

Affordable Housing Annual Report

Fiscal Year 2022



Council Meeting Presentation
September 28, 2022



AGENDA

1) Community Indicators

2) 2022 Results and Project Highlights

3) 2023 Projections

4) What's Ahead



Summary of Progress in Fiscal Year 2022

- 123 affordable units approved by Council, including 102 in Town-initiated projects on Town-owned land
- **\$2.5** million awarded to community partners for affordable housing projects
- 105 new development units awarded funding from the Town
- Enhanced the Employee Housing Program – 1st Homebuyer Assistance Provided
- Collaborated with local governments to create Manufactured Home Action Plan
- 492 households provided with Emergency Housing Assistance



Significant Housing Needs

- Town taking comprehensive look at housing needs to create strategies to help build inclusive, sustainable, complete communities
- ~ 500 new units needed per year



COMPLETE COMMUNITY STRATEGY

Meeting Chapel Hill's Housing Needs

MARKET DEMAND CONSIDERATIONS

Demand by housing type depends on several factors



Population Growth

How fast is the market area growing? Who is moving in?



Headship Rate

How are living patterns changing?



Housing Tenure

Do people want to rent or own?



Vacancy Rate

How constrained is the current market?



Housing Unit Loss

How many units need to be replaced?

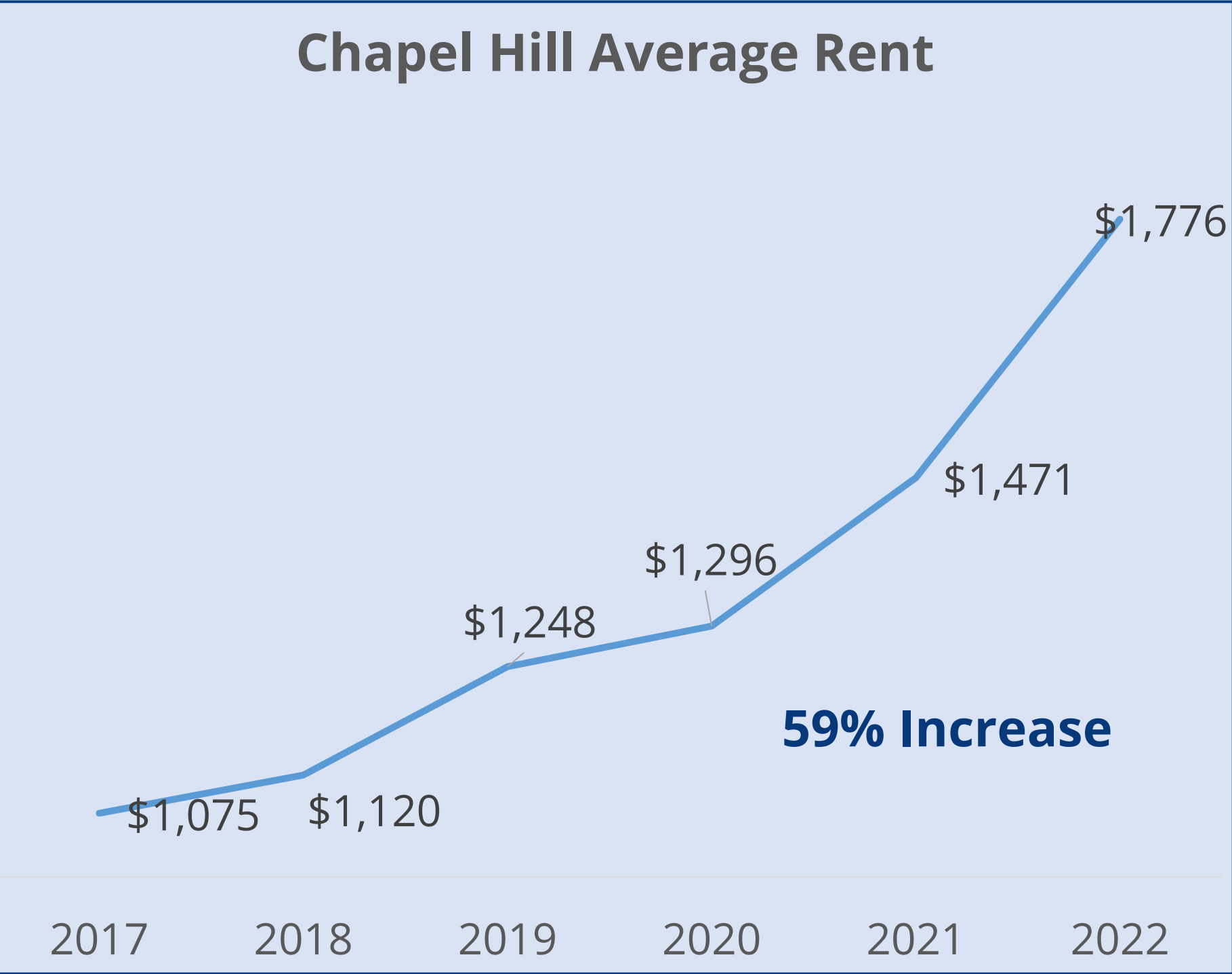


Housing Preferences

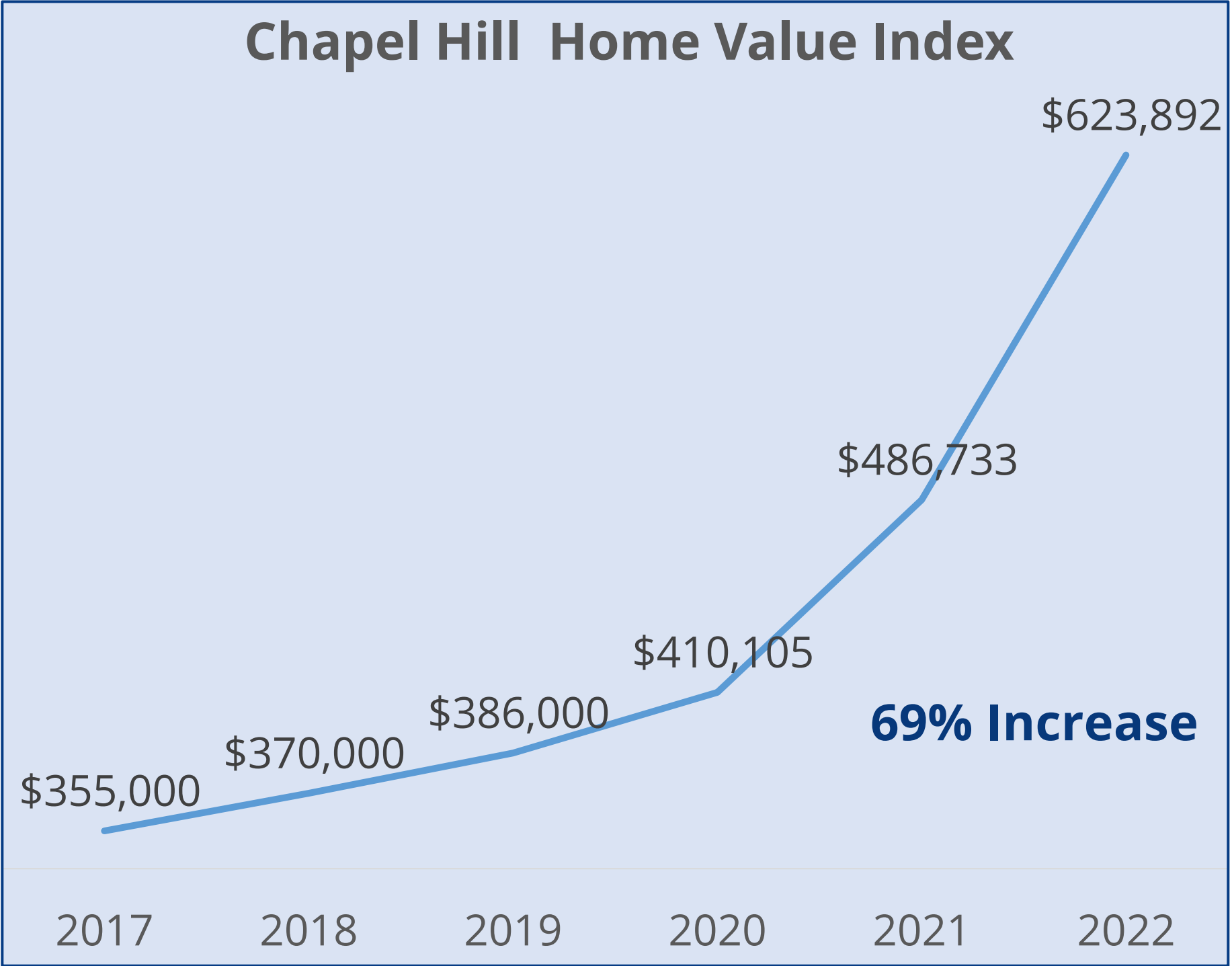
What sort of housing typologies are desired? How are those preferences evolving?

The Housing Market Has Seen Dramatic Price Increases

Chapel Hill Average Rent



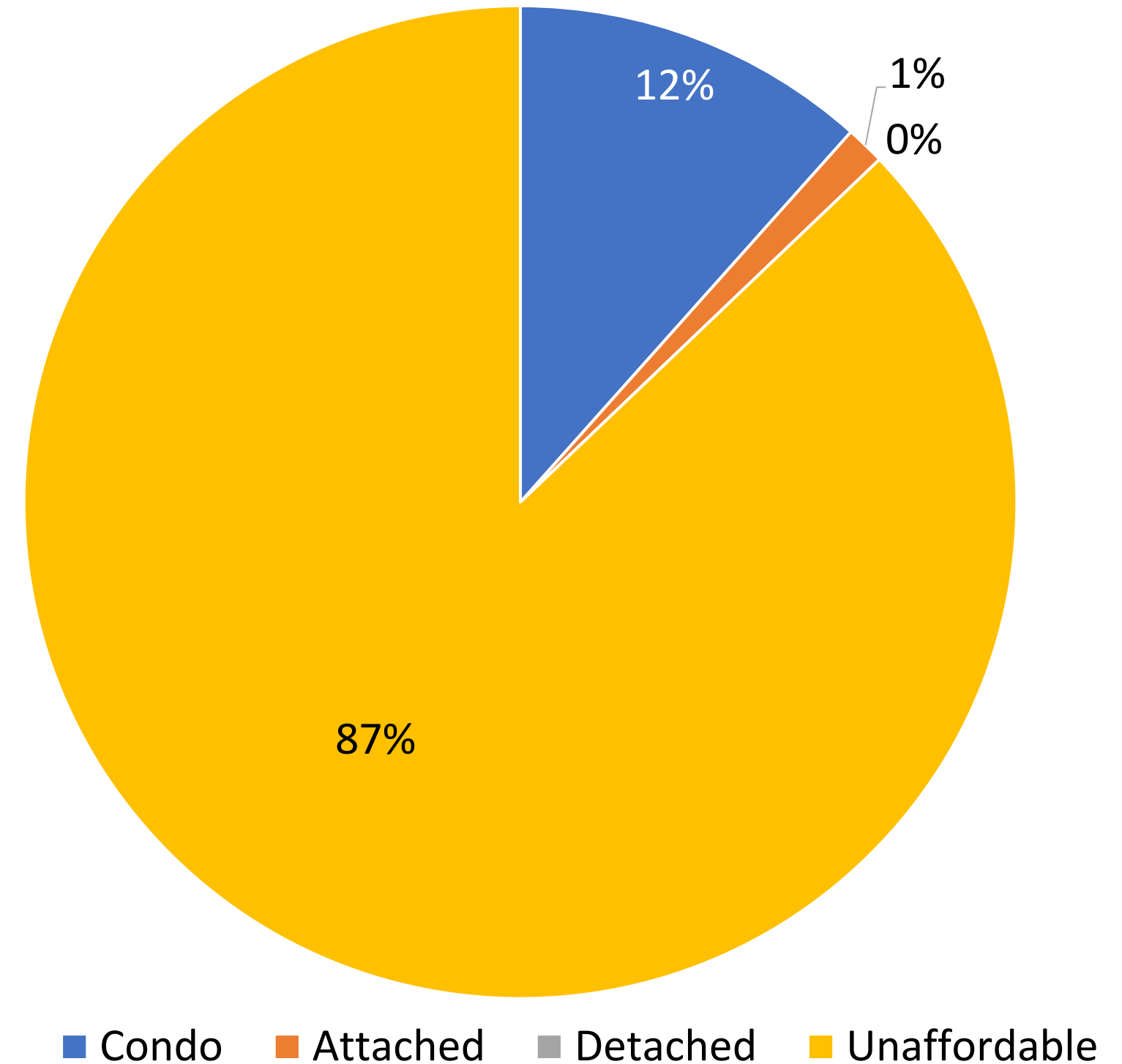
Chapel Hill Home Value Index



Impacts on Chapel Hill Residents - Homeownership

- 87% of Home Sales Unaffordable to Households Making Less than \$75k
- Affordable home sale price decreased by \$55,000 due to rise in interest rates
- No single-family homes sold in 2022 at an affordable price in Chapel Hill

