

02-02-2022 Town Council Meeting Responses to Council Questions

ITEM #2: American Rescue Plan Update

Council Question:

I've had community members wondering why housing isn't mentioned on the survey. Is it possible to update the survey to reflect emergency housing/rental assistance & any other newly allowable uses for the funds? The Town website mentions the following allowable uses for ARPA funding.

- Economic relief
- Education and youth employment
- Food assistance
- Clean water and stormwater
- Emergency housing and rental assistance
- Job training

Staff Response:

The Town's website listed (until Monday, 1/31) the five (5) ARPA-eligible categories (see below). The above list are only examples of things we could use the money for and was just meant to represent suggestions (not an all-inclusive list).

1. Support public health. Fund medical expenses, behavioral healthcare, and certain public health and safety staff.
2. Address negative economic impacts. Relieve economic harm to workers, households, small businesses, affected industries, and the public sector.
3. Replace lost town revenue. Provide government services to the extent of the loss in revenue because of the pandemic. These could include:
 - Maintenance and pay go capital
 - Vehicle replacements
 - Streets and sidewalks
 - Affordable housing
4. Provide premium pay for essential workers. Offer additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors.
5. Invest in water, sewer, and broadband infrastructure. Make necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

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The website has now been updated with the Final Rule items but the essence of what is allowable has not changed significantly.

Council Question:

How will ARPA allowances for government employees inform the Pay Plan, specifically, Premium Pay, providing retention incentives, a focus on lower-income and frontline workers performing essential work in the short/long term?

Staff Response:

ARPA does have a category for Premium Pay for Essential Works (see category #4 in the response above). The category was not ranked with high interest in the community but was, understandably, among Town employees that responded to the survey. The Final Rule provides clarification that local government employees qualify as essential employees and are therefore eligible for premium pay. However, the focus of the guidance is intended to address non-exempt employees and those who were unable to work remotely during the pandemic and had regular in-person interactions with the public.

Early in the pandemic, the Town recognized employees who had regular in-person interactions as part of their job with Bonus Time (additional leave time awarded) and in June 2021 offered employees the opportunity to sell a portion of this time back to the Town if they chose to do so. Any additional premium pay opportunities could be considered when we return to Council in the spring to discuss project funding recommendations.

Council Question:

Affordable housing development, was named as an eligible usage, how can this impact funding for projects currently in the pipeline?

Staff Response:

The ARPA team is working closely with Affordable Housing & Community Connections team through the ARPA process. Based on current projections, staff anticipate having funding needs of over \$6 million for this year's Affordable Housing Bond cycle, potentially over \$8 million depending on the outcome of the Low Income Housing Tax Credit (LIHTC) process. We also have funding gaps for the next several years for projects in the pipeline, with an anticipated gap of around \$7 million total for the next three fiscal years for Town-initiated and partner projects. ARPA funding could allow us to cover our current expected funding need for projects currently in the pipeline (both Town-initiated and outside partners) and possibly (depending on the LIHTC outcome) provide funding for future projects we are hoping to add to the pipeline.

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Council Question:

How will these new allowances impact the staff proposed ARPA timeline? With the new allowances, community/stakeholders may need time to review new opportunities to submit proposals.

Staff Response:

For community members with project ideas, the ARPA survey asked them to rank the categories and provide general project ideas for the Town to consider. The later part of the survey will continue to be open so community members can respond. For community partners, we have updated the guidance document with the Final Rule new allowances and it will be available along with the application when it opens next week.

Council Question:

Could you provide the demographic data for the town so that we can compare rates of participation/representation to the size of each group within the town's population?

