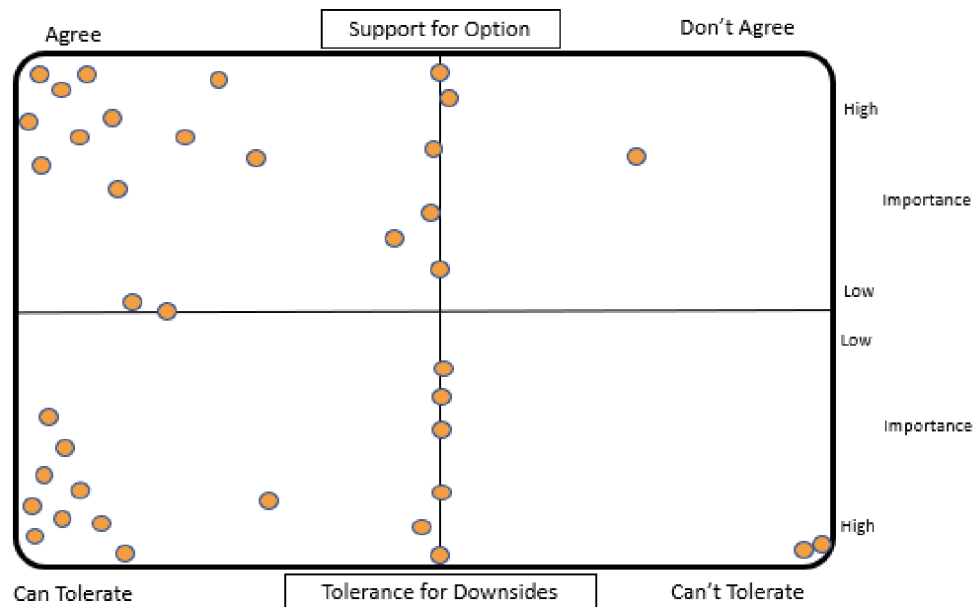

Inadequate supply and cost of rental housing

**Encourage use of non-traditional rental housing models, such as tiny homes, ADUs, new forms of apartment housing, etc.**
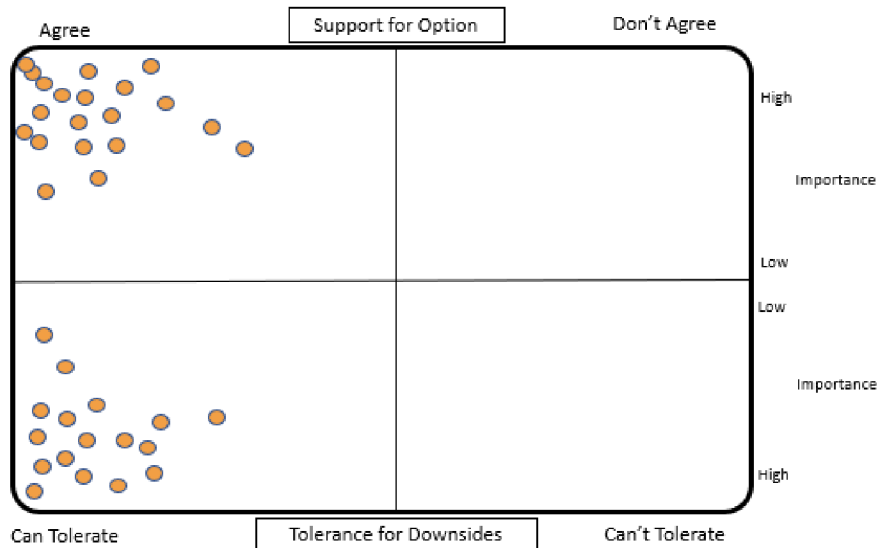
**Increase/expand scope/scale of rehabilitation of rental housing.**

