



Local Housing Summary

Fayetteville

Home of the University of Arkansas and the seat of Washington County, Fayetteville is a fast-growing, vibrant city that added nearly 4,000 new households between 2010 and 2016. This growth, coupled with increasing enrollment at the university, has resulted in a tight housing market with higher housing costs for renters and homebuyers.

The City of Fayetteville continues to invest in new development and community services—but demand far exceeds local resources. The City provides some support to the homeless shelter Seven Hills; assists persons experiencing homelessness through its Hearth Program; rehabilitates homes; and funds community services and nonprofit

organizations. The City made one of its largest direct investments in the Homes at Willow Bend, a master-planned neighborhood of single-family, mixed-income homes in south Fayetteville through a cost-sharing agreement with the project's developer, Partners for Better Housing, for the project's infrastructure.

Demonstrating a commitment to finding policy solutions, the city recently approved a flexible accessory dwelling unit ordinance and expressed a willingness to use its regulatory power to help lower the cost of development and encourage a wider range of housing types. Despite these local efforts, residents worry higher housing costs will displace existing residents, and new homes will not serve lower income renters.

WHAT SHOULD HOUSING IN FAYETTEVILLE BE LIKE? ¹

Affordability and accessibility matter to residents of Fayetteville, among other regional stakeholders. When asked what housing should be like in Fayetteville, residents thought housing should be accessible, affordable and safe. Here is a summary of their perspectives:

ACCESSIBLE. New development should be located near services, amenities, jobs, schools, parks, public transit and bicycle trails.

AFFORDABLE. Housing should be affordable to households and individuals at all income levels. Housing opportunities should be inclusive and integrated into the community.

SAFE. Residents should have the opportunity to live in dignified housing that is healthy, clean and safe. Older homes should be rehabilitated to improve conditions and create secure, high-quality environments for tenants.

WHAT HOUSING ISSUES MATTER MOST TO MEMBERS OF THE PUBLIC? ²

Fayetteville residents thought local leaders and partners should address the following housing issues over the next 10 years:

LIMITED AFFORDABILITY FOR THE LOWEST INCOME LEVELS. Fayetteville lacks enough rental options for lower income households, making it difficult for residents to find homes that align with their earnings. Only 67 rental units are affordable and available for every 100 households earning 50 percent of area median income (about \$33,000 for a family of four).³ Higher housing costs are most apparent in the rental market, where households with the lowest incomes encounter difficulties finding homes priced for them.

HIGH HOUSING AND TRANSPORTATION COSTS. Households in Fayetteville pay above what is considered affordable for combined housing and transportation costs. The average household in Fayetteville spends 46 percent of its income on these two costs.⁴ The average annual transportation cost is approximately \$11,800 per household.

LIMITED RIGHTS FOR TENANTS. Arkansas is the only state without minimum habitability requirements for rental homes. As a result, tenants have few legal protections from dishonest or absentee landlords or unsafe living conditions. Given Fayetteville's large renter population, adopting local measures to safeguard tenants living in unsafe circumstances can provide much-needed housing stability.

WHAT CAN THE CITY OF FAYETTEVILLE DO TO ADDRESS ITS MOST PRESSING ISSUES?

CREATE A LOCAL FUNDING SOURCE FOR NEW HOMES. Fayetteville should establish a dedicated source of local funding that can support new affordable and workforce homes and expand its housing rehabilitation activities. It also could use this

source of funding to provide short-term emergency assistance to renters or homeowners experiencing a housing crisis. The Fayetteville City Council can seed a local source through general funds or the federal Section 108 program. The city should partner with the University of Arkansas and other large employers in creating this funding source, including securing an annual pledge from them.

ESTABLISH ANTI-DISPLACEMENT MEASURES.

Due to its changing housing market, Fayetteville should create anti-displacement programs to aid residents who experience a housing crisis. Potential programs include property tax abatements or grants for homeowners, supplemental rental assistance, emergency housing assistance and relocation assistance.

DEVELOP LOCAL TENANTS' RIGHTS POLICIES.

Fayetteville can reduce barriers to accessing housing by expanding tenants' rights policies. For instance, the policy can require education about renters' rights (in multiple languages), extended notice requirements for lease terminations or rent increases, and expanded legal services. Additionally, the City of Fayetteville can conduct proactive code enforcement and referrals for property maintenance to remedy unsafe housing situations.

