



Town of Chapel Hill Affordable Housing Bond Allocation Strategy & Funding Process Overview



On February 21, 2018, the Council approved a resolution to pursue an Affordable Housing Bond referendum in November of 2018. At that time, the Council also adopted a resolution identifying eligible activities and priorities for use of affordable housing bond funds. On November 6, 2018, voters approved the Affordable Housing Bond Referendum, with 72% of voters affirming their support for the Bond. Voter approval of the Bond gives the Town Council the authority to issue up to \$10 Million in bonds to support affordable housing projects in the community.

This document provides an overview of the Town's Affordable Housing Bond Allocation Strategy and Funding Process.

Bond Priorities

Bond funds will be used to develop and preserve affordable housing that aligns with the strategy statement of the Town's Affordable Housing Strategy:

The Town of Chapel Hill's goal is to increase the availability of and access to housing for households and individuals with a range of incomes, from those who are homeless to those in middle-income households. The Town of Chapel Hill will work with for-profit and non-profit housing providers to offer a variety of housing opportunities that will promote socioeconomic diversity; provide individuals with the ability to remain in Chapel Hill through different stages in their lives; and support employee recruitment and retention.

Eligible projects must be consistent with the Council's existing policy statements in the [Affordable Housing Strategy \(AHS\)](https://www.townofchapelhill.org/town-hall/departments-services/housing-and-community/affordable-housing-policy/affordable-housing-strategy),¹ [Affordable Rental Housing Strategy \(ARHS\)](https://www.townofchapelhill.org/town-hall/departments-services/housing-and-community/affordable-housing-policy/affordable-rental-housing-strategy),² the [Northside and Pine Knolls Community Plan \(CP\)](https://www.townofchapelhill.org/town-hall/departments-services/housing-and-community/affordable-housing-policy/northside-and-pine-knolls-community-plan),³ and the [Council Goals](https://www.townofchapelhill.org/town-hall/departments-services/chapel-hill-2020/2016-2018-council-goals).⁴

The Council approved the following priorities for eligible projects:

- Rental projects that serve households with incomes 60% and below the Area Median Income (AMI)
- Rental housing serving vulnerable populations (i.e. disabled, homeless, elderly)
- Long-term affordability
- Located near transit services

¹ <https://www.townofchapelhill.org/town-hall/departments-services/housing-and-community/affordable-housing-policy/affordable-housing-strategy>

² <https://www.townofchapelhill.org/town-hall/departments-services/housing-and-community/affordable-housing-policy/affordable-rental-housing-strategy>

³ <https://www.townofchapelhill.org/town-hall/departments-services/housing-and-community/affordable-housing-policy/northside-and-pine-knolls-community-plan>

⁴ <https://www.townofchapelhill.org/town-hall/departments-services/chapel-hill-2020/2016-2018-council-goals>

- High leverage from other resources

Eligible Activities

The Council approved the following eligible activities for Affordable Housing Bond funds:

1. Land Acquisition

Description: Funds could be used to purchase property to be used to create new or preserve existing affordable housing. Examples of eligible activities include property acquisition and associated program expenses.

Related Strategies and Goals:

- Acquire and preserve vacant land along transit corridors for future affordable housing development. (ARHS)
- Address the development pressures of the Pine Knolls and Northside neighborhoods by supporting a housing and cultural preservation program in the neighborhoods. (ARHS)
- Support the reuse and redevelopment of property that can be developed into affordable housing. (AHS)
- Purchase properties for affordable housing providers. (CP)

2. Home Repairs and Comprehensive Rehabilitation

Description: Funds would be used to provide minor or major rehabilitation to existing homes in the community. We would work with our housing provider partners to identify properties for assistance.

Related Strategies and Goals:

- Address the development pressures of the Pine Knolls and Northside neighborhoods by supporting a housing preservation program in the neighborhoods. (AHS)
- Major and minor rehabilitation of existing housing. (CP)
- Support the ability for senior citizens to age-in-place or transition to affordable housing within the community. (AHS)

3. Construction of New Affordable Housing Units

Description: Eligible projects will support the development of housing opportunities to create and preserve affordable housing for households earning up to 120% of the AMI. Priority will be given to projects serving households with incomes below 60% AMI. Eligible activities would include pre-development costs, professional services and construction costs.

Related Strategies and Goals:

- Focus on the development of affordable rental housing including studio units, supportive housing units, universal access units, and units for families. (AHS)
- Explore redevelopment of park and ride lots, underused open space, and other “found” land. (ARHS)
- Explore the feasibility of development of new public housing units. (ARHS)

Funding Threshold Requirements

In order for applications to be considered for funding, applicants must meet the minimum threshold requirements outlined below:

- The proposed projects includes at least ten affordable housing units
- The proposed project must be completed within three years of the date funding is awarded
- The applicant must demonstrate site control (if applicable)
- The proposed project site must be located within the Town of Chapel Hill city limits or the Extra Territorial Jurisdiction (ETJ)
- The proposed project must fall within one of the priority project areas identified by the Town
- The funding application is complete and submitted by the established deadlines

Funding Allocation Process Core Components

- Applicants to the Affordable Housing Bond will use the Town’s Common Application for affordable housing projects, which is used for all of the Town’s local affordable housing funding sources (Affordable Housing Fund, Affordable Housing Development Reserve, and Affordable Housing Bond).
- Applications for funding will be accepted via electronic submission, with the first Request for Proposals anticipated in the fall of 2019 or spring of 2020.
- Applicants are invited to participate in an orientation, which will take place in advance of the established submission deadlines.
- Applicants are invited to participate in a pre-application meeting, during which Town staff will answer general questions about the applicant’s proposed project and the application process. To schedule a pre-application meeting, contact housingandcommunity@townofchapelhill.org.
- The Town’s Housing Advisory Board reviews and evaluates applications and provides a recommendation to the Town Council for final review and approval. The evaluation of applications will be based on a scoring rubric.
- Applicants will be invited to attend the Town Council Meeting during which the Housing Advisory Board’s recommendation for funding will be presented for Council consideration. Applicants may be asked to answer questions.

- Applicants will be notified via email once Council has made a decision regarding their application.
- Applicants whose application for funding is not approved by the Town Council are invited to participate in a post-application meeting during which Town staff will provide feedback and discuss opportunities for strengthening the funding application.

Affordable Housing Funding Source Request for Proposals (RFP) Annual Schedule

Estimated Deadlines for Application Submission. Please check the Town website or contact housingandcommunity@townofchapelhill.org for specific RFP deadlines.

1. **January** – [Community Development Block Grant⁵](#) (CDBG)
2. **April** – [Affordable Housing Development Reserve⁶](#) (AHDR)
3. **August** – [Affordable Housing Development Reserve⁷](#) (AHDR)
4. **October** – [Affordable Housing Bond⁸](#) (AHB)
5. **December** – [Affordable Housing Development Reserve⁹](#) (AHDR)

*[Affordable Housing Fund](#) applications are accepted on a rolling basis at any time throughout the year.

⁵ <https://www.townofchapelhill.org/town-hall/departments-services/housing-and-community/funding/community-development-block-grant-cdbg-program>

⁶ <https://www.townofchapelhill.org/town-hall/departments-services/housing-and-community/funding/affordable-housing-development-reserve>

⁷ <https://www.townofchapelhill.org/town-hall/departments-services/housing-and-community/funding/affordable-housing-development-reserve>

⁸ <https://www.chapelhillaffordablehousing.org/bondinfo/>

⁹ <https://www.townofchapelhill.org/town-hall/departments-services/housing-and-community/funding/affordable-housing-development-reserve>