Regulations and fees slow down and increase the cost of developing housing

Expand zoning to allow more housing by right; for example, allow higher density in more zoning categories by right.
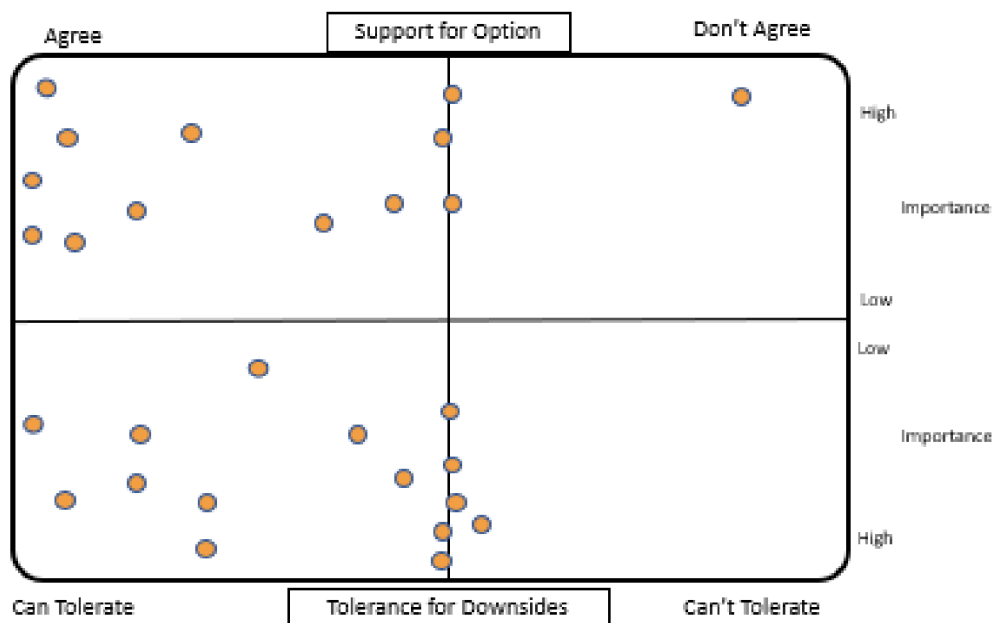
Because the proposal was so broadly written, participants noted there were too many unknowns for them to feel comfortable giving it their full support. In particular, they could not tolerate the tradeoff between more density and "anything going through" if zoning by right was allowed. There was also a concern that a lack of infrastructure would not be able to keep up with increased density. While the proposal might garner more support with more specifics, participants pointed out that they were more willing to support changes in zoning rules when they had confidence in the elected leaders who would approve such changes. At the same time, elected leaders in the room offered insight into the role that local staff can play in guiding changes to the zoning code and raised concerns about voter opposition to development as barriers to making zoning reforms.

Reduce housing development regulations to increase housing OR Enforce regulation to meet other community needs and priorities in addition to creating housing
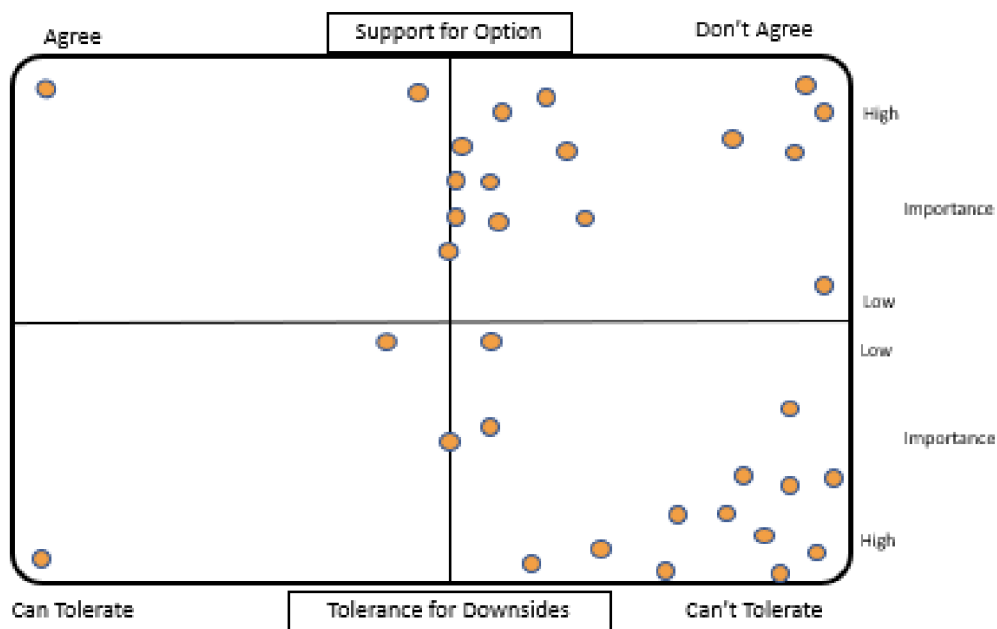
There were strong feelings amongst the group regarding whether to eliminate or enforce regulations related to housing and housing supply, with people's positions largely informed by the role they held in the community. For the most part, elected officials were in favor of regulations because they viewed them as essential to ensuring public safety. On the other hand, developers asserted that many regulations were unnecessary and were getting in the way of solving the affordable housing challenge. They cited several examples of regulations unrelated to safety that dramatically increased their costs and, if eliminated, would enable them to build more affordable and more diverse housing. From their point of view, regulations

were out-of-date with recent trends, advances in technology, and new materials, and the approval process was excessively protracted. Housing advocates called for "smart" regulations. Recognizing the urgency of the housing shortage, these participants did not want to stifle construction, and were open to reducing or eliminating some regulations as long as the safety and quality of housing were not jeopardized.

