

AFFORDABLE HOUSING QUARTERLY REPORT



Fiscal Year 2023 Quarter 1
(July 1 - September 30, 2022)



Community Indicators

\$15,991,145

Town Budget for Affordable Housing Strategies



\$95,500

Median Household Income



\$623,892

Home Value Index



58%

of Renters spend more than 30% of income on Housing



22%

of Homeowners spend more than 30% of income on Housing

39%

of Housing Units affordable to households with income at 80% AMI



28%

of Units Approved in FY22 affordable to households with income at or below 80% AMI

22,152

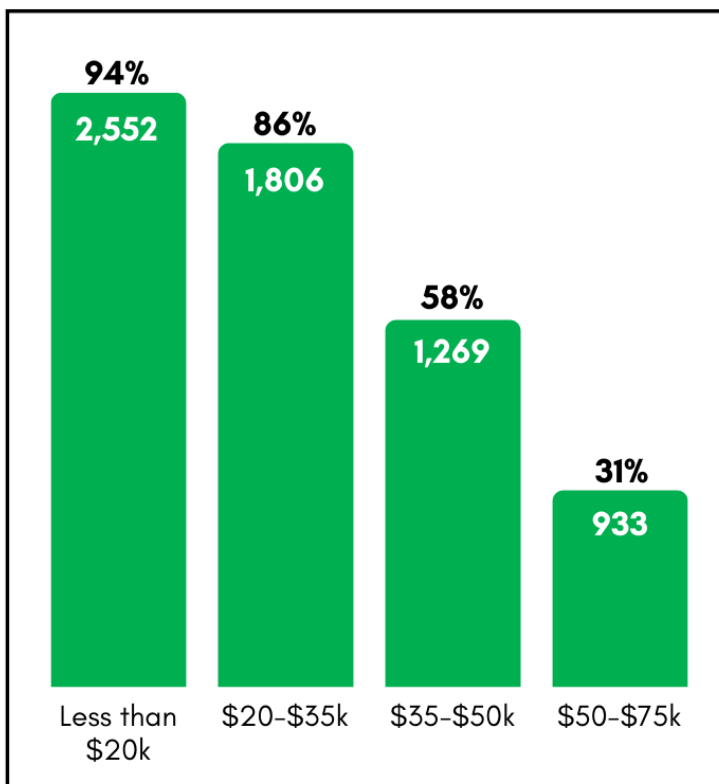
Total housing units in town



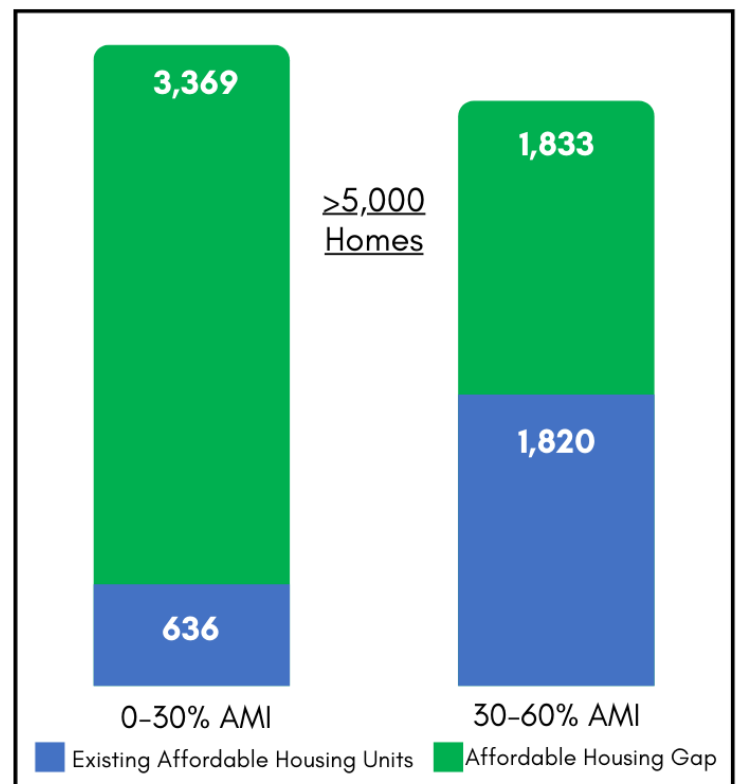
442

Units Approved in FY22

Number and Percent of Households that are Cost-Burdened by Income Level

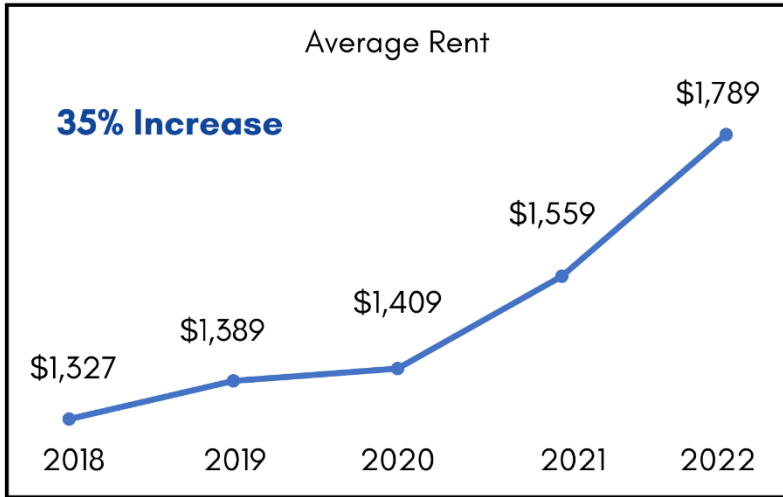


Additional Affordable Housing Units Needed by Income Level

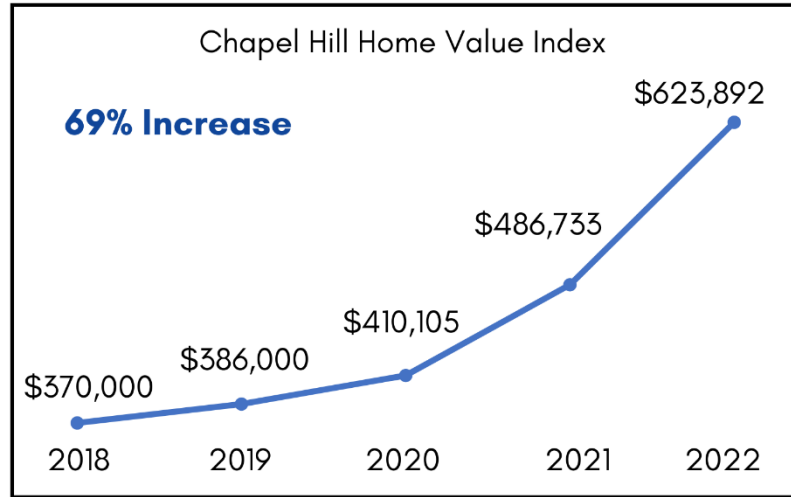


Housing costs have been rising in Chapel Hill since 2018:

Rise in Rental Rates

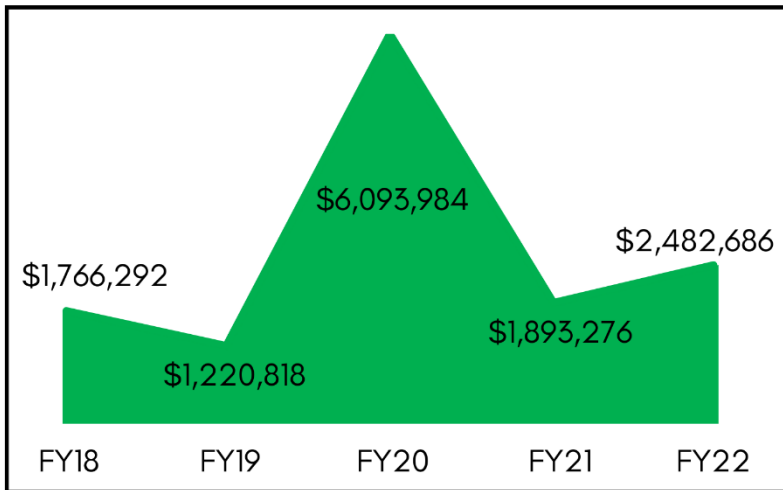


Rise in Home Values

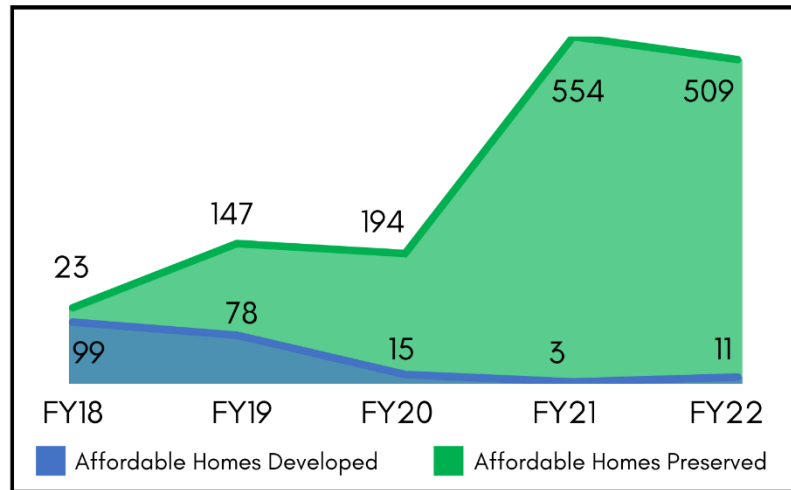


The Town has increased its support for affordable housing to address housing needs:

Affordable Housing Funding Allocated to Projects

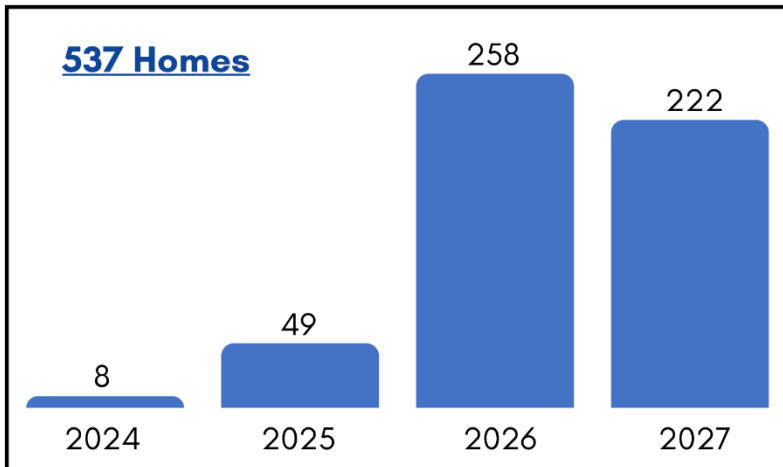


Development and Preservation Units Completed

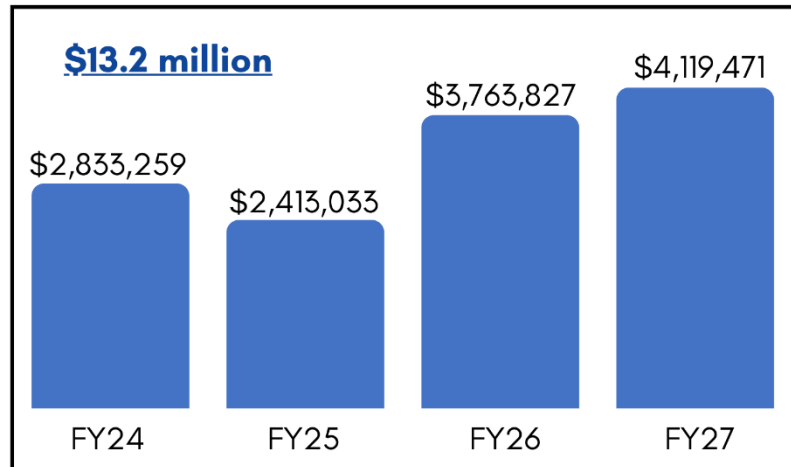


More affordable housing is planned to be created, but funding is still needed:

Affordable Housing Development Pipeline



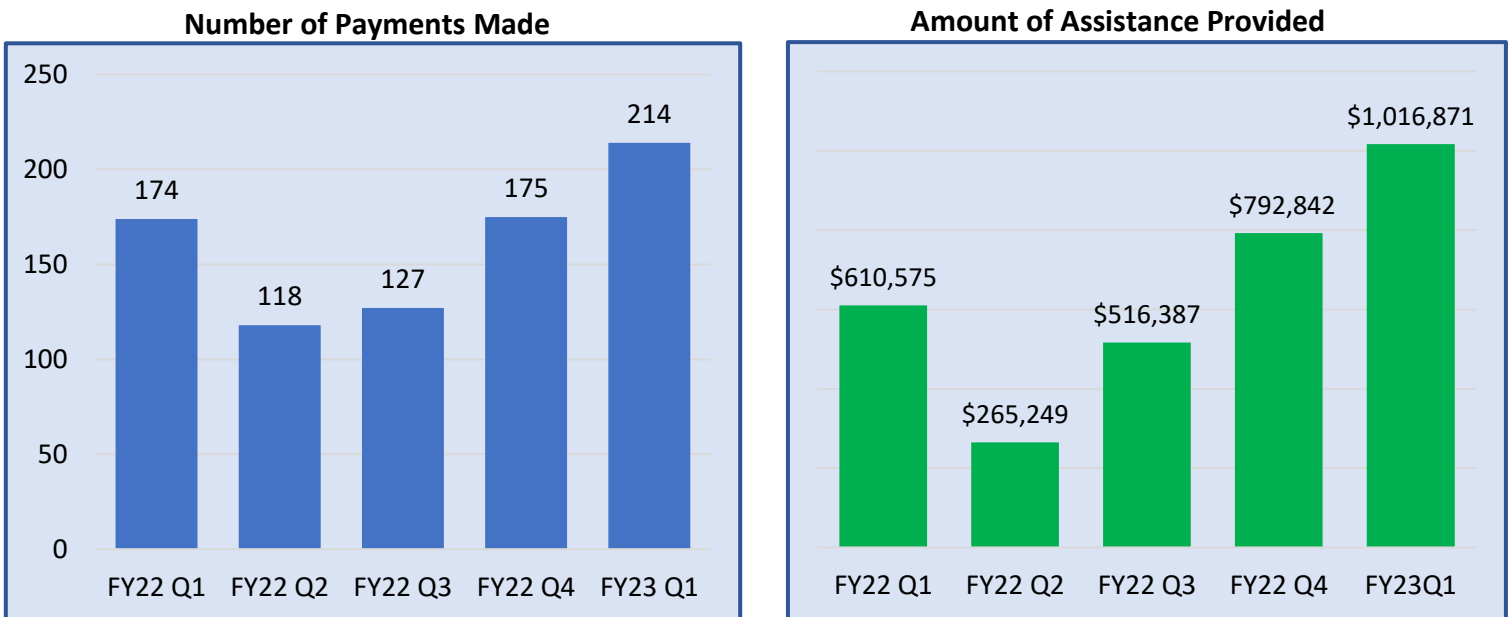
Additional Funding Needed to Support Projects



