

Expected Resources

AP-15 Expected Resources - 91.420(b), 91.220(c)(1,2)

Introduction

The Town of Chapel Hill is expected to receive \$415,188 in CDBG funds for FFY 2025 and \$21,270 in Program Income received in 2024-2025. The Town also expects to reallocate \$253,130 in prior year CDBG funds.

The following represents the Town's anticipated resources for future years:

- FFY 2025 = \$415,188 FFY 2025 CDBG Funds + \$21,270 Program Income + \$253,130 Prior Year CDBG Funds
- FFY 2026 = \$422,000 CDBG Funds + \$0 Program Income
- FFY 2027 = \$422,000 CDBG Funds + \$0 Program Income
- FFY 2028 = \$422,000 CDBG Funds + \$0 Program Income
- FFY 2029 = \$422,000 CDBG Funds + \$0 Program Income
- Total = \$2,356,318 CDBG Funds + \$21,270 Program Income = \$2,377,588

The accomplishments of these projects/activities will be reported in the FFY 2025 Consolidated Annual Performance and Evaluation Report (CAPER).

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	415,188	21,270	253,130	689,588	1,688,000	Five years of funding at about the current funding level each year.
Other	public - federal	Public Services	0.00	0.00	0.00	0.00	0.00	

Table 1 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

The Town of Chapel Hill uses its CDBG funds in conjunction with other federal and state and local funds, as well as funds granted from other entities, such as nonprofit and philanthropic organizations, to support housing and community development efforts. In November 2024, Chapel Hill voters passed a municipal bond referendum that included \$15 million to support affordable housing efforts. The funding will be dispersed over the next 5 years with the first funding release in summer 2025. In December 2024, the Town and its partners launched a \$20 million Affordable Housing Loan Fund (AHLF) that is anticipated to support the preservation or creation of at least 600 affordable housing units over the next 20 years. The fund is comprised of \$715,000 in Town funding, a \$5 million loan from UNC Hospitals, and the remaining funding from private banking partners.

The Town has dedicated more than \$2.6 million in local funding for to affordable housing activities in Fiscal Year 2025, which will be carried out both by the Town’s Affordable Housing & Community Connections Department as well as local affordable housing partners.

The Town has received a 2022 9% Low-Income Housing Tax Credit (LIHTC) award for the redevelopment of one of the Town’s Public Housing communities and a 2023 9% LIHTC award for the construction of 48 new units on a Town-owned parcel. A local partner secured a 2024 9% LIHTC award for the development of a privately owned affordable housing community.

Utilizing all of these sources, the Town anticipates the creation of more than 1,000 units of affordable housing over the next 5 years.

CDBG does not require a local match. The Town will use local Affordable Housing Funds to provide 39.7% of the local match required by the Consortium for HOME funds; the remaining local match amount will be provided by the other three jurisdictions of the Consortium.

If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

The Town of Chapel Hill conducted a thorough analysis of surplus land that has led to the dedication or prioritization of 8 parcels of land for affordable housing development. The Town has approved three projects that will create and preserve nearly 200 affordable housing units on Town land. One project is under construction and the other two projects are expected to break ground by the end of 2029. The Town has kicked off the planning process and selected a development partner on a fourth parcel that will build affordable housing adjacent to a new park and is in the early stages of planning for the redevelopment of a fire station, which will include affordable housing adjacent to a new fire station.

The Town also owns 296 public housing units in 12 communities.

The Town actively collaborates with private and public entities to assist in acquiring property for projects that address the needs identified in this plan. For example, Chapel Hill is a member of the Northside Neighborhood Initiative, a land bank in historically Black neighborhoods in Chapel Hill and Carrboro that is funded in part by the University of North Carolina, the Center for Community Self-Help, the Towns of Chapel Hill and Carrboro, and the Oak Foundation.