Beyond health and safety, other participants saw regulations as an important tool for managing growth, such as protecting the look and character of neighborhoods and communities. They pointed out that regulations and related licensing and permitting also serve as a revenue stream for government.

When asked how to distinguish between those regulations that were necessary and wanted and those that were unnecessary and an impediment to builders increasing the housing supply, forum participants offered a few concrete next steps. One idea was to ask the staff responsible for approving proposals and enforcing the rules to suggest regulations which might be worth changing or eliminating based on their experience. Further, staff could be authorized to have more decision-making power to make exceptions within set boundaries. Beginning with recent appeals or variances could be a relatively simple way to identify areas where flexibility might be warranted. Another suggestion was to hire an objective third party to conduct a thorough review of regulations. One participant stated that because a large number of local government planning and zoning rules are mandated by the state, it might be necessary to advocate for regulatory changes with state level representatives.

While all agreed with the overarching goal of streamlining regulations and making the approval process easier, the group largely opposed the proposal due to its breadth (with the exception of one strong supporter). There was, however, an appetite for considering the specifics of a more detailed proposal to reform housing development rules and processes.

Change staff mindset/ culture to speed up government inspection and approval processes and to promote a get to a "yes" attitude instead of us vs. them.
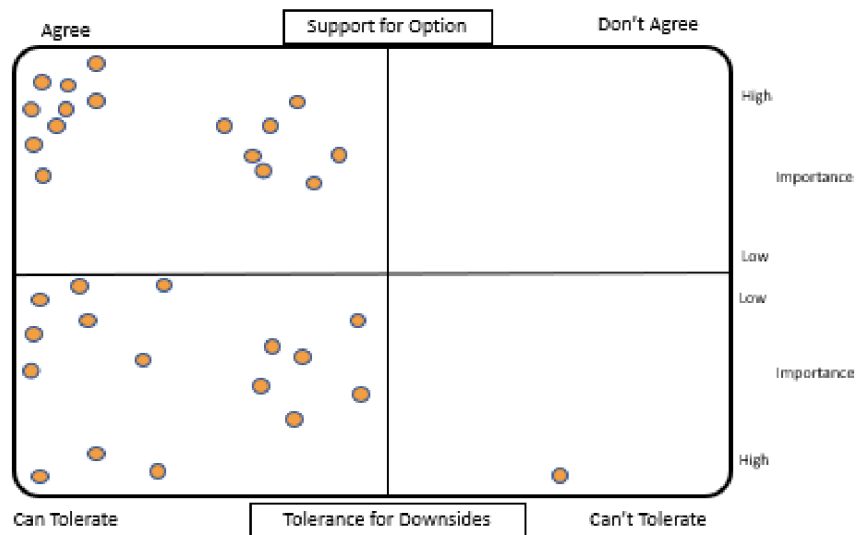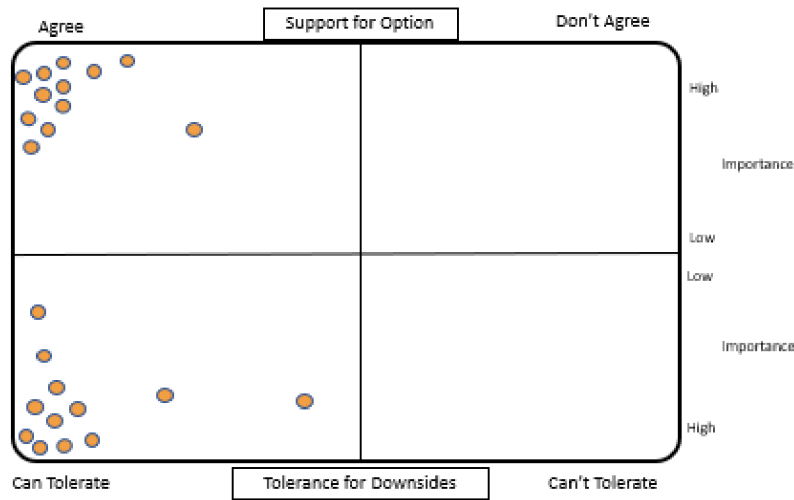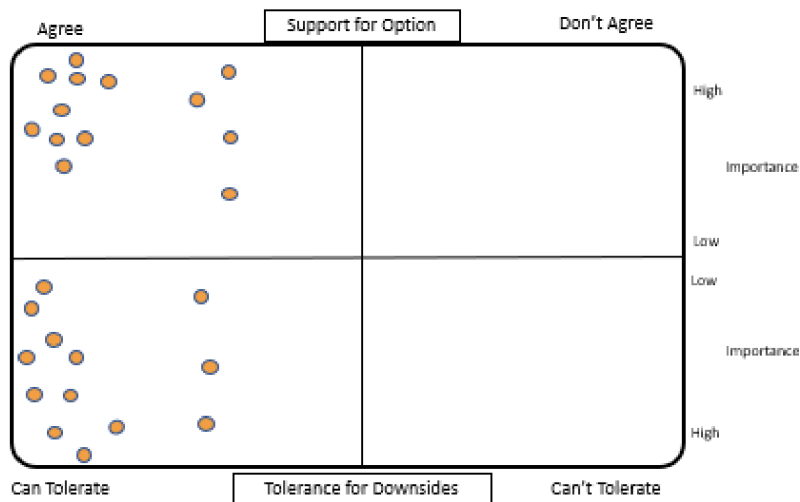