Affordable Homeownership by Housing Type



Impacts on Chapel Hill Residents - Rental

RENTER HOUSEHOLDS



58%

Renter Households
Cost-Burdened

HOUSEHOLDS EARNING <\$35K



89%

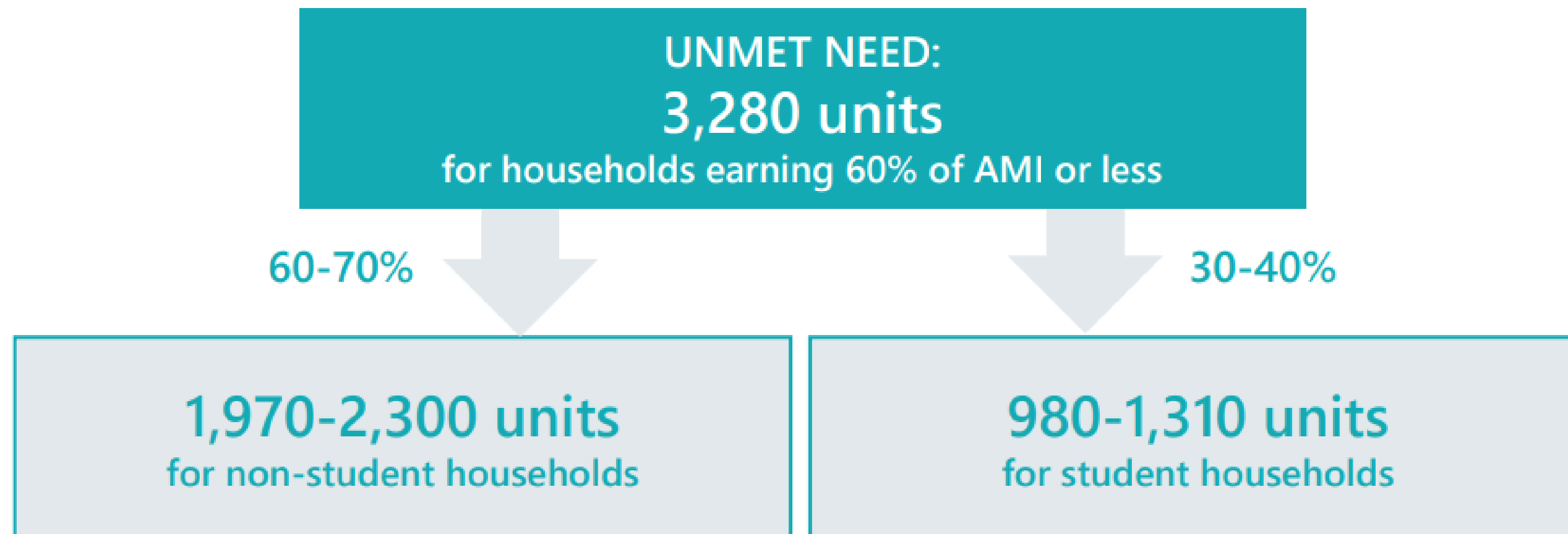
Households
Cost-Burdened

Source: ACS 2020 5-Year Estimates, Esri, SB Friedman

SB Friedman Development Advisors

Impacts on Chapel Hill Residents – Rental Gap

- ~3,300 rental units needed for households below 60% AMI
- Need is likely higher as many who work lower wage jobs in Chapel Hill do not live in town