Discussion

Although there are limited resources available to address the needs identified in the Consolidated Plan, the Town and the Consortium member jurisdictions are continuously collaborating to maximize what resources are available and develop new ones.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives - 91.420, 91.220(c)(3)&(e)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Housing Rehabilitation/Preservation	2025	2029	Affordable Housing	Northside Neighborhood Pine Knolls Neighborhood Public Housing Neighborhood Town-wide	Housing for Low and Moderate-Income Households	CDBG: \$506,828.00	Homeowner Housing Rehabilitated: 50 Household Housing Unit
2	Supportive and Youth Services	2025	2029	Affordable Housing Homeless Non-Homeless Special Needs Non-Housing Community Development	Town-wide	Housing for People Experiencing Homelessness Housing for Low and Moderate-Income Households Community/Economic Development and Services	CDBG: \$65,468.00	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 14 Persons Assisted Public service activities for Low/Moderate Income Housing Benefit: 54 Households Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
6	Grant Administration	2025	2029	Affordable Housing Public Housing Homeless Non-Homeless Special Needs Non-Housing Community Development	Town-wide	Housing for People Experiencing Homelessness Housing for Low and Moderate-Income Households Integrated Housing for People with Service Needs Community/Economic Development and Services	CDBG: \$87,292.00	Other: 1 Other
8	Economic Development	2025	2029	Non-Housing Community Development	Town-wide	Community/Economic Development and Services	CDBG: \$30,000.00	Businesses Assisted: 27 businesses assisted

Table 2 – Goals Summary

Goal Descriptions

1	Goal Name	Housing Rehabilitation/Preservation
	Goal Description	Housing rehabilitation for low-to-moderate income homeowners, town-wide, through Orange County Home Preservation Coalition, Preserving Home, Habitat for Humanity, HOPE Renovations, EmPOWERment, and the Town's Transitional Housing Program.

2	Goal Name	Supportive and Youth Services
	Goal Description	Public Service activities include Homeless Case Management Services, Refugee Community Partnership's Case Management, and the Town's Summer Youth Employment Program for low-to-moderate income youth to work part-time for various Town departments over the summer while learning job skills.
3	Goal Name	Economic Development
	Goal Description	Microenterprise Assistance through small business development and marketing support provided to low-to-moderate income refugee and immigrant-owned farms.
4	Goal Name	Grant Administration
	Goal Description	Overall grant administration, reporting and compliance for the Town's CDBG and Affordable Housing programs.

AP-35 Projects - 91.420, 91.220(d)

Introduction

On June 11, 2025, the Chapel Hill Town Council approved a plan for use of \$689,588 of CDBG funds for FFY 2025. The plan addresses the Town's affordable housing and community development goals, including funding for internal Town programs and projects. All partner agencies that applied for funds were required to submit an application detailing their proposed program and had to demonstrate that the program was consistent with the goals of the Consolidated Plan, the Town's Affordable Housing Strategy, Rental Housing Strategy, and/or the Northside and Pine Knolls Community Plan. Applications were reviewed and evaluated by Affordable Housing staff and Council is expected to ultimately approve the funding plan.

#	Project Name
1	2025-2026 Affordable Housing
2	2025-2026 Public Services
3	2025-2026 Administration
4	2025-2026 Economic Development

Table 3 – Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

The projects approved for allocations address the Town's CDBG priority areas for housing and community development.

AP-38 Project Summary
Project Summary Information

1	Project Name	2025-2026 Affordable Housing
	Target Area	Northside Neighborhood Pine Knolls Neighborhood Town-wide
	Goals Supported	Housing Rehabilitation/Preservation
	Needs Addressed	Housing for People Experiencing Homelessness Housing for Low and Moderate-Income Households Integrated Housing for People with Service Needs Community/Economic Development and Services
	Funding	CDBG: \$506,828
	Description	This affordable housing project will utilize CDBG funding to support home repair, maintenance, and rehabilitation for low-to-moderate-income homeowners and renters and other neighborhood revitalization projects yet to be identified.
	Target Date	6/30/2026
	Estimate the number and type of families that will benefit from the proposed activities	Funds will serve at least 50 low-moderate income families in Chapel Hill
	Location Description	Projects will be completed Town-wide
2	Planned Activities	Home repair, maintenance, and rehabilitation, and other neighborhood revitalization projects yet to be identified through the Orange County Home Preservation Coalition, Preserving Home, HOPE Renovations, Habitat for Humanity, and the Town's Transitional Housing Program.
	Project Name	2025-2026 Public Services
	Target Area	Town-wide
	Goals Supported	Supportive and Youth Services
	Needs Addressed	Housing for People Experiencing Homelessness Community/Economic Development and Services
	Funding	CDBG: \$65,468
	Description	The use of funds for public services that benefit households earning less than 80% of the area median income includes: programs focusing on employment, homelessness prevention and assistance, and drug abuse.
	Target Date	6/30/26