Misperceptions and NIMBYism

Government, developers, community groups, and business groups should build support by educating the community about development.
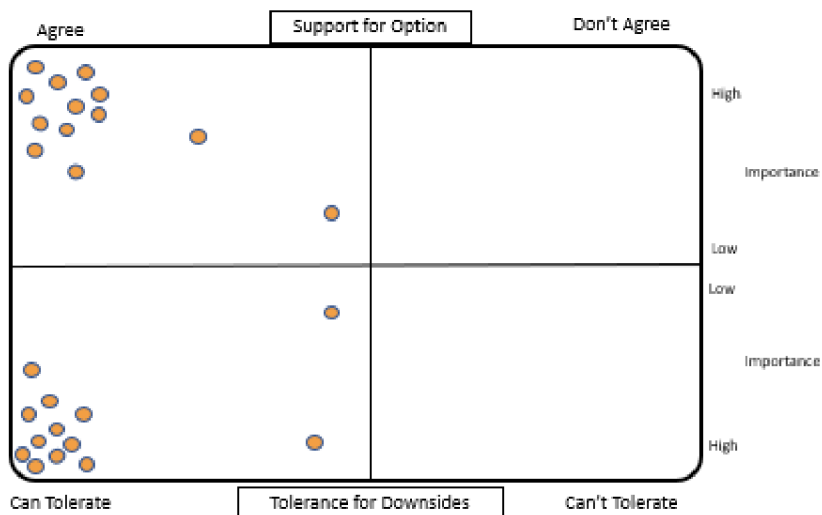
Engage with community groups early in the process. Be strategic and plan ahead.

Work to elect and support courageous candidates and officials that support smart development.

To address NIMBYism and misperceptions in the community, forum participants considered different strategies for building community support. The group largely favored engaging community groups early in the process and educating the community on why development is needed and how it works.

However, discussion focused primarily on the challenges involved with community engagement. Several participants thought early efforts to engage or educate the community would be a wasted effort because people do not prioritize housing issues unless they are specifically impacted by a particular development. Others noted a pervasive conflict amongst

community members who believe development is generally good, but oppose development in their own neighborhood. Given this paradox, some participants thought no amount of educating or engaging is going to change their minds. Some participants gave a particular example in the region of people who move from out of state to retire. Once they live in the area, participants said that constituents want to put up the gates and prevent others from coming, but also demand services that the area does not have and cannot support. Even though many in the group thought it might not help, the potential for changing people's narratives around development and affordable housing was deemed worth the effort by most of the participants.

Overarching theme: The impact of growth across counties

One key theme that emerged from the program was that the rapid growth of Brunswick and New Hanover counties has had spillover effects in the region. Participants expressed support for growth that has contributed more jobs to the area, but also highlighted that new residents bring increased demand for more services. Further, some residents are working in Brunswick or New Hanover and living in Columbus or Pender, commuting across counties and increasing housing demand (and prices) in adjacent counties.

Participants raised concerns about whether the region has resources to meet the surge in demand, and also expressed a desire to preserve existing communities and the landscape that is appreciated by residents. Participants debated how to address these real values conflicts and what strategies might help to fulfill the resource needs and capacity gaps in the region. In particular, participants recognized that New Hanover and Brunswick counties depend on the rest of the region to support their growth and need to contribute accordingly.

Areas of Strongest Interest for Further Effort: Next Steps

In the final sessions of the program, the cohort selected several proposed actions where there was consensus and discussed strategies for implementation. Participants were asked:

- What are the next steps this group can take to make this happen?
- Who needs to be involved to move this plan forward?
- What additional resources are needed? Is there anything already happening that should be incorporated into the workplan?
- Who in the group was willing to ensure further collaboration on the topic?

The actions below emerged from this process.

