



AFFORDABLE HOUSING ANNUAL REPORT

FISCAL YEAR 2023 (JULY 1, 2022 - JUNE 30, 2023)



Key Results

\$16
Million



Town budget for affordable housing strategies

163



affordable housing units approved by Council

10%



of total units approved by Council that are permanently affordable

100%



of funding available allocated to projects

25



affordable units developed with support from the Town

16



affordable units preserved with support from the Town

693



affordable units in the pipeline to be developed in the next 5 years

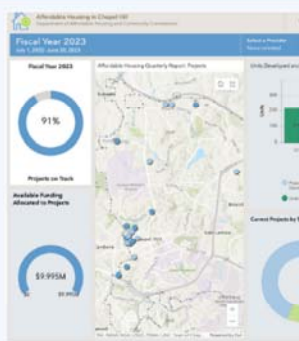
\$10
Million



deployed to community partners for projects

Key Successes

- Secured a historic \$5 Million contribution from UNC Health to establish an [Affordable Housing Revolving Loan Fund](#).
- Achieved key policy changes to reduce barriers to affordable housing: [expedited review](#) policy, [source of income protections](#) policy, and a [housing choices](#) text amendment.
- Dedicating [\\$10 Million to support affordable housing projects](#) in the community, the largest single-year contribution in Town history that will support 300 new affordable homes in five developments.
- Awarded two highly competitive 9% Low-Income Housing Tax Credit awards for Town-initiated affordable housing development projects on Town-owned land.
- Created an Affordable Housing Plan and Investment Strategy to inform the strategies, goals and resource allocation for the Town's affordable housing work over the next five years.
- Supported the approval of 163 affordable units through the Town's inclusionary housing policies.



Left to Right: Habitat Team build for Gattis Court duplexes, Habitat for Humanity Weavers Grove Award, enhance Affordable Housing Dashboard tool, Community Home Trust exceptional innovation award, Perry Place under construction.

Our Goal:

To increase access to housing for residents across a range of incomes, and to constantly strive for more equitable outcomes and opportunities for historically underserved populations.

Community Indicators

\$15,991,145

Town Budget for Affordable Housing Strategies



\$95,500

Median Household Income



\$623,892

Home Value Index



58%

of Renters spend more than 30% of income on Housing



22%

of Homeowners spend more than 30% of income on Housing

41%

of Housing Units affordable to households with income at 80% AMI*



28%

of Units Approved in FY22 affordable to households with income at or below 80% AMI