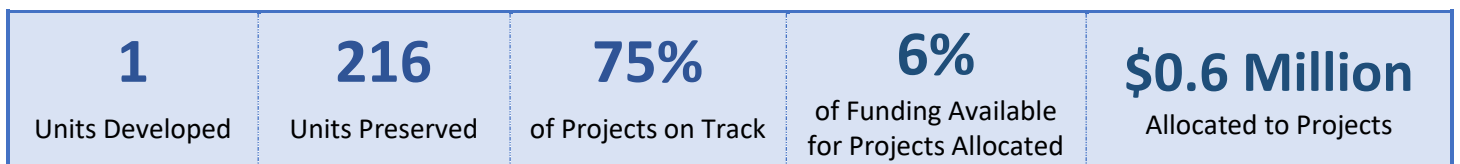
Fiscal Year 2023 First Quarter Highlights

- Trinity Court was awarded \$10 million in 2022 9% Low Income Housing Tax Credits from the North Carolina Housing Financing Agency.
- The Town made \$8.45 million available to support affordable housing projects, the most funding ever released to date. The funding needs for eligible local affordable housing projects totaled to more than \$13.2 million.
- Most Town-supported affordable housing development projects have been impacted by unprecedented cost increases over the past year. Some are experiencing associated schedule delays and many previously funded projects sought additional funding this year to cover widening funding gaps.
- The Town completed renovation of the second transitional housing unit at Ashley Forest.
- Empowerment Inc. completed renovation of a house the Town helped move from the Rosemary Street Parking Garage site to a property on Gomains Street.
- The tenth Town employee received housing assistance through the Employee Housing Program.
- This quarter, 214 Chapel Hill households received assistance through the County-wide Emergency Housing Assistance Program. This assistance is reflected in the total units preserved.