County/city incentivize developers to create diverse housing options through financial incentives or reduced regulatory requirements

The group named several incentives that could be better deployed or structured to encourage building more diverse housing options, for example relaxing code requirements and/or providing density bonuses, lot size incentives, and bonus height allowances or exemptions. Deferring or spreading out fees and other up-front costs of development were recommended to provide builders the cash flow needed to move forward on housing projects.

Low-income tax credits were seen as an effective incentive for affordable housing, but participants noted that they are difficult for developers to get because the application process is competitive, time-consuming, and capital-intensive. For these reasons, participants believed that tax credits are utilized by the same few companies every year. Participants also proposed making it cost-feasible to apply and streamlining the process in order to make it easier for more developers, both large and small, to apply. While they thought increasing the amount of available tax credits would make the biggest difference (a federal or state action), participants also believed that educating developers on this option could increase its use.

One participant offered that the rental rehab program was an effective incentive proven to improve the range of affordable housing. While there is less profit margin involved, it is a low risk and low-cost investment for the right investor.

Participants acknowledged that for developers to take advantage of any of the proposed incentives, they need to know they exist and how to access them. To that end, participants suggested holding an annual round table for developers with local elected officials and planning staff to discuss housing issues and inform developers of available incentives. They also proposed dedicating staff to support developers through the process. For example,

a "customer service representative" could review all the options with developers and explain how the various programs work. Projects that meet pre-determined requirements for creating diverse housing could be assigned a "case manager," responsible for smoothing and expediting the approval process.

To move this proposal forward, the group recommended creating a Housing Task Force made up of county commissioners, town elected officials, planning staff, county/town management, large and small developers, housing advocates, and leaders of organizations/institutions that need workforce housing, such as schools, hospitals, manufacturers, etc. The Housing Task Force would be responsible for researching what has worked in other places and identifying "low-hanging fruit" so that they could start immediately. Resources needed to begin included: money, a champion for the initiative, a lead organizer (the Housing Coalition in Wilmington was one suggestion), political will of the elected officials, and a list of existing partners and stakeholders already in place.

Encourage use of non-traditional rental housing models (tiny homes, ADUs, new forms of apartment housing, etc.)

Forum members from different counties had differing perspectives on non-traditional rental housing as a potential solution; however, they all agreed that new approaches would increase available affordable rental options and was needed given the status quo. Tiny homes were seen as the easiest of the options to move forward and participants recommended pilot-testing a tiny home effort in Columbus County as a great place to start.

Participants thought educating business, economic development, and nonprofit leaders on housing and housing needs in the community was a key first step. They recommended bringing in local examples as resources, such as the existing tiny homes project in New Hanover County, Eden Village.

The group identified resources that would be necessary to advance the proposal, including data on housing deficits, research on non-traditional housing models and case studies, inclusionary zoning policies, and relevant incentives. In addition, participants thought it would be important to include information on what was possible to develop within the current regulations and advise practitioners on how to navigate government processes. They advised involving advocates for the unhoused, faith leaders, business owners concerned with workforce housing, developers who expressed interest, and folks experiencing housing issues. Some members noted that this solution might be particularly appropriate to address the needs of the unhoused or seniors and proposed creating a targeted appeal strategy for each audience. Members from Columbus County felt they would need concrete next steps and more information to give the proposal traction and increase its feasibility.

Increase the capacity of nonprofits to use public-private partnerships to reduce development costs by leveraging public assets and incentives

Forum members agreed a discussion on investment in nonprofit capacity to accomplish housing goals at the local level was needed. They listed ideas for what would be required to get started, such as: collecting examples of innovative, effective public-private partnerships that have happened elsewhere, inviting a broad range of people to the table, including "not-the-usual-suspects" nonprofits, and other purpose-driven nonprofits well-aligned and responsive to new opportunities.

In addition, participants recommended identifying goals and opportunities that would be a good match for such collaboration. Participants called for a convening of policy makers and nonprofit leaders facilitated by neutral facilitators to identify the "big ideas" that would build excitement and a sense of shared purpose.

Recognizing the presence of the New Hanover Community Endowment in that county, participants suggested that the foundation could devote resources to bringing together New Hanover County government and nonprofit leaders, and the other counties could attend and benefit from the discussion. As nonprofit capacity increases with more policymakers' support, private developers and other funders could then be brought to the table to advance the proposal.

What We Learned

What Participants Gained and Valued About the Process

Immediately following each cohort program, NCLF surveys participants about their experience:
- 81% of Lower Cape Fear participants completing the survey strongly agreed that they had formed new or deeper relationships that they otherwise would not have formed.
- All respondents reported increased confidence in their ability to engage constructively with people of different views, with 86% strongly agreeing.

