
Town of Chapel Hill Employee Housing Incentive Project Update

February 2018

Overview: In the spring of 2017, the Council asked the Town Manager to explore options for providing assistance to Town employees who would like to live in Chapel Hill. The purpose of this memorandum is to provide an overview of staff's research on employee housing incentives, provide recommendations for consideration, and outline proposed next steps. Staff has outlined a project scope and process rooted in the design thinking model.

Key Takeaways

- Widespread interest from employees for the Town to provide incentives to live close to work.
- Recommendations for incentives are proposed for consideration.
- Areas for further inquiry include: exploring potential partners, capacity to administer programs, fiscal impact, equity concerns, and eligibility criteria.

Research Process

Staff conducted a multi-layered research process. We first researched national best practices around employer assisted housing. The next phase was an in-depth process to understand employees' interest in the Town providing housing incentives to live in town. This process included:

1. **Initial Employee Survey:** designed to understand employee housing preferences and gauge interest in an employee housing incentive program (May 2017)
2. **Follow-up Survey:** designed to gain feedback on potential incentives that could be offered were an employee housing incentive program created (November 2017).
3. **Focus Groups:** designed to gain a more nuanced understanding of survey results. Four focus groups were conducted with Transit, Fire Department, Police Department, and Town Hall employees (November 2017).

Key Findings

National Best Practices

1. **Local governments, private companies, universities and others are using employee housing incentives across the country.**
 - Benefits to Employer
 - Improved employee recruitment and retention
 - Decreased costs of recruiting, hiring, and training
 - Increased employee morale and productivity
 - Greater buy-in and connection to the community
 - Benefits for Employees
 - Greater diversity of housing options
 - Opportunity for greater gains in financial security
 - Reduced commuting times and distance
 - Benefits to the Community
 - Shorter commute reduces pollution and traffic congestion
 - Further the Town's affordable housing, transportation, and Comprehensive Plan goals

Employee Data Collection

- 1. Town employees have significant interest in living in Chapel Hill.**
 - 60% of surveyed employees, not currently living in Chapel Hill, would like to live here.ⁱ
 - 47% of surveyed employees have a commute time of 15-30 minutes. 26 % of surveyed employees have a commute time of 31-45 minutes.ⁱⁱ
- 2. There are significant barriers to Town employees living in Chapel Hill.**
 - Most significant barriers identified were taxes, housing costs, and the housing stock.ⁱⁱⁱ
 - During a focus group, one employee stated, “The rent for my apartment is increasing every year.” Another stated, “There is no way I could afford to buy a home in town.”
- 3. A great majority of surveyed employees support housing incentive options.**
 - Over 80% of surveyed employees are at least somewhat interested in taking advantage of a housing subsidy to live in Chapel Hill.^{iv}
 - A majority of employees think that employee housing incentives would be very effective in attracting new employees.^v
- 4. A majority of Town employees are interested in homeownership incentives.**
 - 69% of surveyed employees own their home.^{vi}
 - The following includes Town employees’ responses to potential incentive options:
 - **Closing Cost Assistance**
 - A majority (67%) of surveyed employees are at least somewhat interested in closing cost assistance as an incentive.
 - The amount of closing cost assistance desired primarily ranges from \$1,000 to \$5,000. Others identify that up to 50% of the closing cost is desired.
 - **Down Payment Assistance**
 - A majority (66%) of surveyed employees are at least somewhat interested in down payment assistance as an incentive.
 - The amount of down payment assistance desired primarily ranges from \$5,000 to \$10,000, while some stated \$2,000 would suffice. Others state that 10% or 50% of down payment assistance is desired.
 - **Matched Savings for Homeownership**
 - A majority (68%) of surveyed employees are at least somewhat interested in matched savings for homeownership.
 - The amount desired primarily ranges from \$2,500- \$10,000. Others identify 50% of matched savings is desired.
 - **Homeownership and Budget Counseling**
 - Approximately half (51%) of surveyed employees are at least somewhat interested in homeownership and budget counseling as an incentive.
 - One focus group participant stated, “If it’s open to everyone, it’s a benefit everyone could use.”
- 5. Of employees who rent, a large majority are interested in rental incentives.^{vii}**
 - 27% of surveyed employees rent their home.
 - 71% of renters have interest in a rental deposit and utility connection fee assistance.
 - The amount of rental assistance desired primarily ranges from \$300- \$1,500.
- 6. Employees identified other potential incentives.^{viii}**
 - Leverage relationships with complexes to provide discounted rates for Town employees.
 - Develop a master-lease type program with an apartment complex in town.

Recommended Strategies

1. Provide employees with a menu of housing incentive options for both homeownership and rental.

Rental:

- **Security Deposit and Utility Connection Assistance** in the form of a one-time grant to employee at time of lease up to a pre-determined dollar amount based on household size/bedroom count.
- **Facilitate the Provision of Affordable Rental Units for Town Employees** through partnerships with housing providers and property management companies.

Homeownership:

- **Matched Savings** by which the Town matches 1:1 money saved by employees to purchase a home in Town, up to a certain amount.
- **Down Payment Assistance** up to a certain amount for purchase of a home in Town.

2. Provide all Town employees the opportunity to participate in Housing and Budget Counseling Training.

Proposed Next Steps

1. Continue to explore partnership opportunities with school system, neighboring jurisdictions, financial institutions and nonprofits
2. Determine more detailed budget for pilot programs based on direction from Council
3. Determine eligibility criteria:
 - *Income restriction?* limit to low-income households, tiered approach based on employee salary or household income, or open to all employees
 - *Geographic restriction?* Requirement to live in Town limits, include Extra Territorial Jurisdiction (ETJ), County-wide?
 - *Length of residency restriction?* Require repayment if employee moves out of Town within a certain time period, or leaves the organization
 - *Length of employment?* Offer based on years of service? Available to all employees?
4. Create communications plan for rolling out incentive options, if approved
5. Implement housing and financial counseling program for all employees with agency partners

ⁱ “Town of Chapel Hill Employee Housing Survey Analysis,” (May 2017)

ⁱⁱ “Employee Housing Incentive Survey #2” (November 2017)

ⁱⁱⁱ “Town of Chapel Hill Employee Housing Survey Analysis,” (May 2017)

^{iv} Ibid.

^v “Employee Housing Incentive Survey #2” (November 2017)

^{vi} Ibid.

^{vii} Ibid.

^{viii} Town of Chapel Hill Focus Groups (November 2017)