Staff Response:

According to the [most recent Census¹](#), the following are age, ethnicity and gender demographic data for Chapel Hill:

- **Ethnicity:**
 - White: 71.7%
 - Black or African American: 10.9%
 - American Indian and Alaska Native: 0.3%
 - Asian: 13.0%
 - Native Hawaiian or Other Pacific Islander: 0%
 - Two or more races: 2.9%
 - Hispanic or Latino: 6.3%
 - White , not Hispanic or Latino: 66.9%

- **Age:**
 - Under 5 years old: 3.3%
 - Under 18 year old: 16.1%
 - Over 65 years old: 11.2%

- **Gender:**
 - Female 53%
 - Male: 47%

¹ <https://www.census.gov/quickfacts/fact/table/chapelhilltownnorthcarolina/POP060210>

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Council Question:

Could we have an update on the county's and school system's plans for use of their ARPA funds?

Staff Response:

We do not currently have this information. We will share what we learn from the other agencies with the Council.

Council Question:

Could you provide an update on the emergency housing assistance program - are there still sufficient funds available to meet the need? How long will that funding be available? Are there categories of need not covered under that program, such as support to residents above 30% AMI, that we might want to consider supporting with ARPA funds?

Staff Response:

Since the beginning of 2020, the Emergency Housing Assistance Program (EHA) has served 784 households in Chapel Hill, totaling over \$2.9 million in assistance. Chapel Hill funded almost \$1.4 million of that amount through CARES Act funding, CDBG-CV, CDBG, the Affordable Housing Fund, and donations received from the public for this purpose.

Orange County allocated \$2.7 million in County ARPA funding in December to be used for Emergency Housing Assistance county-wide. This is the funding source currently being used for Chapel Hill households as the Town does not have any more funding allocated. The \$2.7 million allocation is projected to last through this fiscal year, with \$2.5 million currently remaining.

Orange County has seen a noticeable increase in the number of applications for EHA now that the State's program, HOPE, has closed once again. That includes many households that are not eligible to be served by EHA because their income is greater than 30% AMI. HOPE previously served households up to 80% AMI while EHA is serving households 30% AMI and below.

In addition to the general gap in EHA funding for 30-80% AMI, other housing needs include: assistance for homeless or near-homeless applicants over 30% AMI, and cases referred from the Eviction Diversion program, which often have incomes up to 60%.

Orange County estimates that to serve all households up to 60% AMI through June 2022, an additional \$810,000 in funding would be needed. For the program to continue past June for any households, additional funding needs to be identified.

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Council Question:

If we were to use funds to provide property tax assistance, would it be available to a broader range of residents than under existing property tax assistance programs?

Staff Response:

Questions about whether the Town could legally offer property tax assistance came up during the FY 2021-22 budget discussions related to the increase in property values as a result of the revaluation. Please see the link to an article written by the School of Government:

<https://canons.sog.unc.edu/gentrification-and-property-tax-relief/>. Bottom line is that there is not much a city can readily do provide relief other than possibly some grant programs. This is spelled out in the article and there are concerns pointed out about the constitutionality of providing these types of grants.

GS Chapter 105 gives counties a few tax-relief options for the elderly, veterans, and a few others. These are application-based.

Please also note that as a result of the conversations that came up last year regarding the increase in values (specifically related to the Northside neighborhood), Orange County created a Longtime Homeowner Assistance (LHA) Program on October 8, 2021 to provide property tax assistance to help people stay in their homes. To qualify, homeowners must:

- *Live in Orange County;*
- *Have lived in their home for at least 10 years;*
- *Have experienced an increase in property taxes due to the 2021 tax revaluation; and*
- *Earn no more than 80% of the area median income based on family size*

The Orange County Board of Commissioners initiated the LHA Program on June 15, 2021, by allocating \$250,000 in American Rescue Plan Act funds to assist households affected by the 2021 countywide property revaluation. The final program design was approved at its Oct. 5, 2021, business meeting.

