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# ASPEN CHAPEL HILL: AFFORDABLE HOUSING PROPOSAL



# Proposal Drivers & Program Alignment

## Proposal Drivers

**Note:** Proposal is conceptual and presented for discussion purposes.

Understanding of Ordinance and Comprehensive Plan

Discussions with Town Affordable Housing Stakeholders

Town's Preference for Proposed Projects to Add Affordable Units to Existing Inventory

Understanding of Approach Flexibility to Avoid "One Size Fits All" Housing Model

Unique Set of Circumstances Created by Proposed Student Housing Use

Identify Best Opportunity for Project to Maximize Affordable Housing Benefits for Town

## Proposed Program Alignment

Proposed Affordable Housing component aligned with most recent student housing project constructed in Town, Union Chapel Hill (formerly known as Grove Park; Project #14-091).

Union Chapel Hill is most comparable project to Applicant's given location, age, and student housing use.

Alignment to Union Chapel Hill offers chance for scale of organized, existing Affordable Housing program.

# Proposed Affordable Component

## Proposed Affordable Housing Units (Aligned with Union Chapel Hill)

### Affordable Housing Program Comparison: Union Chapel Hill vs. Applicant's Proposed Program

	Union Chapel Hill	Subject (Aspen Chapel Hill)
Project Reference Number	14-091	21-012
Project Total Units	346	109
Project Affordable Units (Leased to Town)	6	2
<b>Affordable Unit %</b>	<b>1.73%</b>	<b>1.83%</b>

- ✓ Applicant to provide ratio of Affordable units (%) that exceeds Union Chapel Hill program.
- ✓ Like Union Chapel Hill, Applicant's two Affordable units will be leased to Town for \$1.00 per month for 25-year period.
- ✓ Proposal currently assumes two Affordable units leased to Town are 2-bedroom / 2-bathroom units.

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# Proposed Affordable Component (Cont.)

## Proposed Affordable Program Guidelines For Discussion

1

Framework for the Applicant's Affordable Housing can initially mirror Union Chapel Hill program with adjustments as Town deems appropriate.

2

Applicant will provide to the Town two 2-bedroom/2-bath units for a guaranteed rental rate of \$1.00 per month for a period of 25 years.

3

The Town will have the right to sublease these two units to any qualifying household at whatever sublease rental rate the Town deems appropriate.

4

If Town deems appropriate, proposed project's Affordable units can be allocated to appropriate Town Programs (Employee Housing, Transitional Housing, etc.)

5

Lease documents for the Applicant's Affordable Housing component will be finalized in collaboration between the Applicant and the Town.

6

Applicant's program will be administered in the same manner as the in-place Union Chapel Hill program with appropriate involvement from Town stakeholders and/or nonprofit organizations.

# Town Benefits From Proposed Program

## Town Benefits Stemming From Applicant's Affordable Housing Proposal

- 1 Instead of a fee in lieu, Applicant's proposal would add two Affordable Housing units to existing inventory.
- 2 Estimated annual subsidy provided by the Applicant to the Town of \$54,480, or \$1,362,000 over the life of the program's 25-year duration. See following enclosed page for details of this subsidy.
- 3 Town afforded maximum flexibility to sublease two units in Applicant's project at whatever rental rate deemed appropriate with essentially no financial risk, given \$1.00 per month payment for Affordable units.
- 4 Creation of a steady income stream for the Town through subleasing Affordable units.
- 5 Generated income from collected Affordable unit sublease rents can be used to subsidize housing for other families at Affordable rental locations or leveraged for other Town Affordable Housing priorities.
- 6 Applicant's Affordable Housing proposal leverages existing Affordable framework of Union Chapel Hill enabling the opportunity for program administration synergies and scale.

# Quantified Town Benefit From Proposal

Unit Type	Comparable Student Housing Communities: Monthly Rent Per Unit <sup>2</sup>			Orange County FMR <sup>3</sup>	Subject - Aspen Chapel Hill (Applicant's Proposal)			
	Shortbread Lofts	Lark Chapel Hill	Union Chapel Hill		Estimated Rent Per Unit <sup>4</sup>	# Affordable Units Leased to Town (\$1.00 Per Month)	Projected Monthly Subsidy	Projected Annual Subsidy
2 Bedroom / 2 Bathroom (Flat) <sup>1</sup>	\$2,204	\$2,150	\$2,281	\$1,134	\$2,270	2	\$4,540	\$54,480

**Footnotes:**

1. Applicant's initial Affordable Housing proposal includes two (2) 2-bedroom/2-bathroom units. As a result, comparison above includes 2-bedroom/2-bathroom unit type.
2. Comparable community rents sourced per market survey calls performed by Applicant and Axiometrics, a RealPage multifamily research platform, as of February 2021. Average rents shown include water, sewer, and internet service.
3. Orange County FMR ("Fair Market Rent") per Orange County Housing & Community Development (OCHCD). FMR reflects 2021 Payment Standards for 2-bedroom units.
4. Represents estimated rental charges as informed by the existing student housing market in 2021 dollars, including water, sewer, and internet service.

**TOTAL VALUE OF 25-YEAR SUBSIDY TO TOWN**

**\$54,480 Per Year x 25 Years = \$1,362,000**

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