CREATE A LOCAL HOUSING PRESERVATION POLICY AND ALIGN TOOLS FOR IMPLEMENTATION.

The City of Fayetteville should develop and adopt a local housing preservation policy to guide preservation of its income-restricted homes over time. This policy should outline priorities for preservation, such as location and create a way for public entities or their designee to buy back subsidized properties (such as through a right-of-first refusal or right-of-first offer clause). Once the policy is in place, the city should align its existing and new funding sources, such as Section 108 and a dedicated local funding source, to support these activities.



Fayetteville can reduce barriers to accessing housing by expanding tenant rights policies.

HOUSING SNAPSHOT

INCOME

Median household income (2016): **\$40,013**

0-30% AMI: Total households: **6,017** | Share of households: **18%**

31-50% AMI: Total households: **4,140** | Share of households: **12%**

51-80% AMI: Total households: **7,079** | Share of households: **21%**

81-120% AMI: Total households: **6,351** | Share of households: **19%**

120%+ AMI: Total households: **10,367** | Share of households: **30%**

COST-BURDENED HOUSEHOLDS

Share of households paying 30%+ on housing costs: **35%**

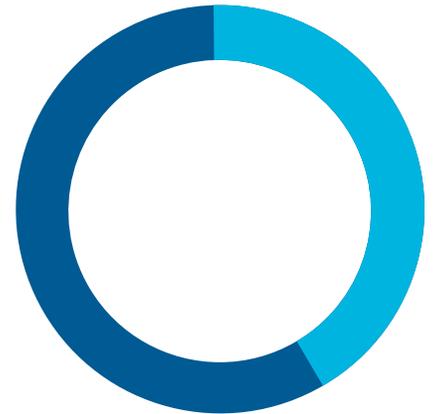
CHANGE IN MEDIAN (MIDPOINT) HOUSING COSTS VS. HOUSEHOLD INCOME OVER TIME

Median rent (2011-2016): **+6 percent**

Median for-sale price (2010-2017): **+15 percent**

Median household income (2011-2016): **+4 percent**

HOUSEHOLDS



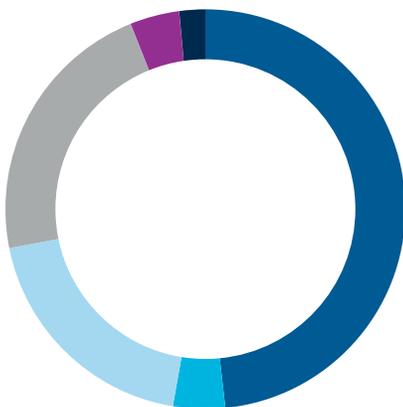
■ Renters: **61%**
■ Owners: **39%**

HOUSING AGE

Median year built: **1992**

Share of units built before 1980: **29%**

HOUSING STOCK



■ Detached, single-family homes: **48%**
■ Attached, single-family homes: **4%**
■ Small-scale multifamily buildings (2–9 units): **19%**
■ Medium multifamily buildings (10–49 units): **22%**
■ Large-scale multifamily buildings (50+ units): **4%**
■ Other homes (mobile homes, houseboats, etc.): **2%**

RENTAL SUPPLY BY HOUSEHOLD MEDIAN INCOME

0–30% AMI: **36** affordable and available units for every 100 **extremely low-income** households

0–50% AMI: **67** affordable and available units for every 100 **very low-income** households

0–80% AMI: **97** affordable and available units for every 100 **low-income** households

0–120% AMI: **104** affordable and available units for every 100 **moderate-income** households

ANTICIPATED GROWTH

PROJECTED GROWTH: 2010-2040

Households +25,100

Seniors +2,600 households

School-aged children +5,600

DOWNTOWN FAYETTEVILLE

The growing appeal of downtown Fayetteville as a place to live is apparent in both the building boom of the past several years and higher premiums for apartments and homes located in the downtown area. ⁵

The City of Fayetteville has made strides to increase walkability in downtown Fayetteville and has expanded its bicycle network. As a result, downtown Fayetteville has some of the best potential for development within walkable areas or near the region's trails or bike lanes.