86% of respondents said that they were now making an effort to encourage or facilitate conversations between people of different parties or ideologies. For example, respondents reported: "Striking up conversations with people I wouldn't even consider talking to," "Asking the tough questions," and "Taking advantage of opportunities as they present themselves. Something I would otherwise not normally do."

Early in the program, we introduced the idea that it is beneficial to your leadership to listen to those who disagree with you or build a "challenge network," as Adam Grant calls it in his book Think Again. By the end of the program, many participants said they would call on each other in the future to get the other side of an issue and to seek feedback on theirs. Most notably, a well-known developer and long-time housing advocate who had been paired as "buddies," developed a strong rapport with one another built on humor, genuine respect, and a shared desire to get something substantive done together.

Feedback about the program

In discussions at the conclusion of the program, several participants highlighted the "Who is in the room?" activity during the first session, saying that it was very effective in forming connections that went beyond the superficial introductions of most first meetings. Similarly, participants appreciated the buddy pairings, moving from county to county, the social time enabled by the overnight meeting, and the mixed and affinity groups, all of which fostered relationships and understanding.

While one participant thought being reminded of the ground rules throughout the forum was helpful to keeping the conversation constructive, another thought that participants had been "too nice" as the discussion progressed, preferring the more heated dialogue at the beginning of the forum. When questioned if people had held back expressing themselves honestly, most said they didn't think they had.

Participants provided feedback that because the proposed action steps were broad and lacked specifics, the group struggled to hone in on their disagreements and have meaningful discussions of the benefits and downsides. In the future, NCLF may want to consider an additional step to refine proposed actions with further specifics. Similarly, some participants suggested discussing fewer issues to allow more time for providing background information on the details, such as the approval process for development or current policies on permitting and zoning rules. Finally, several noted the daunting task ahead and were unclear on what the next steps were, especially without the Forum continuing to provide structure and facilitation for further conversation.

What NCLF Learned

After successfully piloting two regional cohorts in western NC and the Triad in the spring of 2022, NCLF chose to continue its regional expansion in the spring of 2023, launching the Lower Cape Fear cohort in January and the Triangle cohort in March. Many of the lessons learned from the initial cohorts were reaffirmed or expanded and some new lessons emerged.

- Consistent investment and engagement from a diverse advisory committee made up of highly respected local leaders was essential to identifying participants representing different sectors and perspectives, convincing them to attend, and setting the tone for engagement at the meetings. This is important to NCLF's model because the makeup of the cohort overall and their attendance at each meeting has a noticeable impact on the richness of the constructive conversation that takes place.

- As in the West and the Triad, local leaders were eager to engage constructively on critical policy issues at the regional and county level. Further, when we first approached local leaders about the topic of housing, everyone, to a person, regardless of sector or area of expertise, agreed that housing was in crisis and not enough was being done about it. Over and over, we heard from participants that the type of constructive conversation that was happening in the forum on the topic was not happening anywhere else. Even rarer was the diversity of people in the room engaged in the discussion. Having elected officials, housing advocates, and developers alongside pastors, business leaders, and nonprofit leaders from across four counties in the same room enabled participants to make new connections, learn new information, and see the issue from a very different perspective than they were accustomed to. Several participants began to see each other as resources where previously they either had no connection at all or had believed themselves to be on opposite sides.

- A diverse team of trained facilitators can effectively facilitate the forum meetings with support from NCLF staff. The Cape Fear Leadership Forum team was made up of two facilitators from the Western NC Leadership Forum (one an alumni of a statewide program) and an NCLF alumni from a statewide cohort, along with one of the NCLF co-chairs. We were mindful of making sure they brought different political perspectives to the table and different areas of expertise, from policy to group dynamics. NCLF provided training prior to the first meeting and met with facilitators between each meeting to debrief and plan for the next session. Even with this meeting cadence, the bulk of the meeting design was done by NCLF staff and executed on site by the facilitators. In most cases this system worked well enough; however, it worked best when facilitators had time to prepare ahead and when we allowed enough flexibility for them to make changes and adjustments in real time as they responded to what was happening in the room.

- A highly valuable aspect of the program is that it includes a region of multiple adjacent counties (typically 4-5 such that there are at least 3-5 people from each county), incorporating both rural and urban perspectives as well as diverse political and racial views, and that it rotates to each represented county over the course of the program.

By holding the meetings in different places and using the opportunity to learn about each county through speakers, presentations, or tours, participants were able to better understand the differences and similarities across the four counties and began to see the issue more expansively, from a regional perspective rather than only from their specific location. Indeed, this insight became even clearer over the course of the program. The housing issues in one county are not confined within its boundaries. Rather the challenges in one county impact the adjacent counties and they will need to work together to solve them.