	Estimate the number and type of families that will benefit from the proposed activities	Households earning less than 80% of the area median income will benefit from the two different public service programs. The majority of programs serve households earning less than 30% of the area median income. We estimate that the three projects will serve approximately 68 families.
	Location Description	Activities will be undertaken at various locations throughout the Town.
	Planned Activities	Projects include: the Summer Youth Employment Program, the Inter-Faith Council's HomeStart Program, and Refugee Community Partnership's Refugee Crisis Support Program.
3	Project Name	Administration
	Target Area	Town-wide
	Goals Supported	Housing Rehabilitation/Preservation Supportive and Youth Services Economic Development
	Needs Addressed	Housing for People Experiencing Homelessness Housing for Low and Moderate-Income Households Integrated Housing for People with Service Needs Community/Economic Development and Services
	Funding	CDBG: \$87,292
	Description	Administration expenses for the Office of Housing and Community for oversight of the Community Development program and related affordable housing programs, as well as coordination with the U.S. Department of Housing and Urban Development and agencies that receive funding to maintain compliance with federal regulations.
	Target Date	6/30/2026
	Estimate the number and type of families that will benefit from the proposed activities	These proposed activities will serve households Town wide.
	Location Description	Chapel Hill Town Hall 405 Martin Luther King Jr. Blvd. Chapel Hill, NC 27514
	Planned Activities	Funds will be used for general administration of the CDBG program.
4	Project Name	2025-2026 Economic Development
	Target Area	Town-wide

	Goals Supported	Economic Development
	Needs Addressed	Community/Economic Development and Services
	Funding	CDBG: \$30,000
	Description	The use of funds for economic development will include microenterprise assistance in Chapel Hill.
	Target Date	6/30/2026
	Estimate the number and type of families that will benefit from the proposed activities	It is estimated that 27 households will benefit from the proposed activities.
	Location Description	Activities will be undertaken at various locations throughout the Town.
	Planned Activities	Economic Development activities for 2025-2026 include: Transplanting Traditions Community Farm's Growers School for microenterprises owner and operated by LMI refugee and immigrant farmers.

AP-50 Geographic Distribution - 91.420, 91.220(f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

Geographic Distribution

Target Area	Percentage of Funds
Northside Neighborhood	0
Pine Knolls Neighborhood	0
Public Housing Neighborhood	0
Town-wide	100

Table 4 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

The Town and County are not only attempting to meet the needs of the community, but also increase housing opportunities for low- and moderate- communities across Town. It is essential to engage in, not only community building activities and to fund needed improvements in low- and moderate-income areas, but to also provide opportunities for residents to live in non-impacted areas.

Discussion

It is likely that funding will support some of the target areas as the Northside and Pine Knolls neighborhoods both have large numbers of low- and moderate-income households living in owner-occupied homes, and many of the Summer Youth Employment Program participants currently live in the Town's public housing neighborhoods.

AP-75 Barriers to affordable housing -91.420, 91.220(j)

Introduction

The Orange County HOME Consortium worked with the Center for Urban and Regional Studies at the University of North Carolina Chapel Hill to conduct an Analysis of Impediments to Fair Housing Choice (AI). The AI includes an analysis of Orange County laws, regulations, and administrative policies, procedures, and practices that affect the location, availability, and accessibility of housing. The AI also includes an assessment of conditions, both public and private, that affect fair housing choice.

The AI identified the following impediments to fair housing:

- **A lack of affordable housing has resulted in severe rent burdens among many renters, especially those with low and moderate incomes.** A majority of renters in the county are rent-burdened—spending over 30% of household income toward rent and utilities; this figure exceeds 85% for households earning below \$35,000 and is still over half for households earning \$35,000–\$49,999. Meanwhile, over 80% of households earning under \$20,000 are severely rent-burdened (meaning they pay over half their income toward rent and utilities), as are nearly 40% of households earning \$20,000–\$34,999.
- **African Americans and Hispanics face difficulties receiving conventional mortgage loans.** The denial rate for first-lien, conventional mortgages for African Americans is consistently over four times that of Whites, and the denial rate for Hispanics is between two and four times that of Whites as well. The most common reasons for denial, as noted in the HMDA data, are credit history for African Americans (33% of all denial reasons) and debt-to-income ratio for Hispanics (49% of all denial reasons).
- **Based on the number of fair housing complaints filed, disabled persons face difficulties accessing fair housing.** Nearly half of all fair housing complaints filed in the 2010–2018 period were filed due to discrimination based on disability. Given that the county’s population with a disability is approximately 12,500, and that over a quarter of the elderly are also disabled, this is a significant barrier to fair housing.
- **There exists a lack of subsidized rental properties outside the Towns of Chapel Hill and Carrboro.** The only public housing in the county is located in Chapel Hill, and the vast majority of other subsidized properties are located in either Chapel Hill or Carrboro. To that end, six subsidized developments exist in Hillsborough, one exists in the Orange County portion of Mebane, and only one subsidized property exists in unincorporated Orange County.
- **Zoning throughout the county largely restricts the development of denser, more affordable housing.** Only a handful of areas in the county are zoned for moderately dense residential development (over four lots or units per acre), and resident opposition can complicate or inhibit the development of denser housing in those areas. Given the high cost of land in service-rich neighborhoods of Chapel Hill and Carrboro, low-density zoning can prevent the construction of affordable housing.