Source: 2019 ACS 5-Year Estimates, HUD, SB Friedman, Town of Chapel Hill

SB Friedman Development Advisors

Our Strategy for Addressing the Need



Affordable Housing Funding



Initiate Development & Preservation



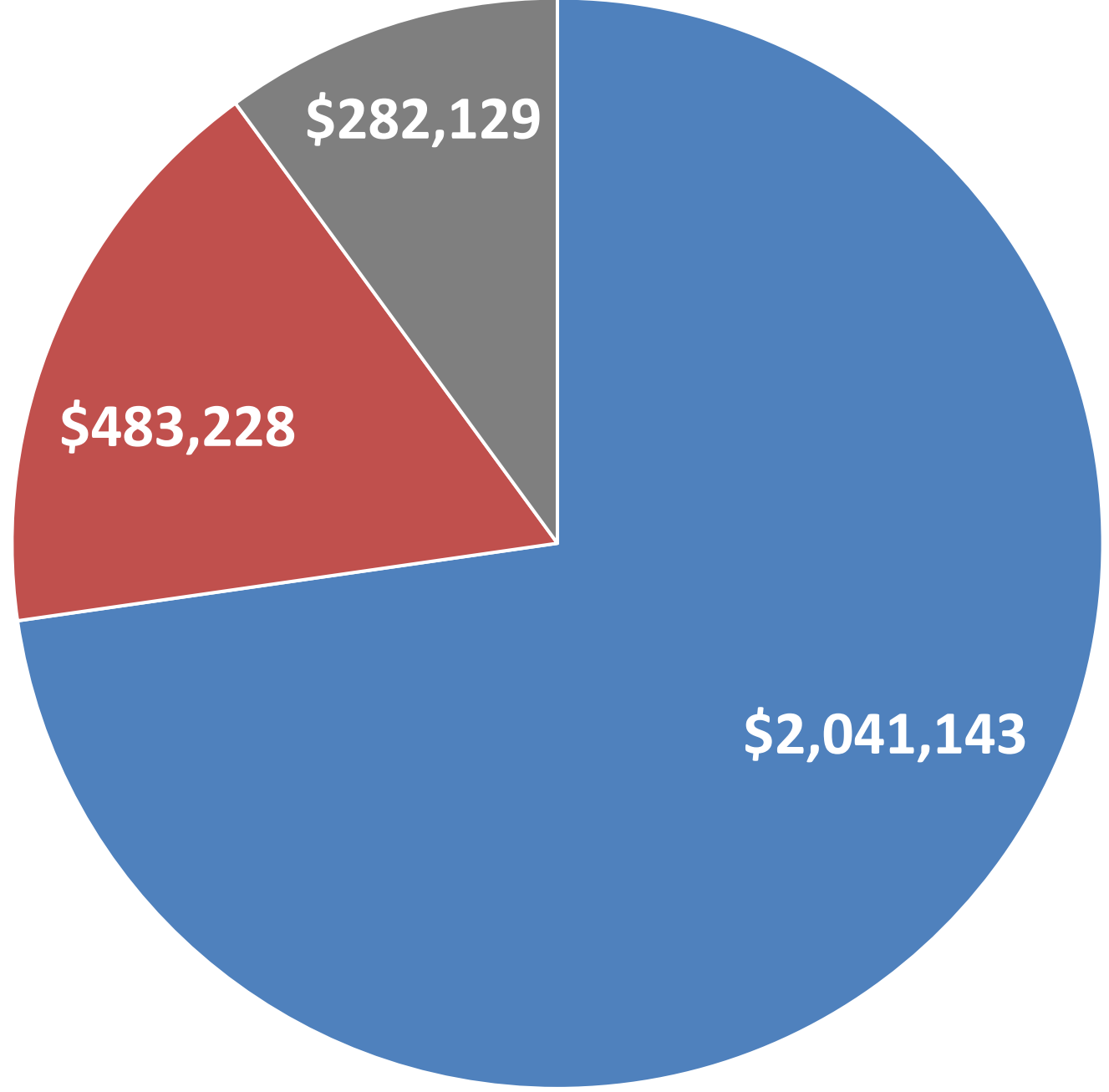
Own & Manage Housing



Create & Implement Housing Policies

Affordable Housing & Homelessness Funding

▪ \$2.8 million allocated in Fiscal Year 2022



■ Development ■ Preservation ■ Homelessness Services

Town-Funded Development Highlights

- Perry Place began vertical construction
- Pee Wee Homes completed tiny-plex
- Weavers Grove began site construction
- Indigo awaiting announcement of 9% LIHTC awards



Northside Neighborhood Initiative

Land Bank

- 6 properties put back into use, 2 properties acquired
- 41 affordable units created or in process with 5 partners since 2015

Home Repair

- 9 emergency and critical repair projects completed
- 50+ since 2015

\$1.4 Million in Town investment to support NNI operations



Development on Town Land

Homestead Gardens - 2200 Homestead

- Secured Community Project Funding and FHLB award

Jay Street and Trinity Court

- Secured Zoning Approval
- Submitted 9% LIHTC Applications

Exploring sites

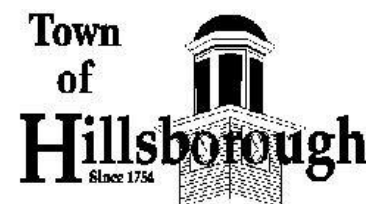
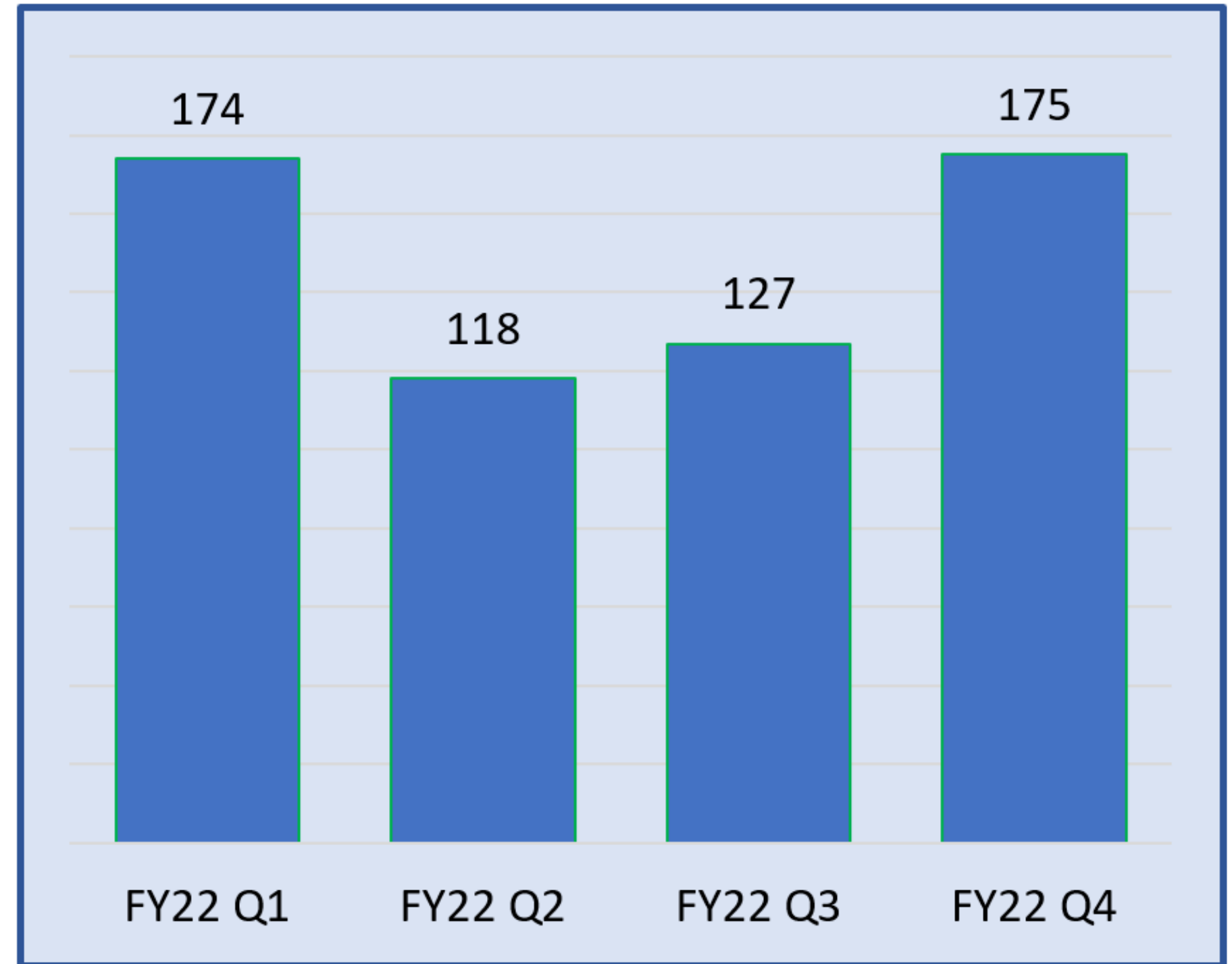
- Legion Road and Plant Road



Emergency Housing Assistance

- 492 unique households assisted
- Serving very low-income households

Number of Payments Made



Transitional Housing

- Transitional Housing resident became homeowner
- Increased inventory with Union units
- Comprehensive renovation at Umstead Road underway
- Program sustainability planning underway



