

10-30-2019 Town Council Meeting Responses to Council Questions

ITEM #14: Discuss Affordable Housing Preservation Strategy Framework

Council Question:

Is there a sense of how many naturally occurring affordable housing units we have in town currently and what type of housing this includes?

Staff Response:

According to the latest naturally occurring affordable housing (NOAH) data, there are approximately 2,800 homeownership NOAH units and 4,200 rental NOAH units. These numbers include single-family homes and multi-family. When analyzing the latest 2019 NOAH data, staff discovered the rental rates reported for private student rental housing are being counted as per-unit rates, when the rates actually represent the rent paid per individual. This has resulted in some student rental housing being counted in the affordable housing stock when it should not be. Staff is in the process of verifying and updating the data to ensure accuracy and will update the Council with the most accurate numbers when complete.

Council Question:

How much in local preservation loan funds would be considered viable or adequate?

Staff Response:

The amount of loan funds needed to make a project financially feasible varies significantly depending on the project's size and ability to leverage funding. For example, the Town was recently able to acquire and renovate a quadraplex using existing Town funding sources and did not need to secure any additional affordable housing funding. There are also Low-Income Housing Tax Credits that can go towards the purchase and renovation of housing, which would likely not require any additional resources. If a project is large scale and unable to secure Low-Income Housing Tax Credits, it could require significant investment to make it financially feasible. Durham recently launched a \$10 million [Affordable Housing Preservation Loan Fund](#)¹, in partnership with Duke University, Self-Help Credit Union, and private financial lenders. The City of Durham's investment in this fund was \$2 million dollars.

¹ [https://cityordinances.durhamnc.gov/OnBaseAgendaOnline/Documents/ViewDocument/WS-PublishedAttachment - 13180 - PRESENTATION - PRESENTATION ABOUT DURHAM AFFOR.pdf?meetingId=308&documentType=Agenda&itemId=11177&publishId=50959&isSection=false](https://cityordinances.durhamnc.gov/OnBaseAgendaOnline/Documents/ViewDocument/WS-PublishedAttachment-13180-PRESENTATION-PRESENTATIONABOUTDURHAMAFFOR.pdf?meetingId=308&documentType=Agenda&itemId=11177&publishId=50959&isSection=false)

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Council Question:

Do we have a sense of how much funding is needed for each of these strategic steps?

Staff Response:

The purpose of this agenda item is to gain feedback from the Council on staff's efforts to create a more proactive and comprehensive approach to addressing affordable housing preservation in Town. We have not conducted significant financial analysis at this time on all of the strategies. However, many of the strategies proposed in the framework are already being implemented with existing funding sources. Many of the new strategies being proposed, such as the early warning system, would not require any additional funding. The main strategy that could utilize additional funding, is providing loans to preserve affordable housing properties. The potential financial impact of this strategy is discussed in the above response. If the Council directs staff to continue forward with these strategies, we will work towards creating plans for implementing them, including a more thorough financial analysis.