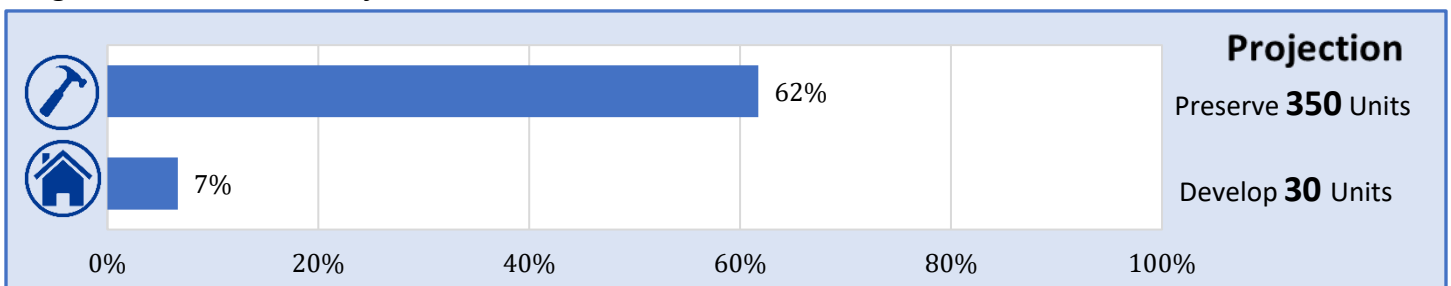
Emergency Housing Assistance



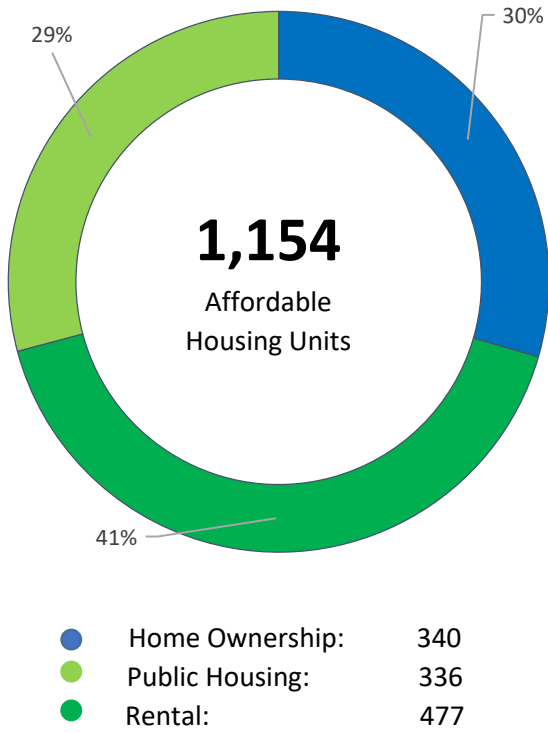
FY23 Town Performance-to-Date



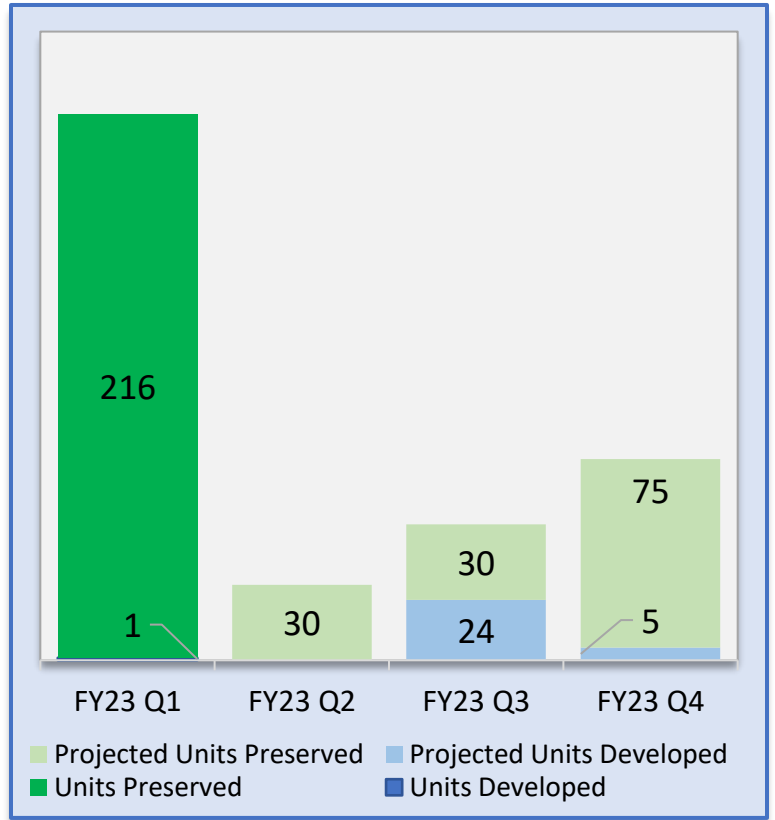
Progress Towards FY23 Projection



Number of Subsidized Units in Town



Units Developed and Preserved by Quarter








Affordable Housing Projects Underway Supported by the Town

Project Type	Provider	Project Name	Number of Units	Projected Completion	Status
	EmPOWERment, Inc.	707 Gomains St House Move	1	FY23 Q1	✓
	Town of Chapel Hill	Transitional Housing at Umstead Road	1	FY23 Q2	●
	CASA	Perry Place at Merritt Mill	24	FY23 Q3	●
	Town of Chapel Hill Transitional Housing	Ashley Forest Renovation	2	FY23 Q4	●
	Town of Chapel Hill	Employee Housing Program	6	FY23 Q4	●
	Orange County	Emergency Housing Assistance	300	FY23 Q4	●
	Self-Help/Community Home Trust	223 N. Graham	1	FY23 Q4	●
	Self-Help	Northside Housing Rehab	5	FY23 Q4	●
	Self-Help	Northside Acquisition and Development	4	FY23 Q4	●
	Orange County Preservation Coalition	Homeowner Rehabilitation	12	FY23 Q4	●
	Community Home Trust	Homebuyer Subsidy	2	FY23 Q4	●
	Community Home Trust	Legion Rd Townhomes Crawl Space Renovation	14	FY23 Q4	●