Affordable Homes Approved

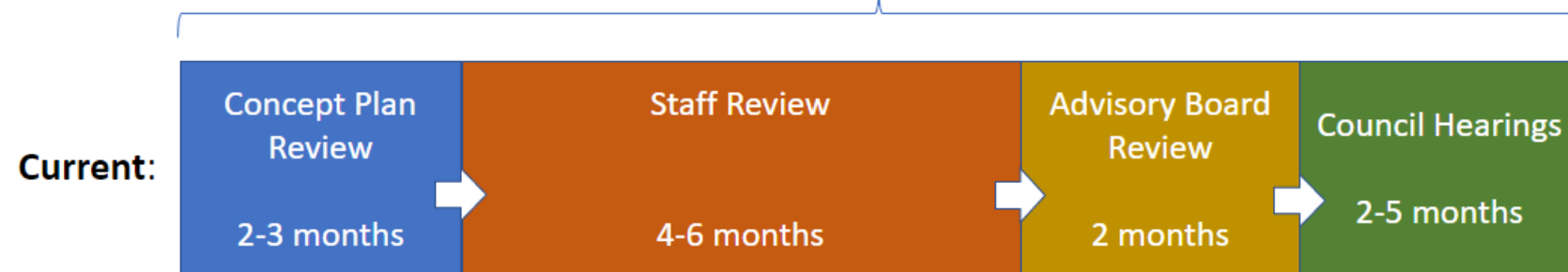
- **123 affordable homes received development approvals**
 - 7 through the Town's Inclusionary Housing program
 - 102 units in projects on Town-owned land: Jay Street and Trinity Court
 - 14 units approved in partner projects: EmPOWERment (Peach Apartments) and Habitat for Humanity (Gattis Court)



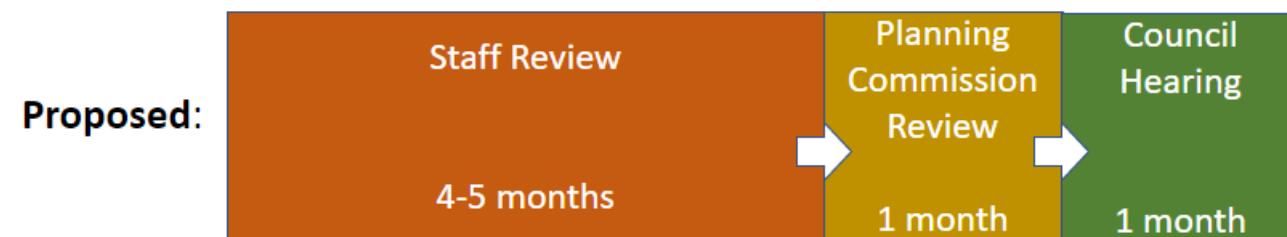
Affordable Housing Development Review

- Staff working together to create proposal for expediting review of affordable housing projects

Minimum time to entitlement:
10 months (14 months typical)



Minimum time to entitlement:
6 months



Community Priority Process: Affordable Housing Development Review



Manufactured Homes Action Plan

- Coordinated Action Plan approved by all jurisdictions



County-Wide Manufactured Homes Action Plan
Orange County, North Carolina

Jointly Developed by the Manufactured Home Staff Working Group of the Towns of Carrboro, Chapel Hill, and Hillsborough and Orange County

Introduction

The Manufactured Homes Strategy Action Plan is designed to provide a plan to address the redevelopment threats facing manufactured home communities in Orange County. The Plan is a collaborative effort between the Towns of Chapel Hill, Carrboro, Hillsborough, and Orange County that outlines specific objectives, strategies, action steps, partners and resource needs to address the redevelopment threat facing manufactured home communities. If we are successful in implementing this action plan, we will:

1. Preserve manufactured home communities.
2. Minimize resident displacement due to redevelopment
3. Create a Relocation Assistance Package to provide meaningful relocation assistance options for residents facing displacement.

Housing and Community staff from the local governments will be playing a leading role in implementing the strategies and action steps listed in the plan, while also collaborating with many Town and County departments and community partners.

This plan recognizes manufactured housing is an important source of naturally occurring affordable housing serving diverse populations, including vulnerable community members. It uses resident engagement as the foundation for the strategies proposed.

Guiding Principles

1. Use engagement findings as foundation for strategy selection and implementation.
2. Include a variety of strategies to fully address the different issues. There is no silver bullet.
3. Manufactured housing is an important source of naturally occurring affordable housing serving diverse populations, including vulnerable community members.
4. The Plan is a living document and open to input and change.

The Challenge

Several manufactured home communities in the county are under threat of redevelopment and resident displacement. Many homes are also in need of repair and rehab assistance. There are unique challenges faced by manufactured home residents, most of whom own the homes they live in but not the land it sits on. This plan provides a framework and strategies to address these challenges while considering the limited authority and resources of local governments and community partners.

Strategic Objective 1: Preserve manufactured home communities.

	Strategy	Action Steps	Lead Entity and Potential Partners	Resources
1a	Support efforts to create resident-owned communities (ROCs)	<ul style="list-style-type: none"> Assist ROC USA and CCE in exploring opportunities to form ROCs Provide funding assistance for acquisition Support resident engagement efforts 	Lead: County and Towns <ul style="list-style-type: none"> ROC USA Carolina Common Enterprise MHC Owners MHC Residents Nonprofit Providers 	\$\$\$\$ 👤
1b	Pursue acquisition opportunities of manufactured home communities	<ul style="list-style-type: none"> Explore opportunities to preserve MHPs through acquisition Use available funding sources for acquisition 	Lead: County and Towns <ul style="list-style-type: none"> MHC Owners Nonprofit Providers 	\$\$\$\$\$ 👤 👤
1c	Explore land use policies that support manufactured home communities	<ul style="list-style-type: none"> Conduct study of effective land use policies to support preservation Consult with policy experts to determine policy recommendations 	Lead: Towns <ul style="list-style-type: none"> Consultants UNC School of Government Planning Departments 	\$ 👤 👤
1d	Work with manufactured homeowners to improve park quality	<ul style="list-style-type: none"> Engage MHP owners in need of infrastructure improvements Provide infrastructure improvement loans to improve quality of MHPs Implement the County's land banking program 	Lead: County <ul style="list-style-type: none"> MHC Owners MHC Residents 	\$\$ 👤
1e	Rehab and repair homes in MHPs	<ul style="list-style-type: none"> Coordinate with the OC Preservation Coalition to facilitate the completion of home repairs, weatherization, and use of residents' skilled labor Explore aligning rehab programs and policies between jurisdictions to increase homes repaired 	Lead: Partners <ul style="list-style-type: none"> OC Home Preservation Coalition MHC Residents 	\$\$ 👤 👤
1f	Create an early warning system to identify MHPs at highest risk of redevelopment	<ul style="list-style-type: none"> Identify key indicators to include in early warning system 	Lead: Towns <ul style="list-style-type: none"> GIS and Planning Departments MHC Owners 	\$ 👤 👤