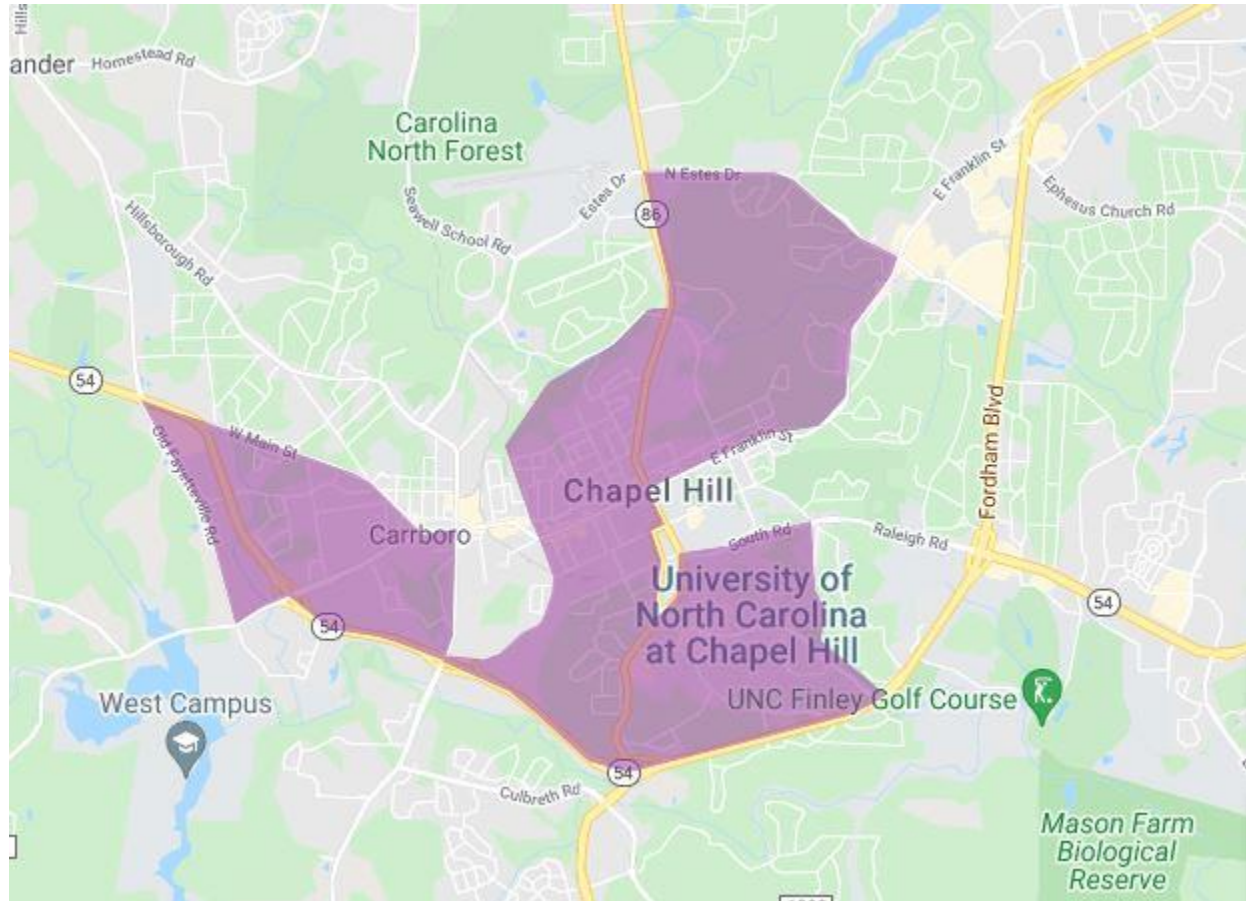
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Council Question:

What parts of town are included in the qualified census tracts?

Staff Response:

The Town's Qualified Census Tracts (QCTs) can be [found here](#)² and the shaded areas in the map below.



Council Question:

What is the plan for forming the community review team?

Staff Response:

At this time, the ARPA team plans to send a call for 10-12 volunteers from our current Advisory Board members and Peoples Academy Graduates. Volunteers will complete a short application which will be reviewed by a staff team for diversity of perspectives and backgrounds. The resulting group will most likely be brought to Council for approval as an ad hoc task force.

² https://www.huduser.gov/portal/sadda/sadda_qct.html