- The small group discussion activities continued to be most effective at enabling honest and difficult conversations among forum members. However, interspersing these with dynamic, interactive, on-your-feet exercises helped keep the group focused and energized. The "Where do you stand?" exercise, implemented during the first regional programs in Spring 2022, was once again responded to positively by the group. Facilitators used role-play scenarios where participants put themselves in the shoes of someone else to explore the benefits and downsides of a particular action. A role-play scenario on regulations revealed the tensions between government officials adopting rules that respect constituents' property rights and enable necessary growth, the staff hired to enforce them, and the developers trying to run a business. After a housing advocate played the part of a developer in the exercise, she stated that she would never have been able to understand the issue from that perspective earlier in the program and was surprised at her proficiency after discussions. Playing a part created a separation from their personal feelings and enabled them to see the issue from another point of view. There was an air of "play" that participants enjoyed immensely, and these exercises generated a good deal of humor and laughter. When used intentionally and sparingly, such activities are good for group dynamics and break up what can feel like a long day of serious deliberation.

- Calibrating the right amount of time for meetings and the right level of policy education to incorporate continued to be a challenge. The five full-day meetings in Spring 2022 limited the time available to supplement participants' proposed ideas with external research or information. In addition, not having an overnight meant there was less unstructured social time for participants to get to know one another. For the Spring 2023 regional forums, we planned 3 one-day meetings and one day-and-a-half meeting over a five-month period. While the overnight session improved the social time participants had with one another, the time available for research in between meetings remained challenging. Additionally, participants noted the full-day meetings were difficult to commit to given their demanding schedules and the travel time between counties. NCLF will continue to experiment with the goal of finding the right balance, but recognize that this may be an unavoidable aspect of engaging busy policy leaders.

Conclusion

The rapid growth of the Lower Cape Fear region, particularly driven by New Hanover and Brunswick Counties, is changing the demand for housing and increasing costs throughout the larger region included in the Lower Cape Fear Leadership Forum. Regardless of political ideology, sector of engagement, or geography, the participants in Cape Fear attended the program with a strong interest in identifying strategies for increasing the housing supply in the region and emerged with a stronger sense of collective responsibility beyond their own county lines. While they had different interests and views on the best path forward, participants listened with curiosity and good faith, and emerged with a deeper understanding of each other and ideas for addressing the region's housing needs. Numerous new relationships were formed that will enhance networks and opportunities moving forward, making collaboration more likely and increasing the willingness of the participants to recommit to improving access to adequate housing in the region.

Acknowledgements

Appendix A
Lower Cape Fear NCLF 2023 Participant List

1. Andy Anderson, Pastor, Father's Cup Overflow Ministries*
2. Jonathan Barfield, Jr., County Commissioner, New Hanover County*
3. Amber Bellamy, Executive Director, Columbus County DREAM Center, Inc.
4. Stephanie Bowen, Executive Director, Brunswick Family Assistance
5. Shamonique Brantley, CEO, Level Up Strategies, LLC
6. Jonathan Bridges, Owner, Bridges Consulting, LLC
7. Evelyn Bryant, Community Organizer
8. Robert Campbell, Senior Pastor, New Beginning Christian Church
9. Olivia Dawson, Mayor, Town of Burgaw
10. Brian Eckel, Partner, Cape Fear Commercial
11. Natalie English, President & CEO, Wilmington Chamber of Commerce*
12. Jim Fish, CEO, Brunswick Senior Resources Inc.
13. Mike Forte, County Commissioner, Brunswick County
14. Jwantana Frink, Owner, Advanced Concepts of Southport, Inc.
15. Holly Grange, CEO, Grange Council LLC
16. Deb Hays, New Hanover County Commissioner, New Hanover County
17. Curtis Hill, Advocate, Disability Rights North Carolina, Columbus County NAACP,
18. Steven Hill, Executive Director, Greater Topsail Area Chamber of Commerce
19. Chauncey Lambeth, District Dir. for Rep. David Rouzer, State House of Representatives
20. Isabella Luján, Realtor/Broker, Coldwell Banker Co-Chair Latin American Business Council
21. Catherine Lytch, Social Services and Public Housing Dir., Brunswick County Government
22. Terry Mann, Mayor, City of Whiteville
23. Joan McPherson, President, Columbus Chamber of Commerce and Tourism
24. Tyler Newman, President & CEO, Business Alliance for a Sound Economy
25. Jacqueline Newton, County Commissioner. Pender County Commission*
26. Dane Scalise, Lawyer & Insurance Broker, ILM Lawyers & GriffinEstep Benefit Group
27. Allen Serkin, Executive Director, Cape Fear Council of Governments
28. Paul Stavovy, Executive Director, Cape Fear Community Land Trust
29. Victoria Velazco, LCSW-A, Latino Advocacy and Equity NC
30. Jon T. Vincent, CPA, P.C.
31. Cynthia Walsh, CEO, Brunswick County Association of Realtors
32. Frank Williams, President, Pioneer Strategies, Inc. and Brunswick County Commissioner*
33. Resea Willis, Development Officer, Partners in Community, INC.
34. Steve Yost, President, North Carolina's Southeast*

