
Affordable Housing Development Reserve (AHDR)

Allocation Strategy

Introduction

On February 21, 2018, the Council approved a resolution to pursue an Affordable Housing Bond referendum in November, 2018. At that time, the Council also adopted a resolution identifying eligible activities and priorities for use of affordable housing bond funds.

Staff proposes that these funds be used exclusively on development and preservation of affordable housing and that their use align 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.

The Council also 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; and
- High leverage from other resources.

The guiding documents that were used to put together this allocation strategy include the [Affordable Housing Strategy \(AHS\)](#)¹, [Affordable Rental Housing Strategy \(ARHS\)](#)², the [Northside and Pine Knolls Community Plan \(CP\)](#)³, and the 2016-18 Council Goals.

Priority Projects

1. Land Acquisition

Description: Funds could be used to purchase property to be used to create new or preserve existing affordable housing.

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

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

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

Related Strategies and Goals:

- a. Acquire and preserve vacant land along transit corridors for future affordable development. (ARHS)
- b. Address the development pressures of the Pine Knolls and Northside neighborhoods by supporting a housing and cultural preservation program in the neighborhoods. (ARHS)

Eligible Activities: Property and land acquisition and associated program expenses with emphasis in Northside and Pine Knolls neighborhoods and along transit corridors.

2. Home Repairs and Comprehensive Rehabilitation

Description: The Town's Affordable Housing Strategy states a goal of increasing the availability and access to housing for households and individuals with a range of income, from those who are homeless to middle-income. Eligible projects support the development of owner occupied housing opportunities to create and preserve affordable housing opportunities for households earning up to 120% of the AMI. Priority will be given to those with incomes below 80% AMI.

Related Strategies and Goals:

- a. Address the development pressures of the Pine Knolls and Northside neighborhoods by supporting a housing preservation program in the neighborhoods. (AHS)
- b. Middle Income/Workforce Housing Second Mortgage Assistance Program. (CP)
- c. Major and minor rehabilitation of existing housing. (CP)

Eligible Uses: Programs involving new construction, renovation, and redevelopment of existing units and second mortgage assistance programs.

3. Construction of new affordable housing units

Description: Eligible projects include strategic and master planning activities for specific areas to serve a community purpose, with a goal of creating inclusive, mixed income neighborhoods.

Related Strategies and Goals:

- a. Partner for ambitious development that includes affordable rental housing on Greene Tract. (ARHS)
- b. Initiate future development planning for the Greene Tract with ownership partners. (Council Goal 2016)

Eligible Activities: Pre-development costs, community engagement programs, and professional services for strategic and master planning.

Funding Allocation Process

- Accept applications three times per year (approximately every four months), syncing funding application deadlines with existing processes.
 - February, award in April
 - June, award in September
 - October, award in January
- Application review process to be coordinated by Town staff with review and recommendation of the Housing Advisory Board. Final review and approval are required by Council.
- Funds typically will be allocated on a reimbursement basis once projects have been completed.
- Evaluation of applications will be based on a scoring rubric.
- During each evaluation period, the Housing Advisory Board and the Council will consider retaining a portion of the annual appropriation for an “opportunity fund” that is reserved for future large-scale/highest priority projects.