

BUNCOMBE COUNTY NORTH CAROLINA

PROGRAM

1% Tax Towards Affordable Housing/Child Care/Transit

FUNDING MECHANISM

Occupancy Tax

OPPORTUNITY

The cost of housing in Buncombe County has risen significantly in recent years with a shortage of affordable units pushing families further outside of the area and squeezing out other important family budget items like child care. Affordable housing was identified by partners in the Success Equation initiative, including Children First/Communities in Schools, the Buncombe Partnership for Children and other non-profit leaders, as a critical first step to support low-income families.

SUMMARY

When the Buncombe County Tourism Development Authority began considering an increase in its occupancy tax in 2015, local advocates requested that one percent of the tax be dedicated to affordable housing, child care and/or transit. The occupancy tax in North Carolina is a tax on the stay in hotels or other accommodations. The one percent allocation would generate over \$2 million in revenue to support families throughout the county. *The occupancy tax was raised in Buncombe County by two percent, but the increase was designated to tourism marketing.*

CHALLENGES

Occupancy Tax Usually Funds Tourism // While occupancy tax is a potentially significant source of revenue in North Carolina, especially for tourist-based economies, it has traditionally funded tourism promotion and marketing efforts for an area.

NC General Assembly Sets Use and Rate for Occupancy Tax // The occupancy tax rate for a given locality is set by the NC General Assembly and the designation of funds raised also is set by the General Assembly through a local bill. (A local bill has limited application, affecting fewer than 15 counties.)

GETTING TO ACTION

In 2010, Children First/Communities in Schools of Buncombe County launched a listening project to document the experience of families facing poverty in their communities. More than 100 low-income people, including teens, mothers and service providers participated in focus groups and interviews. They represented a wide geographic range: from public housing in the city, the Emma community, south Asheville, east Asheville and Barnardsville.

These listening sessions formed the foundation of Success Equation, an initiative that launched a year later to “inspire and sustain a local movement to reduce the incidence of poverty and its impact on children.” Foundational to that effort is collaboration across service providers, community leaders, residents and advocates in the areas of early child development, child and family supports and family economic stability.

Key aspects of the work include aligning and connecting services to support families through the Family Resource Center Roundtable, identifying state and local policy opportunities to boost support for poverty reduction locally and building public awareness of the issues and evidence-based solutions that can lead to change in Buncombe communities.

LESSONS LEARNED

- ▶ Documenting the challenges of low income people through the listening tour provided authenticity and credibility to the Success Equation’s focus on early childhood, affordable housing and transit.
- ▶ Given that the occupancy tax rate and purposes are set by the NC General Assembly, advocates needed to work not only with local leaders and elected officials, but state officials as well. Local and state elected leaders were supportive of exploring alternative uses of the tax. However, the issue did not have the support of the local Tourism Development Authority nor leadership in the General Assembly.
- ▶ The Success Equation did not play an active role in the occupancy tax negotiations—but Children First/Communities in Schools staff did meet with elected officials in support of leveraging the tax for affordable housing. As a result of local media coverage, the community is more aware of the occupancy tax and there is a growing sentiment expressed in traditional and social media for those taxes to address community needs. The Success Equation will need to decide if there is merit to continue this effort.