22,152

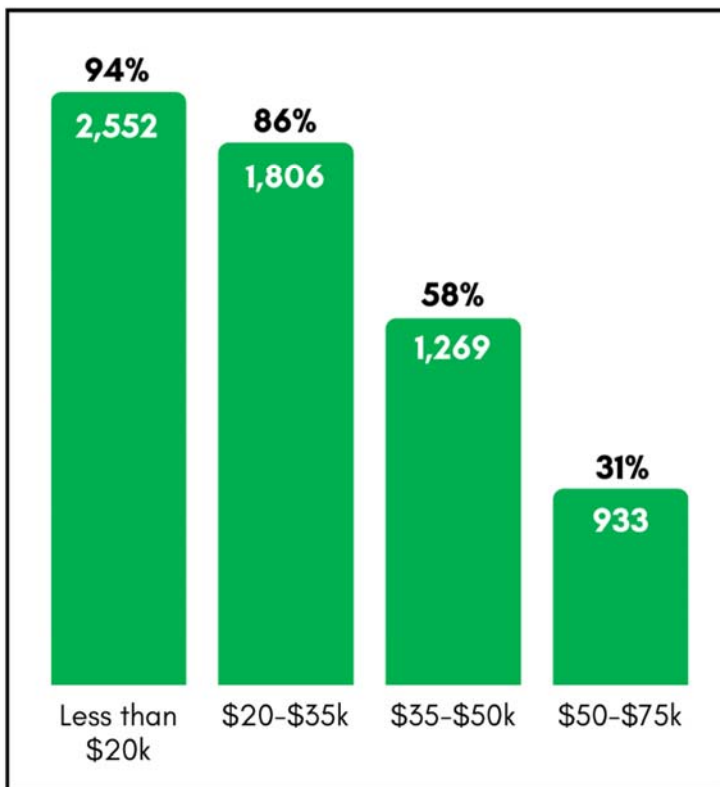
Total housing units in town



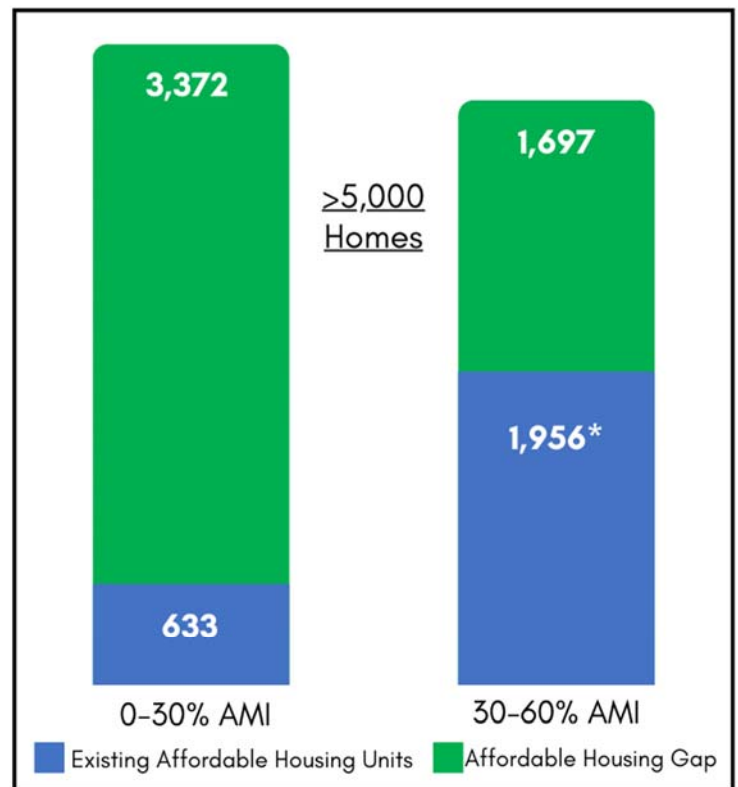
442

Units Approved in FY22

Number and Percent of Households that are Cost-Burdened by Income Level

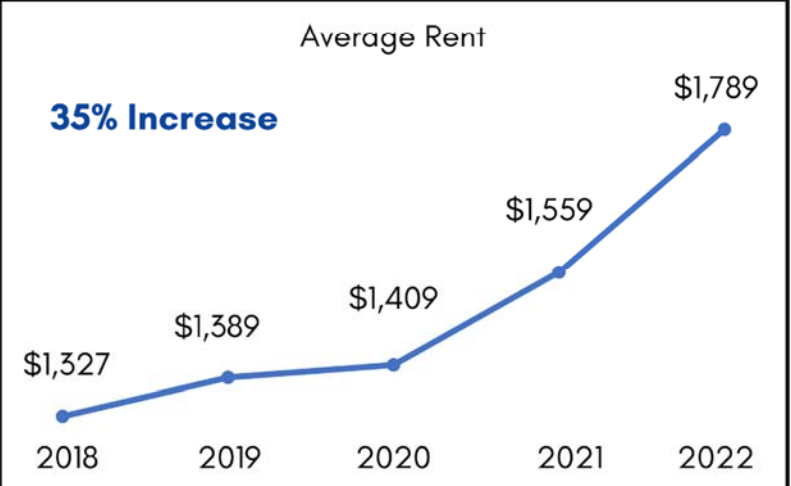


Additional Affordable Housing Units Needed by Income Level

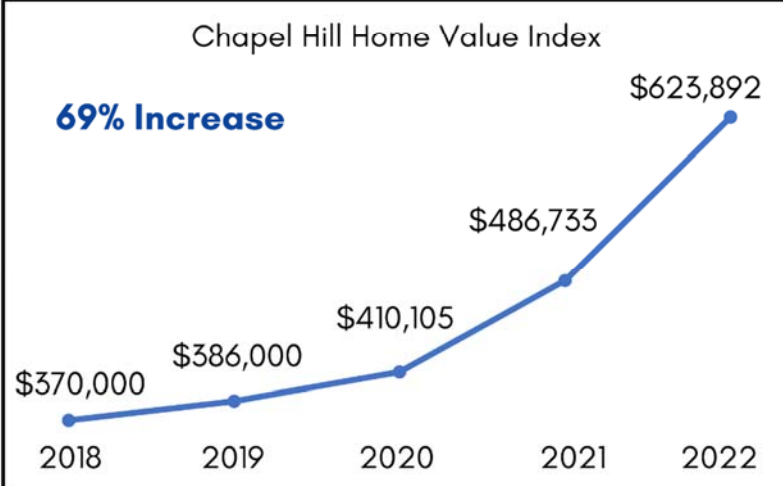


Housing costs have been rising in Chapel Hill since 2018:

Rise in Rental Rates

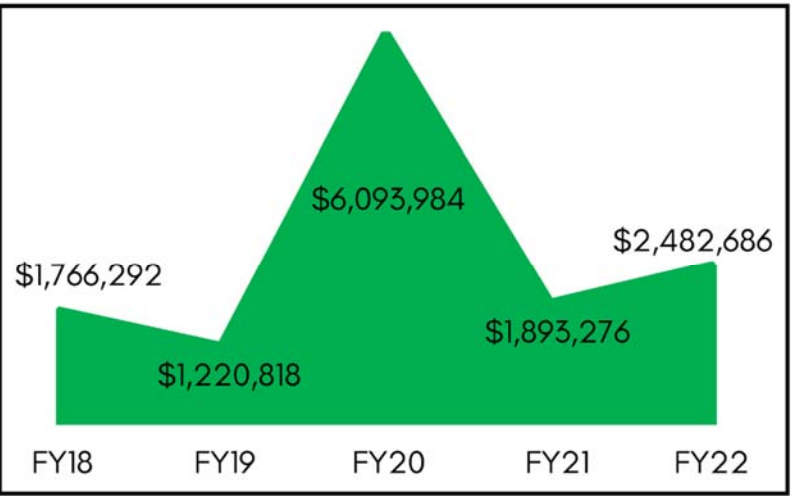


Rise in Home Values

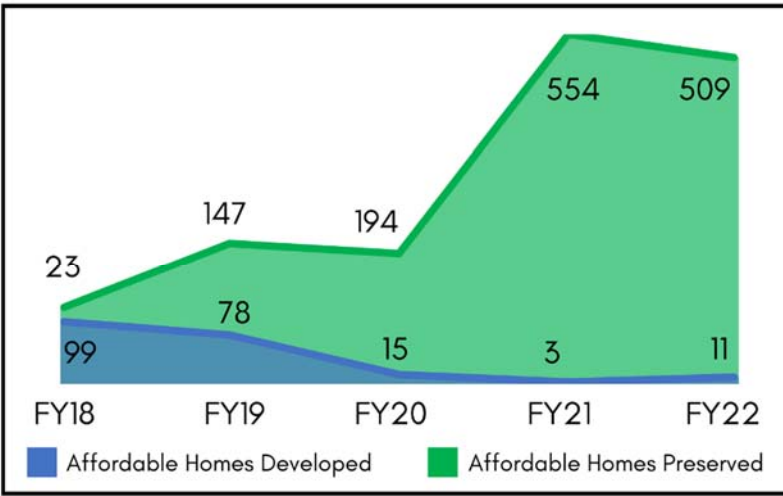


The Town has increased its support for affordable housing to address housing needs:

Affordable Housing Funding Allocated to Projects

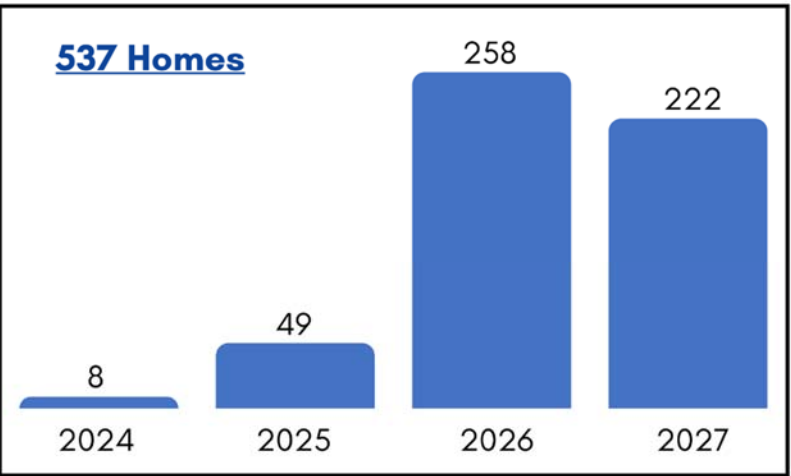


Development and Preservation Units Completed

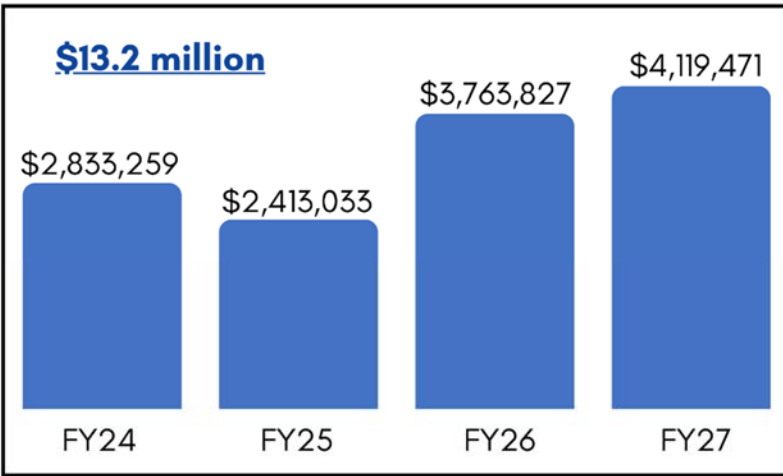


More affordable housing is planned to be created, but funding is still needed:

Affordable Housing Development Pipeline



Additional Funding Needed to Support Projects

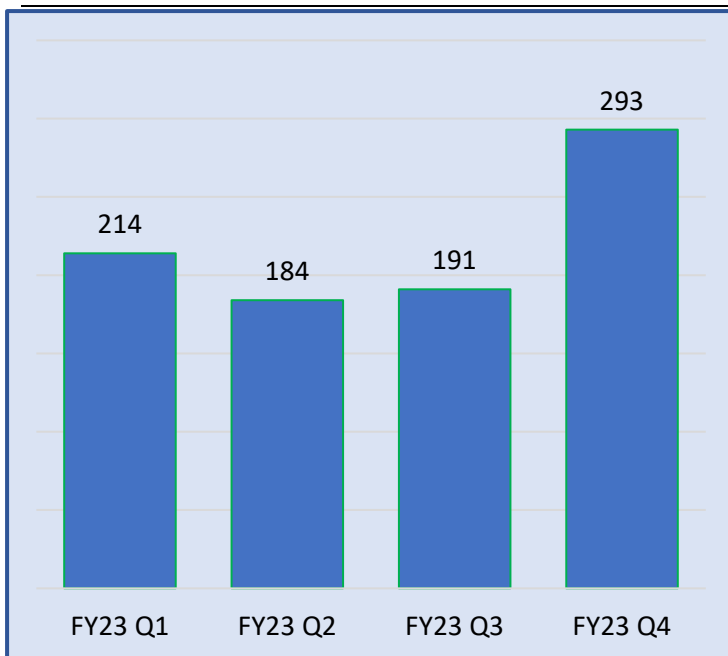


FY23 Q4 Highlights

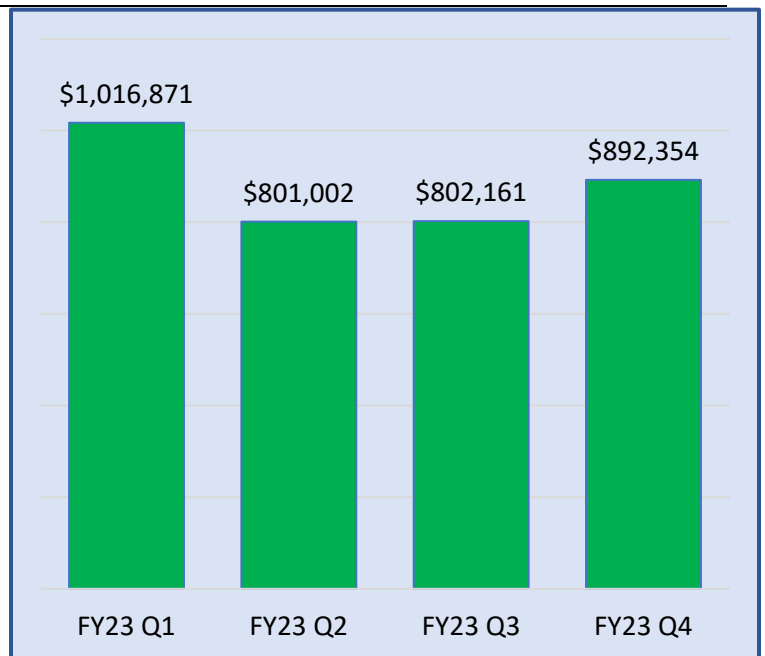
- Council approved conditional rezoning for Eastowne Medical Office Buildings that included commitment of \$5 million to initiate affordable housing revolving loan fund.
- Self-Help oversaw the rehabilitation of four units in the Northside neighborhood.
- The Perry Place affordable housing community is fully occupied, including 24 units in Chapel Hill serving households earning less than 60% of the Area Median Income.
- The Town continued working with a consultant team from HR&A Advisors to create an affordable housing plan and accompanying investment strategy. The plan will inform the strategies, goals and resource allocation for the Town’s affordable housing work over the next five years.
- In FY23 Q4, 293 Chapel Hill households received assistance through the County-wide Emergency Housing Assistance Program. This assistance is reflected in the total units preserved.
- A number of Town-funded projects are experiencing delays for a variety of reasons, including challenges associated with delays with the availability of HUD funding. No additional HUD-related delays are anticipated.

