KYLE SMITH

FAYETTEVILLE CITY COUNCIL WARD 4

Reducing Housing Displacement

Supporting displaced residents & replacing the homes that redevelopment removes

In Fayetteville, redevelopment often replaces older homes and apartments with new, higher-priced housing. When that happens, the people who lived there have to move. Often they end up paying higher rent or living farther from work and school.

Developers who remove existing homes don't pay to replace them. Instead, the cost falls on displaced households, on employers who lose workers, and on taxpayers who fund the safety net.

This proposal would charge new development a one-time fee for each bedroom it removes. That money would go into a dedicated fund to build or preserve affordable housing in the same part of town. The city would also plan ahead for student housing, a major source of redevelopment pressure, and steer it to suitable sites.

Part 1: A Fee for Displaced Bedrooms

- **How It Works:** New development that demolishes or converts existing housing would pay a one-time fee for each bedroom removed. Affordable bedrooms would carry a higher fee.
- **Affordable Defined:** A rental would count as affordable if its rent was at or below 30% of 120% of Area Median Income (AMI, the middle household income for the area), measured by census tract. A one- or two-unit home would count if a household earning 120% of AMI could buy it while spending no more than 30% of its income.
- **Lookback Period:** The fee would count every bedroom that existed in the five years before the permit application. That way, an owner couldn't avoid the fee by emptying or tearing down a building early.
- **Payment Options:** Developers could pay in installments, as state law allows.

Part 2: Spend the Money Where the Homes Were Lost

- **Dedicated Fund:** Fees would go into a separate, interest-bearing account used only for affordable housing.
- **Eligible Uses:** The fund would pay for building new homes, a revolving loan fund (loans that are repaid and then lent again), rental assistance or vouchers, and units reserved for households based on need.
- **Spent Nearby:** The money would be spent in the same census tract as the lost homes, or within a set transit distance of them.
- **Spending Deadline:** The fees would be spent within seven years. Otherwise they would be refunded, as Arkansas law requires.

Part 3: Set the Fee with Data

A fee study would set the dollar amounts, so the fee stays in reasonable proportion to the impact, as state law requires.

- **Supply Targets:** The study would define a healthy housing supply using a 5% to 8% rental vacancy rate, time on market and price tiers.
- **True Costs:** The fee would reflect the cost to replace the lost housing, an added multiplier for affordable units, lost wages and productivity when workers move away, and the extra cost of relocating.
- **Legal Footing:** The city would adopt a capital plan for publicly owned housing. If needed, it would define an adequate housing supply as a public facility under the Arkansas Municipal Development Impact Fee Law (A.C.A. § 14-56-103).

Part 4: Plan Ahead for Student Housing

Student housing is a major source of redevelopment pressure. The city would follow four planning steps to steer it to suitable sites.

- **Market Study:** The city would estimate how many student housing units the market needs, using the University's enrollment projections.
- **Land Inventory:** The city would identify enough suitable land for 150% to 200% of that need. Having more sites than needed would keep land prices in check.
- **Developer Focus Group:** Student housing developers would tell the city what makes a site work for them, such as size, utilities, transit access and distance to campus.
- **Clear Rules:** The City Attorney would define the legal limits and draft regulations that steer student housing toward the identified sites.

Summary of Benefits

Stakeholder	How They Benefit
Displaced Residents	More affordable homes would be built or preserved near where they lived.
Neighborhoods	Redevelopment would replace the homes it removes.
Employers	Workers could keep living close to their jobs.
City Government	A study-backed fee would fund housing without new taxes.
Students and Developers	Clear sites and rules would place student housing near campus and transit.