*Denotes Steering Committee Member

Appendix B

Full List of Adequate Housing Concerns, as Identified by Participants

During our initial meeting, NCLF staff recorded the concerns of each participant. Later, the issues were grouped by theme so that they could be more easily navigated. Facilitators narrowed the list to a select set of concerns for discussion. The original list included the following:

- **Lack of affordable housing units especially entry-level housing, and other barriers to homeownership.**
  - High cost of entry-level housing (rent-to-own, first-time home buyers, step-up buyers).
  - Lack of assistance programs for home ownership.
  - No affordable options for single people.
  - Lack of affordable housing is impacting the area's available workforce, including civil servants, healthcare workers, teachers, etc.
  - Lack of "adequate" housing where the housing costs do not exceed 30% of an individual's income. Individuals who pay more than 30% of their income on housing costs are "severely cost burdened."
- **Quality of and cost of rental housing.**
  - Lack of rental housing that is affordable for poor citizens.
  - Lack of rental housing that is accessible for persons with disabilities.
  - Lack of rental housing that is not in need of major repairs.
  - Poor conditions of many rentals- landlords not ensuring the unit meets all safety standards.
  - Unreasonable rental prices for poor quality homes.
  - Overcrowded rentals.
  - Lack of sufficient kitchen/plumbing facilities in rental housing.
- **Quality of owned homes.**
  - Low-income homeowners who want to "age in place" cannot afford to make repairs on their homes and so live in inadequate housing.
  - Low-income homeowners whose homes are in need of repairs also cannot afford to move.
  - Quality and lack of accessible housing for persons with disabilities.

- **Location and safety of housing.**
  - Location of adequate housing.
  - Housing not proximate to services, especially for aging.
  - Safe, sound housing not available for those making between $30-$40K.
  - Environmental safety.
  - Housing location needs to take into account impact on schools.

- **Diversity of housing stock.**
  - Prevalence of mono-income housing communities.
  - Lack of affordable housing brings on a lack of diverse neighborhoods, "economic segregation."
  - Lack of diverse housing for a range of incomes.
  - Family housing for larger families but not for single people.
  - Low-income clustering – "environment has an impact on who you are and who you will be."
  - Zoning and rules limit non-traditional housing options like tiny homes, 2nd structures, etc.
  - "Fear" of height and density in housing.

- **Inadequate housing supply.**
  - Quantity does not meet the needs along the entire continuum of life stages (recent graduates and single people, public servants, aging, etc.).
  - Not enough housing for the homeless.
  - Not enough units at ANY level to house the workforce needed to fill the jobs.
  - Lack of rental housing for young people.
  - Not enough 55+ communities (aging population).
  - Lack of support for migrant population's housing needs.
  - Focus on retirement communities vs. economic development.
  - Land use/availability/cost.

- **Role of government in addressing housing needs is contested.**
  - Taxes are largest expense on operating communities.
  - Lack of public-private partnerships.
  - Who is responsible – private sector or government.
    - Role of government in addressing the problem is unclear.
    - Unrealistic expectations regarding what government can do.
  - Government processes are too slow.
  - Lack of political will.
  - Affordable housing is not a high enough priority.
  - Lack of regional planning and collaboration.
  - Not enough support for regulation.

- Complexity of viable solutions.
- Housing is over-politicized, and this leads to bad decision-making.
- Disconnect between the vision of government officials and the regulations that are in place (need to be more aligned).

- **Infrastructure needs.**
  - Inadequate infrastructure.
  - Inadequate infrastructure that can support roads, schools, etc.
  - Construction of affordable housing in areas without regional, public transportation.
  - Lack of infrastructure connected with quality of life.

- **High costs of development.**
  - Impact fees (e.g., I just paid $2.4 million to H2Go for 390 units in Leland).
  - The cost of regulations on housing development needs to be a part of the conversation.
  - Regulations increases costs.
  - Lack of uniformity and clarity of fees affect predictability.

- **Misperceptions and NIMBYism.**
  - Misperceptions of public housing.
  - Definitions of "affordable housing" vary and some definitions are negative.
  - Lack of a clear advocate for affordable housing.
  - There is movement towards stopping growth (no more growth after me).