Emergency Housing Assistance

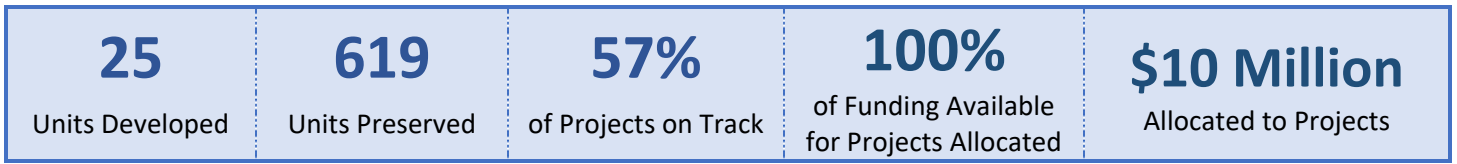
Number of Payments Made



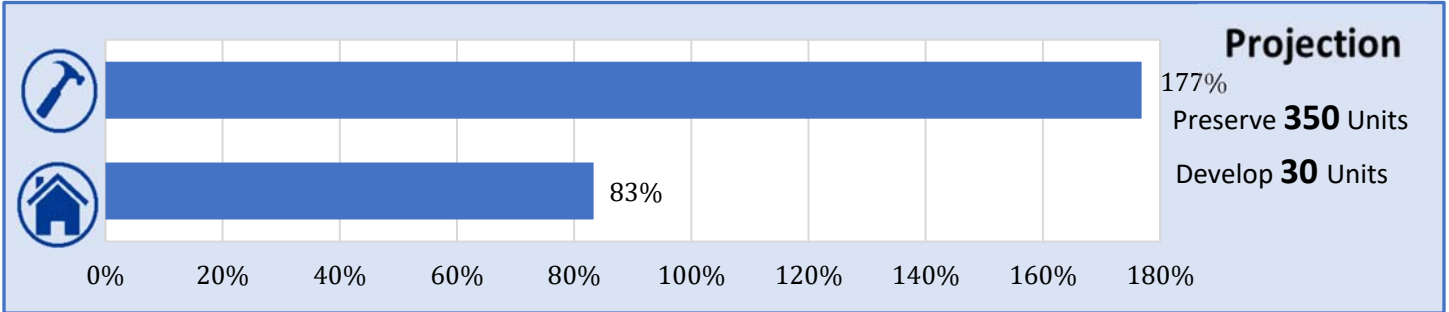
Amount of Assistance Provided



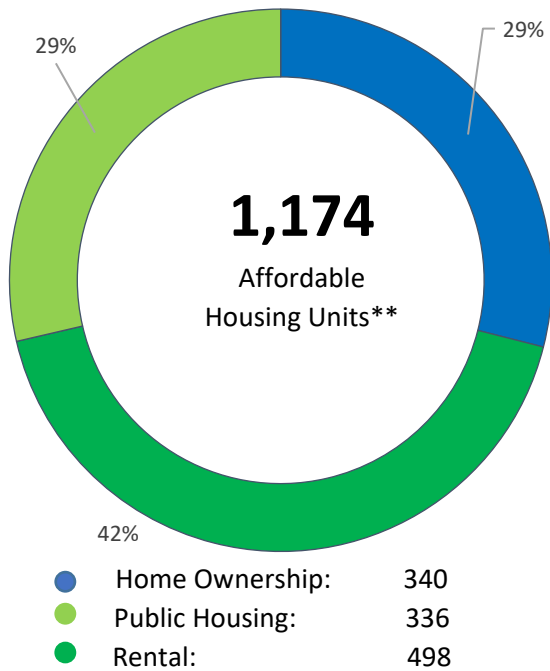
FY23 Town Performance-to-Date



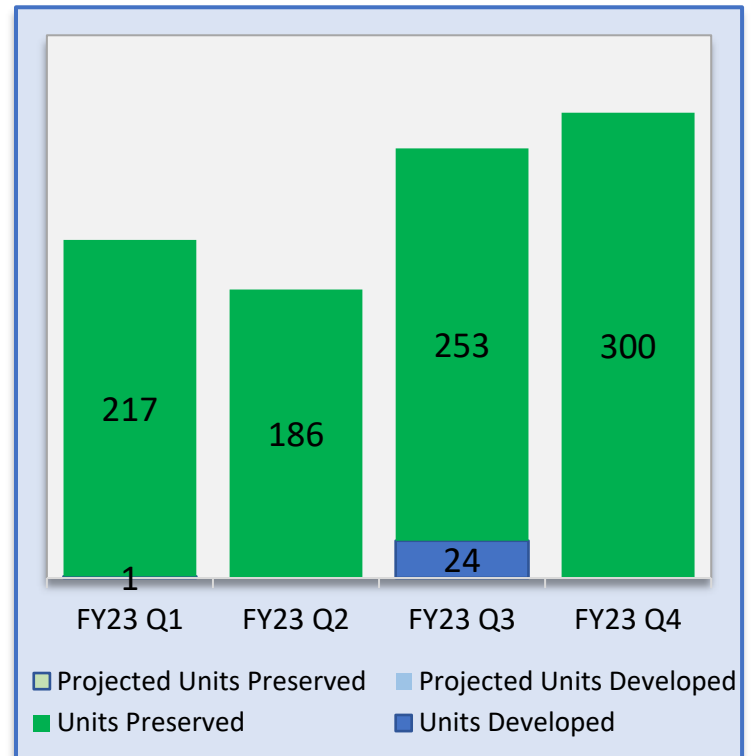
Progress Towards FY23 Projection
























Number of Subsidized Units in Town





Units Developed and Preserved by Quarter



Affordable Housing Projects Underway Supported by the Town

Project Type	Provider	Project Name	Number of Units	Projected Completion	Status
	EmPOWERment, Inc.	707 Gomains St House Move	1	FY23 Q1	✓
	Town of Chapel Hill	Transitional Housing at Umstead Road	1	FY23 Q3	✓
	CASA	Perry Place at Merritt Mill	24	FY23 Q3	✓
	Town of Chapel Hill Public Housing	Craig Gomains Unit Rehab	1	FY23 Q3	✓
	Orange County	Emergency Housing Assistance	~600	FY23 Q4	✓
	Self-Help	Northside Housing Rehab	10	FY23 Q4	✓
	Self-Help	Northside Acquisition and Development	4	FY23 Q4	●
	Town of Chapel Hill	Employee Housing Program	6	FY23 Q4	●