Actions planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

Strategies have been designed to help eliminate or reduce the impact of identified affordable housing barriers. The following recommendations promote housing opportunities for the Orange County Consortium:

- Continue to consult with local lending institutions
- Provide training to housing providers and consumers about their obligations and rights
- Continue to work with the County and Town governments to develop appropriate legislation and ordinances to assist with the development of affordable housing
- Seek more funds for subsidized housing. Low- and moderate-income households are disproportionately rent-burdened, and recently, rents have increased faster than wages.
- Educate landlords, property managers, and other housing providers about fair housing law and reasonable accommodation, especially as they pertain to persons with disabilities.
- Offer educational courses on mortgage lending and building credit scores that are geared toward African American and Hispanic borrowers.
- Explore funding options for a best-practices Rapid Rehousing program to serve homeless individuals and families.
- Negotiate affordable housing as a community benefit in residential development applications to create well-located, mixed income housing.
- Identify ways to protect residents of mobile home parks who may be under threat of displacement.
- Consider areas to strategically up-zone or implement an expedited review process to promote the development of affordable housing
- Design and implement ways to incentivize the creation of affordable housing and decrease barriers to housing development, including development fee waivers, expedited review processes, and density bonuses, among others.

Discussion

As with other types of development, Orange County's supply of affordable housing is dictated by a variety of factors, the most significant being project affordability, availability of land and infrastructure, developer preference for building high-end housing, and government regulation. The Town of Chapel Hill is implementing a variety of approaches to improve its understanding of these factors, with the intent to become better partners in identifying and taking advantage of opportunities, for projects to include affordable housing. The Town has increased its collaboration with area affordable housing

providers through our membership in the Orange County Affordable Housing Coalition.

AP-85 Other Actions - 91.420, 91.220(k)

Introduction

The Orange County HOME Consortium and the Town of Chapel Hill have developed the following actions which address obstacles to meeting underserved needs, fosters affordable housing, reduces lead-based hazards, reduces the number of poverty families, develops institutional structures, and enhances coordination between public and private housing and social service agencies.

Actions planned to address obstacles to meeting underserved needs

Despite County and non-profit service provider efforts, there remains a significant number of obstacles to meeting underserved needs. The following are some of the obstacles to meeting these needs in Orange County:

- The demand created by a continued population growth, including growth from the University, creates a housing shortage
- A tight rental housing market and escalating rental rates in the urban areas of the County for residents of all income levels; and
- The lack of housing choice for people aging in place.

Actions planned to foster and maintain affordable housing

In 2017 the Town began implementing an Affordable Housing Work Plan to serve as the guide for our affordable housing activities. The Plan contains robust strategies to address the need for affordable housing development, preservation, collaboration, and performance measurement. Town staff create and implement each workplan in 3-year increments, and use the workplans to track and communicate our progress and successes to the community. To learn more about our progress, see our: Affordable Housing Quarterly Report (<https://www.townofchapelhill.org/government/departments-services/housing-and-community/affordable-housing/quarterly-reports>), Affordable Housing Dashboard (<https://www.chapelhillaffordablehousing.org/tracking-our-progress>), or FY 24-26 Work Plan (<https://www.townofchapelhill.org/government/departments-services/housing-and-community/work-plans>).

Actions planned to reduce lead-based paint hazards

In Orange County, evaluations (risk assessments) of lead-based paint in housing units will be conducted by on a case-by-case basis and lead abatement will be prescribed as needed for dwellings targeted for rehabilitation. In addition, all assisted housing tenants will be informed of the hazards of lead-based paint. The Orange County Health Department will provide ongoing consultation to local housing staff as appropriate.