Downtown Market Snapshot

\$720
median multifamily rent (2017)

13%
lower than rents outside of downtown

\$255,204
average home sales price (2017)

*Source: Center for Business and Economic Research,
University of Arkansas, 2018*

KEY OPPORTUNITIES

Development of homes on underused, publicly owned property

Closer partnerships with large-scale employers and anchor institutions to promote affordability

Equitable growth and development



Downtown Fayetteville commands some of the highest rents and home sales prices in the region.

Downtown Fayetteville commands some of the highest rents and home sales prices in the region. Apartment living in downtown Fayetteville is more common than in other downtowns in the region, largely driven by new housing developments marketed to university students. Fewer single-family homes have been built since 2012, and the sales price of homes in downtown decreased between 2011 and 2017 (13 percent after adjusting for inflation).⁶ This dynamic—places that are easy-to-navigate on foot with parks, shops or other destinations located nearby, which tend to command higher premiums—mirrors national trends.

Driven by its growing vitality, living in downtown Fayetteville is becoming increasingly out-of-reach for workers in the region. Today, a worker would need to earn more than a \$14 hourly wage to afford the median rent in downtown Fayetteville. For perspective, a minimum wage worker in the region earns slightly less than \$9 per hour. The \$5-an-hour gap means that living in downtown Fayetteville is not an option for these workers.⁷

Despite these challenges, downtown Fayetteville boasts some advantages that can create increased access for the region's workforce to live there. One advantage is the large municipal footprint, including vacant and city-owned property. The City of Fayetteville owns 35 acres in walkable areas and near the city's and region's bicycle network. Some properties, such as municipal-owned surface parking lots, may be good immediate or short-term development opportunities. Another advantage is the presence of several large-scale employers and anchor institutions, including the University of Arkansas. They could play key roles in housing programs and neighborhood development.

FOOTNOTES

- ¹ In June 2018, a public workshop was held at Fayetteville City Hall to discuss growth, housing, and affordability. Participants identified key concerns related to population growth, and its impact on affordable and available housing options in the city. Workshop participants shared the values that they thought most important to guiding future housing policies and development, in Fayetteville and across the region. Values were presented and voted on by all attendees.
- ² In October 2018, a public workshop was held at the Fayetteville Senior Center to ask community members to prioritize housing issues for action in the next 10 years.
- ³ Data from 2012–2016 American Community Survey 5-Year PUMS and the U.S. Department of Housing and Urban Development’s FY2018 Income Limits and Fair Market Rent Documentation System. Income categories are adjusted annually and available at www.huduser.gov. For ease of interpretation, income figures are rounded to the nearest thousand. In interpreting the rental supply, numbers above 100 suggest a surplus of homes, numbers below 100 suggest a deficit of homes.
- ⁴ Center for Neighborhood Technology, which produces the H+T Affordability Index, sets the benchmark at no more than 45 percent of household income spent on combined housing and transportation costs. Housing and Transportation Affordability Index and annual transportation costs are available at <https://htaindex.cnt.org>.
- ⁵ “Measuring the Vitality of Downtowns in Bentonville, Fayetteville, Rogers, Siloam Springs, and Springdale.” Center for Business and Economic Research, University of Arkansas, October 2017.
- ⁶ The average sales price of a home within Downtown Fayetteville decreased slightly from \$267,063 in 2011 to \$255,204 in 2017. Average home sales price via Center for Business and Economic Research, University of Arkansas, 2018 and “Measuring the Vitality of Downtowns in Bentonville, Fayetteville, Rogers, Siloam Springs, and Springdale.” Center for Business and Economic Research, University of Arkansas, October 2017.
- ⁷ About one-fifth (or 21 percent) of Downtown Fayetteville’s workers work in service-oriented professions. More than 1,500 work at retail establishments, followed by more than 900 additional workers at eating and drinking places. “Measuring the Vitality of Downtowns in Bentonville, Fayetteville, Rogers, Siloam Springs, and Springdale.” Center for Business and Economic Research, University of Arkansas, October 2017.

SOURCES

Sources: 2007–2011 and 2012–2016 American Community Survey Five-Year Estimates; 2012–2016 American Community PUMS Five-Year Estimates; Center for Business and Economic Research at the University of Arkansas; Center for Neighborhood Technology H+T Index; and NWARPC 30-year growth forecasts. | Notes: All projected growth forecasts have been rounded to the nearest hundred. Figures are in 2016 and 2017 inflation-adjusted dollars.