	Community Home Trust	Homebuyer Subsidy	2	FY24 Q4	●
	Orange County Preservation Coalition	Homeowner Rehabilitation	12	FY24 Q4	●
	Town of Chapel Hill Transitional Housing	Ashley Forest Renovation	2	FY24 Q1	●
	Town of Chapel Hill Transitional Housing	Weatherstone Renovation	1	FY24 Q1	●
	Community Empowerment Fund	Down Payment Assistance	5	FY24 Q1	●
	Community Home Trust	Legion Rd Townhomes Crawl Space Renovation	14	FY24 Q1	●
	Self-Help/Community Home Trust	223 N. Graham	1	FY24 Q1	●
	Habitat for Humanity	Gattis Court	4	FY24 Q3	●
	EmPOWERment, Inc.	PEACH Apartments	10	FY25 Q4	●
	Town of Chapel Hill	Trinity Court	54	FY25 Q2	●
	Town of Chapel Hill	Homestead Gardens	87	FY26 Q2	●
	Town of Chapel Hill	Jay Street	48	FY26 Q2	●
	Habitat for Humanity	Weavers Grove	100	FY28 Q2	●

Legend:

- ✓: The project has been completed
- : The project is on track to meet its project scope and schedule
- : The project has been delayed in meeting its previous quarter project scope and schedule
- : The project has stalled and may not be completed
- : Development Project
- : Preservation Project