Actions planned to reduce the number of poverty-level families

Orange County and the Town of Chapel Hill have targeted significant CDBG and HOME resources within core low-income areas to execute their anti-poverty strategy. These resources will act as catalysts to invite additional public and private investment of capital and services; increase the quantity and quality of affordable housing; and help low to moderate-income residents acquire needed information, knowledge and skills to improve their employment opportunities.

Under North Carolina's Work First initiative, Orange County has developed a local plan to assist those most in need and forms the basis for its anti-poverty activities. Orange County's current Work First population [recipients of Temporary Assistance for Needy Families, TANF] faces major obstacles in obtaining and retaining employment because they are competing for jobs with a highly skilled workforce. Unskilled and semi-skilled workers without a high school diploma or a recent connection to the workforce are unable to obtain jobs that provide a living wage. Barriers such as substance abuse, criminal records and chronic physical and mental health problems have no quick fix. They are resolved as a result of participant commitment, adequate resources, and time. Under the Work First initiative, Orange County will provide the following:

- First Stop—provides a continuum of services including job search and job preparedness
- Childcare—provides daycare subsidy payments and assisting with After-School Programs
- Transportation—provides expanded transportation routes, vehicle donations and financial assistance to address transportation needs
- Substance Abuse Services—provides initial screening, assessment, and residential and outpatient treatment services
- Family Violence Option—provides full assessment of domestic violence, counseling and support group sessions, and coordination of services such as emergency housing, transportation and legal services
- Child Welfare Services—provides collaboration of services to ensure the safety and well-being of children
- Emergency Assistance—provides housing, food and utility assistance
- Family Success Alliance - serves a defined geographic area (a zone) and its children with a seamless "pipeline" of evidence-based programs, services, and supports from cradle to career

The Anti-Poverty Strategy is the unifying thread that ties the housing, homeless, public housing and non-housing community development strategies together as one comprehensive plan for reducing the number of families that fall below the poverty level. In addressing each of the three components below, the Anti-Poverty Strategy simultaneously links and implements the various strategies, goals and objectives contained throughout this Consolidated Plan to promote self-sufficiency and empowerment.

Actions planned to develop institutional structure

With the creation of the Orange County Local Government Affordable Housing Collaborative (the Collaborative), Orange County, Chapel Hill, Carrboro and Hillsborough demonstrated the desire to cooperate among the several jurisdictions to provide the best housing assistance that will serve the low-income residents of Orange County. With respect to coordination of resources, funded agencies will communicate with appropriate staff regarding projects in progress, applications submitted to state and federal funding agencies, programs that are particularly successful or troublesome, and other sharing of information and sources of funds.

Actions planned to enhance coordination between public and private housing and social service agencies

The Town meets regularly with housing and service providers implementing activities identified in the Northside and Pine Knolls Community Plan and the Affordable Housing Work Plan. The Town is an active collaborator with many agencies, including serving as a member on the Orange County Affordable Housing Coalition, Northside Neighborhood Initiative, Orange County Partnership to End Homelessness, Family Success Alliance, and others.

Discussion

Over the last five years, the Town has made significant investments in affordable housing preservation and development, dedicating more than \$26 million to support affordable housing projects in the community, establishing innovative policies, and initiating development and preservation projects that further our Council's affordable housing goals. The Town has built a pipeline of development projects expected to generate more than 1,000 units over the next 5 years.

The Town has begun a process to revamp our Land Use Management Ordinance that regulates development in Chapel Hill. The revised document may include incentives to develop affordable housing and remove barriers to creating affordable housing opportunities.

In the winter of 2018, Town Council approved an Employee Housing Pilot Program designed to assist low-moderate income Town employees find and secure affordable housing in town. That pilot program served 7 Town employees. Updates to the program were passed by Council in winter 2021, and an additional 13 employees have taken advantage of homeownership assistance and rental assistance.

Program Specific Requirements

AP-90 Program Specific Requirements - 91.420, 91.220(l)(1,2,4)

Introduction

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.220(l)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	21,199
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	0

Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	100.00%

Discussion

With the exception of program administration, the Town continues to allocate 100% of program funds to benefit low- and moderate-income individuals and households in Chapel Hill.

This Annual Action Plan covers July 1, 2025 through June 30, 2026.