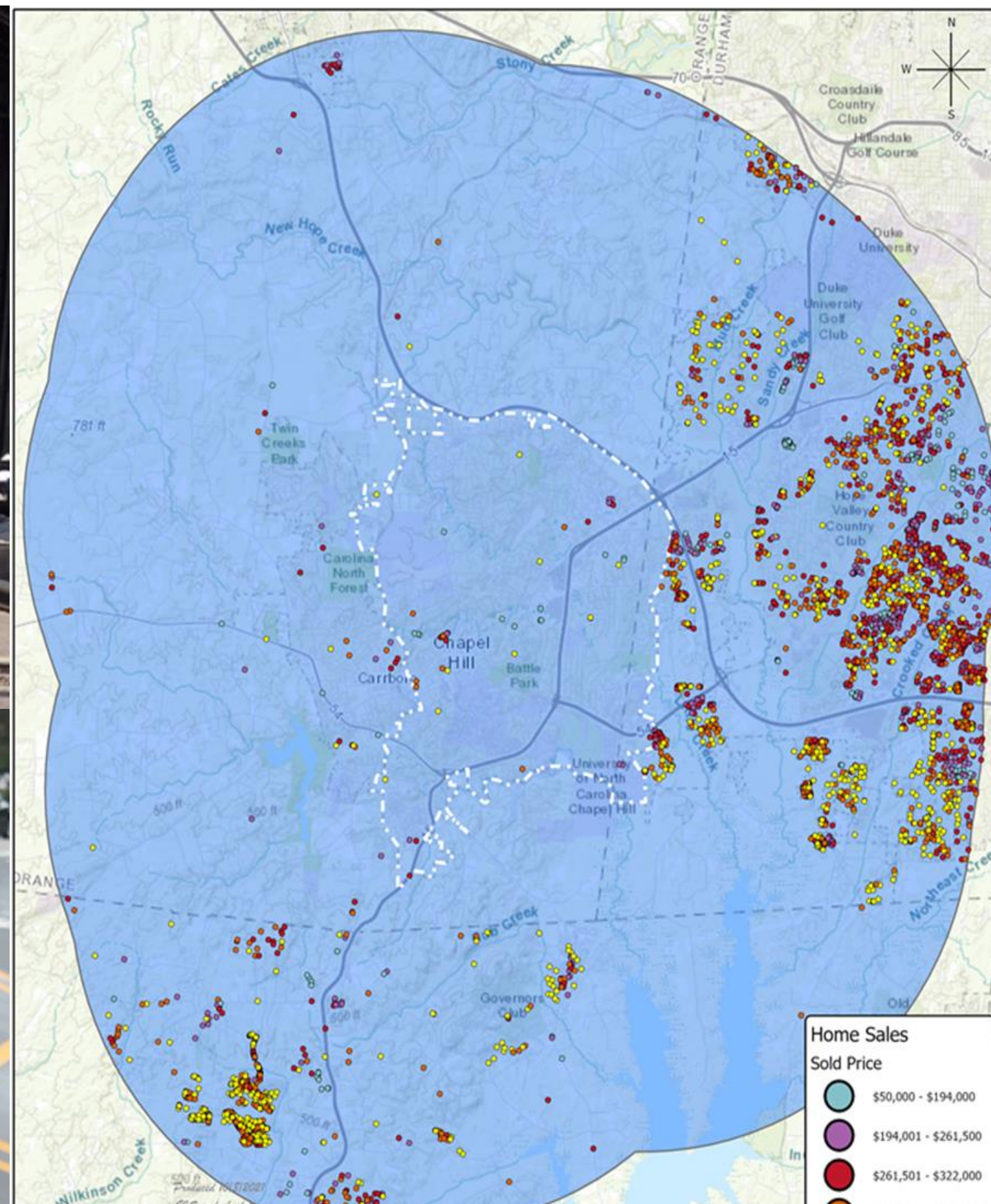
\$\$\$\$\$ * indicates \$1 million or more

★ = policy or funding decision required by elected body

\$ = level of financial resources needed collectively

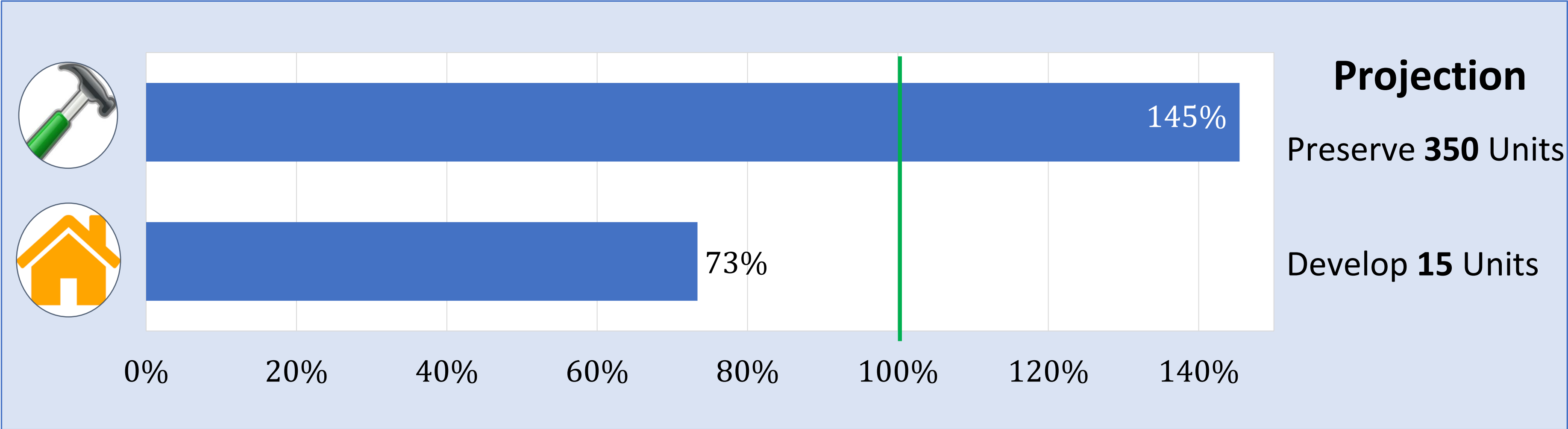
👤 = level of staff resources needed collectively