Affordable Housing Work Plan Highlights

Project	Progress Update
DEVELOPMENT	
Trinity Court	<ul style="list-style-type: none"> Town staff have been working with the developer and outside counsel to document the terms of the affordable housing funding Council approved in November 2022. Town staff have been acting as liaison between the development team and Planning staff as they review the project Zoning Compliance Permit application. Town staff have been working with outside counsel to gather and finalize documents required for closings on RAD, LIHTC, and Town funding.
Homestead Gardens	<ul style="list-style-type: none"> The development team submitted a major modification application to accommodate proposed changes to the site plan. Council will vote on the proposed modification in fall 2023. Council authorized the Town Manager to execute an option to ground lease agreement with the vertical partners – Habitat for Humanity, Community Home Trust, and CASA. Town staff supported CASA in assembling and submitting an application for \$2.5 million in SHARP funding from NCHFA.
Tanyard Branch Trace / Jay Street	<ul style="list-style-type: none"> On April 26, Council approved the allocation of up to \$1.95M in already approved affordable housing funding to the project. Tanyard Branch Trace is one of 30 applications out of 80 submitted that has been awarded a 2023 9% Low-Income Housing Tax Credit award.
Plant Road	<ul style="list-style-type: none"> Staff are working with our engineering partner to complete preferred development scenarios with accompanying cost estimates. Staff expect to have the completed analysis by late summer. Staff are monitoring the status of the Municipal Services Building concept planning effort, which will inform the timing of a potential relocation of the Parks & Recreation offices from the Plant Road property, potentially making that land available for development.
Legion Road	<ul style="list-style-type: none"> Staff continue to provide guidance on the project workplan, to coordinate planning efforts for the development of parks and affordable housing on the Town-owned Legion Property. On May 24, Council authorized the Manager to seek an affordable housing development partner for the Legion Road property. Staff plan to draft and release a request for qualifications for affordable developers for the site in Q1 of this year.
Bennett Road	<ul style="list-style-type: none"> Staff have assembled a possible scope of work for the Development Finance Initiative to begin evaluating development scenarios for the site. Based on direction from the previous Manager, staff have not proceeded with the site evaluation at this time.
Redevelopment of Fire Station #4	<ul style="list-style-type: none"> Staff are working with an interdepartmental team to plan for the redevelopment of fire station #4, including incorporating affordable housing into a preliminary site plan. The team plans to draft and release a request for qualifications for design services in Q1 of this year.
PRESERVATION	
Implement Manufactured Home Communities Strategy	<ul style="list-style-type: none"> Community Connections staff are further developing the scope for developing a resident leadership team among manufactured housing residents.
Preservation Strategy Framework	<ul style="list-style-type: none"> Staff are working with GIS staff to begin creating a draft early warning system. With UNC Health’s \$5 million commitment to an affordable housing loan fund approved as part of the approval of the Eastowne conditional zoning approval, staff are designing next steps for establishing the fund. Staff plan to draft and release a request for qualifications for a third-party fund administrator in Q1 of this year.
Emergency Housing Assistance (EHA) Program	<ul style="list-style-type: none"> The County Commissioners approved changes to the Program in November, including limiting assistance to only households making 30% or less of AMI and placing a \$6,000 assistance cap.
Property Tax Assistance	<ul style="list-style-type: none"> Council approved \$100,000 for property tax assistance in the FY24 budget. Staff are exploring options for utilizing these funds this fiscal year.