	Community Empowerment Fund	Down Payment Assistance	5	FY23 Q4	
	Habitat for Humanity	Gattis Court	4	FY24 Q3	
	EmPOWERment, Inc.	PEACH Apartments	10	FY24 Q4	
	Town of Chapel Hill	Trinity Court	54	FY25 Q2	
	Town of Chapel Hill	Homestead Gardens	87	FY26 Q2	
	Town of Chapel Hill	Jay Street	48	FY26 Q2	
	Habitat for Humanity	Weavers Grove	100	FY28 Q2	

Legend:

- ✓: The project has been completed
- : The project is on track to meet its project scope and schedule
- : The project has been delayed in meeting its previous quarter project scope and schedule
- : The project has stalled and may not be completed
- : Development Project
- : Preservation Project

Affordable Housing Work Plan Highlights

Project	Progress Update
DEVELOPMENT	
Trinity Court	<ul style="list-style-type: none"> • Trinity Court was awarded 2022 9% Low Income Housing Tax Credits that will provide more than \$10 million in subsidy to the project. • The development team will now apply for and secure all necessary permits and financing with a goal of breaking ground in summer 2023.
Homestead Gardens	<ul style="list-style-type: none"> • The development team is exploring ways to revise the site plans to identify revisions that could reduce projects costs enough to balance financial viability and the original project goals. • The development team is pursuing additional financing, including Town Bond/ARPA funds for the project and determining next steps for final approvals and permits.
Jay Street	<ul style="list-style-type: none"> • Since the project did not receive a 9% LIHTC award, the development team is revisiting its plan for the project to determine the best path forward, including a possible 9% tax credit application in 2023. • Once an updated path is identified, it will work to secure the funding needed and obtain the remaining permits needed prior to construction start.
Plant Road	<ul style="list-style-type: none"> • Staff executed a contract with Balletine Associates, PA to conduct a feasibility analysis of several development scenarios on the site. • Staff are currently reviewing the preliminary test fit drawings received before working with the design team to complete one or more preferred options with accompaning cost estimates.
Legion Road	<ul style="list-style-type: none"> • Staff is providing support to the Mayor’s Legion Property Planning Committee as it considers the creation of parks and recreational amenities and affordable housing on the site.
Bennett Road	<ul style="list-style-type: none"> • Staff have assembled a possible scope of work for the Developmet Finance Initiative to begin evaluating development scenarios for the site. • Staff are planning to discuss with the Council potential next steps for pursuing development at this and other Town-owned sites in Winter/Spring.
PRESERVATION	