Employee Housing

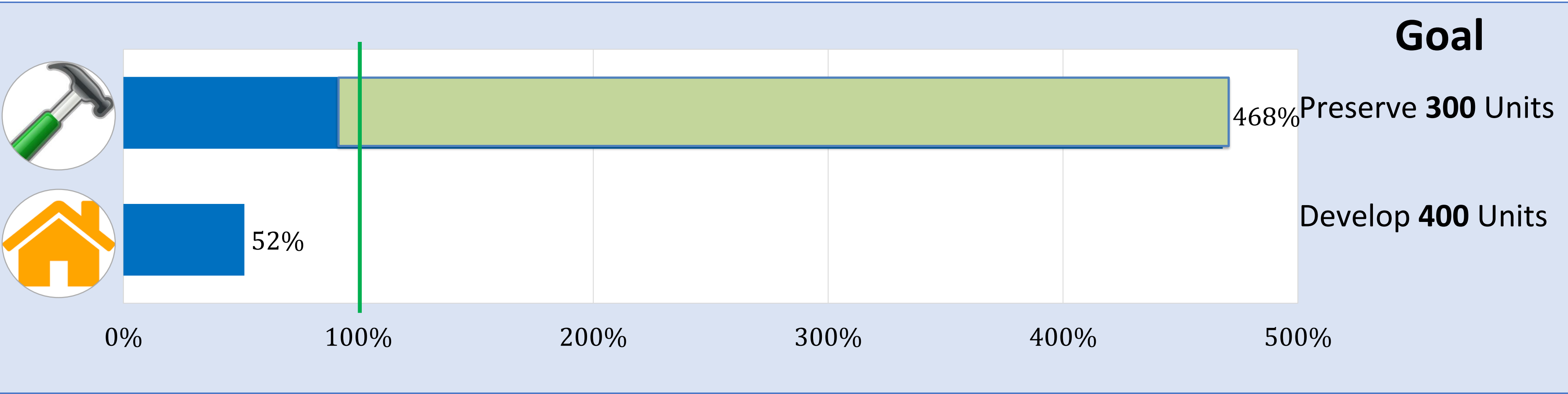


Create & Implement Housing Policies

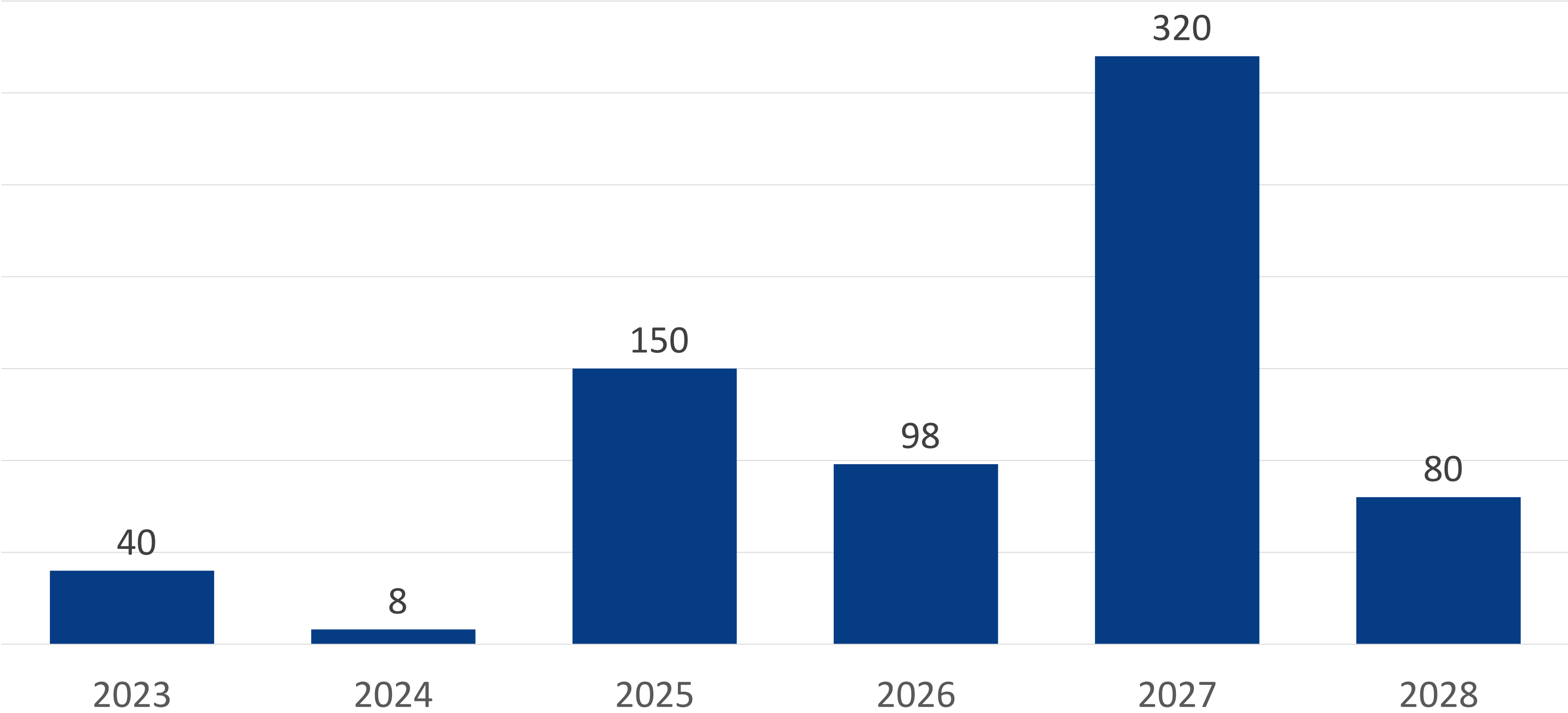
Fiscal Year 2022 Key Results



Progress to Five-Year Goals



Affordable Housing Development Pipeline

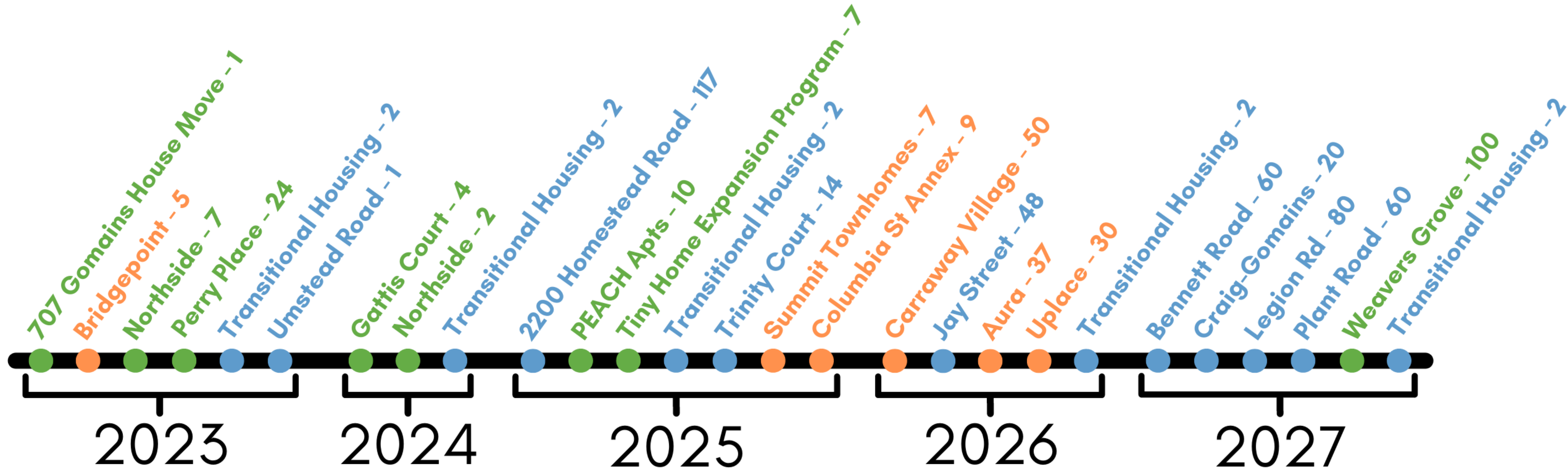




Affordable Housing Project Pipeline

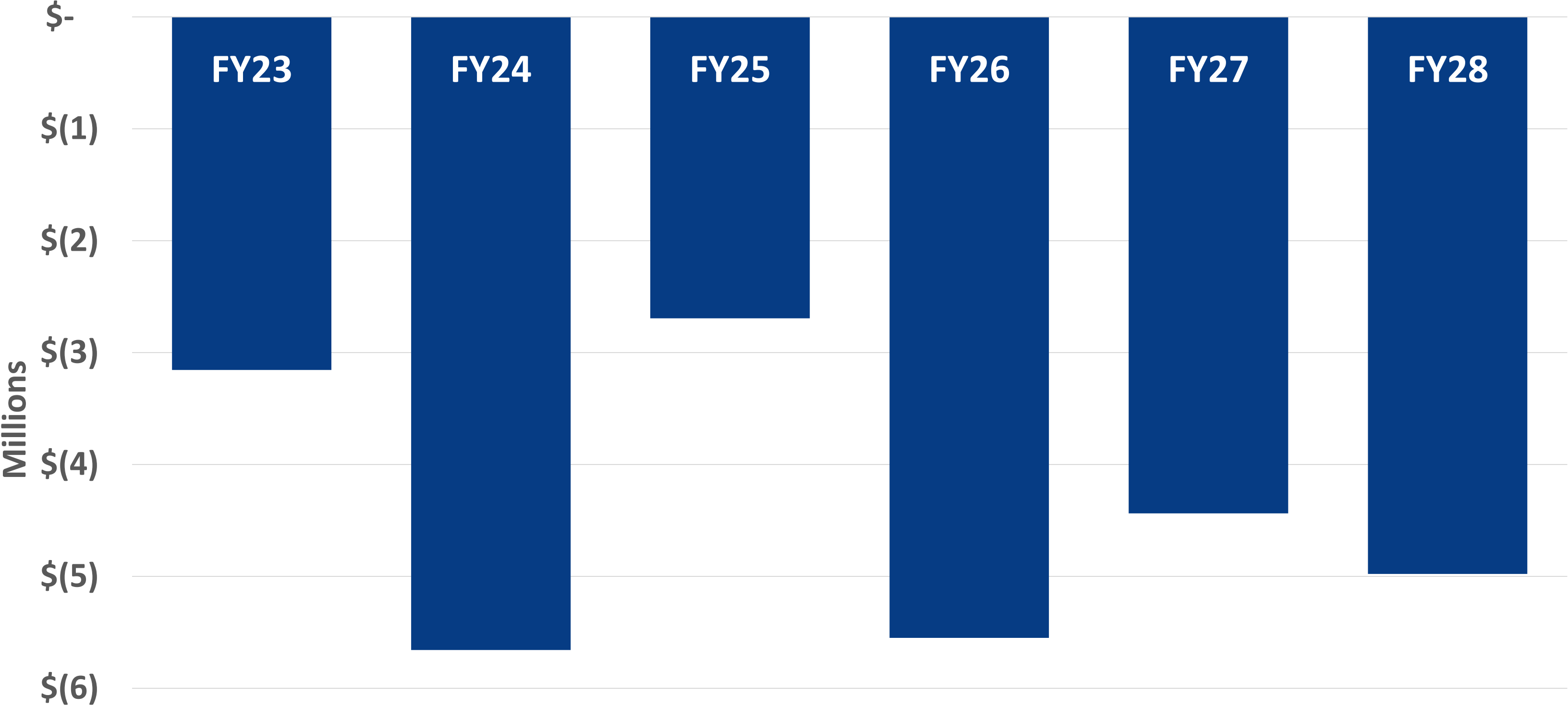


Projected Completion Date



- Town Initiated
- Partner Project
- Inclusionary Housing

Projected Affordable Housing and Homelessness Funding Gap



Fiscal Year 2023 Projection

30

Development



350

Preservation






What's Ahead

1. Council reviews Bond, ARPA, and AHDR Funding Plan in October for up to \$8 million
2. Create Affordable Housing Investment Plan
3. Perry Place anticipated to be completed by Winter 2023
4. Continue to make progress on Homestead Gardens, Trinity Court and Jay Street projects
5. Complete Transitional Housing sustainability planning this fall
6. Hold Community Development Block Grant Initial Public Forum in November

Affordable Housing Work Plan FY21-23

PROJECTS	FY 2021				FY 2022				FY 2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
DEVELOPMENT												
Develop Town-Owned Property at 2200 Homestead Road												
Pursue Affordable Housing on Prioritized Town Properties												
Identify Properties for Affordable Housing Development												
PRESERVATION												
Implement Manufactured Home Communities Strategy												
Create Preservation Strategy												
Develop Short Term Strategies for NOAH Resident Displacement												
Acquire and Rehab Properties for Affordable Housing Preservation												
POLICY												
Implement the Employee Housing Program												
Participate in the LUMO Re-Write Project												
Create Goals for Affordable Housing in Rental Developments												
Develop Home Repair Policy												
Explore Affordable Housing Incentive Options												
FUNDING												
Implement Affordable Housing Investment Plan - Affordable Housing Bond												
Manage the Affordable Housing Development Reserve												
Manage the Affordable Housing Fund												
Jointly Manage the HOME Program												
Manage the Community Development Block Grant Program												
MANAGING TOWN-OWNED HOUSING												
Create and Implement a Public Housing Master Plan												
Manage Public Housing Inventory												
Manage Transitional Housing Inventory												
COLLABORATIONS												
Convene Teams and Committees												
Serve as a Partner on Committees and Boards												
Expand Collaboration with Key Partners												

 Council Item Scheduled
 Council Item Heard and/or Action Taken



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