POLICY	
Employee Housing Program	<ul style="list-style-type: none"> Staff are continuing to see interest from employees for rental assistance and are helping employees connect with resources for program approval and locating housing in Chapel Hill.
Inclusionary Housing	<ul style="list-style-type: none"> Staff are working with development teams from the University Place, 710 North Estes, and Summit Place Townhomes projects to draft and finalize affordable housing agreements prior to the Town issuing their final plans approval. Staff worked with development teams for Barbee Chapel, Chapel Hill Crossing, and South Creek to clarify their affordable housing plans and finalize the affordable housing conditions prior to Council review. Town staff continue to field inquiries and data requests related to the design and impact of the Town's Inclusionary Housing policies from jurisdictions and groups interested in creating a similar program.
Source of Income Protections	<ul style="list-style-type: none"> Staff drafted a Source of Income Protections policy which the HAB unanimously recommended and Council approved on May 24. Staff will begin implementing the policy immediately.
Housing Petition: Expedited Review and Missing Middle	<ul style="list-style-type: none"> Affordable housing staff continue to work with Planning staff to implement the Community Priority Process for Affordable Housing Development Review (CPP-AHDR). Planning has received one eligible application for CPP-AHDR, offering 25% of its for sale units at 80% AMI or below. Affordable housing staff are working with Planning to research possible strategies to encourage and support affordability in small-scale development related to the Housing Choices for a Complete Community Text Amendment, which Council approved in on June 21.
Affordable Housing Plan	<ul style="list-style-type: none"> Staff have been working with the selected consulting firm HR&A Advisors to incorporate the Town's existing strategies, data, reports, and Work Plan into a comprehensive plan and accompanying investment plan to guide the Town's efforts over the next 5 years. The consultant team presented preliminary findings to Council on April 26 and draft recommendations on June 14. Staff are reviewing the full draft plan and the consultant team will seek Council action on the plan in September 2023.
FUNDING	
Implement Investment Plan for Affordable Housing	<ul style="list-style-type: none"> As part of The Affordable Housing Plan, HR&A will include an investment strategy to identify what financial resources will be needed to implement the strategies approved in the plan.
Manage Funding Programs	<ul style="list-style-type: none"> The FY23-24 CDBG Annual Action Plan has been approved by HUD and the signed Grant Agreement was submitted in July. Staff will work on completing environmental reviews and executing agreements with funded programs in FY24 Q1. When HUD ran the Town's timeliness test on May 2nd, we had 2.27x the current year's grant funding and received a notification from HUD on June 1st. This was due to the fact that HUD did not issue our FY 23 grant agreement until December, and process the agreement to make the current year funds available to draw until April shortly before they ran the test. We have already drawn enough to get our ratio down to 1.65x and will have the remaining \$65,000 to draw after year end invoices are submitted to meet the 1.5x test.
MANAGING TOWN-OWNED HOUSING	
Transitional Housing Program	<ul style="list-style-type: none"> Staff are finalizing the sustainability plan for the program, with anticipated completion this month. Staff have already begun implementing strategies identified in the plan. With Council's approval of the FY24 budget, the program will have a dedicated Maintenance Mechanic, strengthening our internal capacity to meet the maintenance needs of the homes in the portfolio.

Notes & Citations

- *The % of affordable housing units at 80% AMI increased by 2% points to 41% from the Q1 report due to a discrepancy in the Co-Star naturally occurring affordable housing database. The number of affordable rental units at 60% AMI was also affected by this discrepancy. We have addressed this issue and the Q2 report shows an increase of 136 units for a total of 1956 units. The total gap remains ~5,000 units.
- **The number of subsidized homes in Chapel Hill in this report decreased by 4 units to 1150 from the Q1 report due to the discovery of a minor discrepancy in the Orange County Affordable Housing Coalition database.
- The percentage of renters and homeowners that pay more than 30% of their income on Housing, the number and percentage of cost-burdened housing, and total occupied housing units in town data source is U.S. Census Bureau, 2016-2020 American Community Survey 5-Year Estimates
- HUD defines cost-burdened families as those who pay more than 30% of their income for all housing-related expenses and may have difficulty affording necessities such as food, clothing, transportation, and medical care.
- Staff calculated the need for affordable housing units by income level by comparing the number of households with incomes that fall within the specified AMI levels to the number of affordable units available to households at those income levels. The data source for household income level was the American Community Survey. The unit count data was pulled from the Co-Star Naturally Occurring Affordable Housing database and the Orange County Subsidized Affordable Housing Inventory.
- The median household income data source is the HUD 2022 Median Family Income Estimates based on American Community Survey data for the Durham-Chapel Hill Metropolitan Statistical Area.
- The home value index data source is Zillow.com and average rent rate is from Co-Star data.
- The total budget this fiscal year for affordable housing strategies captures all Town expenditures for affordable housing. This includes the Affordable Housing Fund, CDBG Funds, and operating funds, among others.
- The percentage of housing units that are affordable to households with income under 80% AMI includes naturally occurring affordable housing and units subsidized by the Town. The data source for this metric and corresponding chart is the commercial real-estate research firm Co-Star and the County-wide data inventory created through the Orange County Affordable Housing Coalition.
- The percent-of-budget allocated metric displays the percentage of the Town budget for affordable housing projects allocated as of the date of the quarterly report.
- The data source for the number of units subsidized by the Town is the County-wide Data Inventory created through the Orange County Affordable Housing Coalition.
- The data source for subsidized housing unit development projections is the County-wide data inventory created through the Orange County Affordable Housing Coalition.
- The data for households served with Emergency Housing Assistance is based on the most recently available data from Orange County.