Implement Manufactured Home Communities Strategy	<ul style="list-style-type: none"> All jurisdictions have now approved the County-wide Manufactured Home Action Plan (MHAP) Staff are implementing the plan, including creating an outreach plan to provide housing resources and information about upcoming affordable housing developments to manufactured home residents. The Collaborative will discuss next steps for plan implementation at one of their meetings this fall.
Emergency Housing Assistance (EHA) Program	<ul style="list-style-type: none"> Staff are evaluating funding needs for the program and working with County and Town staff to re-evaluate the program goals, guidelines, and results. Staff anticipate having an analysis of the Program effectiveness from Orange County for review this fall. The County Commissioners will receive this report in November.
POLICY	
Employee Housing Program	<ul style="list-style-type: none"> Staff are continuing to hold departmental information sessions, administrative updates with Community Home Trust, and outreach to mortgage lenders. Staff are continuing to see an increase in program interest from employees and have several that are currently approved for rental assistance that are looking for housing or preparing to move into housing in Chapel Hill.
Inclusionary Housing	<ul style="list-style-type: none"> Staff are working with the owners of approved development projects to finalize their affordable housing agreements prior to the Town issuing their final plans approval. Staff finalized the affordable housing performance agreement for the Aura project in October. Staff worked with development teams (e.g., Stanat's Place, 710 N. Estes, Aspen Heights) to clarify their affordable housing plans and finalize their affordable housing conditions prior to Council review and action on their rezoning applications.
Housing Petition Response	<ul style="list-style-type: none"> Staff are continuing to implement the work plan created in response to the November 17th, 2021 housing petition, including collaborating with Planning to design an expedited review process for affordable housing projects. Council opened the public hearing for the LUMO text amendment in October that creates a Community Priority Process for Affordable Housing Development Review. Council is expected to take action on the text amendment in November. Staff worked with the Housing Advisory Board (HAB) to clarify the definition of affordable rental housing in the HAB Guiding Principles for Affordable Housing in New Rental Housing Development. The HAB adopted the revised principles at their September meeting.
FUNDING	
Implement Investment Plan for Affordable Housing	<ul style="list-style-type: none"> The Town made \$8.45 million available to support affordable housing projects, the most funding ever released to date. The funding needs for eligible local affordable housing projects totaled to more than \$13.2 million. Council will consider approving a recommended funding plan this fall for use of these funds. Staff continuing effort to update our Affordable Housing Investment Plan and plan to discuss the plan with Council later this fall as part of the Five-Year Budget work session discussion.
Manage Funding Programs	<ul style="list-style-type: none"> Staff implementing plan for use of \$500,000 in excess fund balance to fill funding gaps and address unmet needs. The FY22-23 CDBG Annual Action Plan has been approved by HUD. Staff are drafting Performance Agreements for funded programs with outside agencies.
MANAGING TOWN-OWNED HOUSING	
Transitional Housing Program	<ul style="list-style-type: none"> Staff completing sustainability plan for the program, with anticipated completion this fall. Renovations of Umstead Road house near completion and tenant anticipated to move in soon. Staff completed deferred maintenance to additional units in our portfolio using excess fund balance funding approved by Council.

Notes & Citations

- The percentage of renters and homeowners that pay more than 30% of their income on Housing, the number and percentage of cost-burdened housing, and total occupied housing units in town data source is U.S. Census Bureau, 2016-2020 American Community Survey 5-Year Estimates
- HUD defines cost-burdened families as those who pay more than 30% of their income for all housing-related expenses and may have difficulty affording necessities such as food, clothing, transportation, and medical care.
- Staff calculated the need for affordable housing units by income level by comparing the number of households with incomes that fall within the specified AMI levels to the number of affordable units available to households at those income levels. The data source for household income level was the American Community Survey. The unit count data was pulled from the Co-Star Naturally Occurring Affordable Housing database and the Orange County Subsidized Affordable Housing Inventory.
- The median household income data source is the HUD 2022 Median Family Income Estimates based on American Community Survey data for the Durham-Chapel Hill Metropolitan Statistical Area.
- The home value index data source is Zillow.com and average rent rate is from Co-Star data.
- The total budget this fiscal year for affordable housing strategies captures all Town expenditures for affordable housing. This includes the Affordable Housing Fund, CDBG Funds, and operating funds, among others.
- The percentage of housing units that are affordable to households with income under 80% AMI includes naturally occurring affordable housing and units subsidized by the Town. The data source for this metric and corresponding chart is the commercial real-estate research firm Co-Star and the County-wide data inventory created through the Orange County Affordable Housing Coalition.
- The percent-of-budget allocated metric displays the percentage of the Town budget for affordable housing projects allocated as of the date of the quarterly report.
- The data source for the number of units subsidized by the Town is the County-wide Data Inventory created through the Orange County Affordable Housing Coalition.
- The data source for subsidized housing unit development projections is the County-wide data inventory created through the Orange County Affordable Housing Coalition.