



AFFORDABLE HOUSING ANNUAL REPORT

FISCAL YEAR 2022 (JULY 1, 2021 - JUNE 30, 2022)



Key Results



\$5.7 million

Town budget for affordable housing strategies



123

affordable housing units approved by Council



\$2.5 million

deployed to community partners for projects



72%

of funding available allocated to projects



105

new development units awarded funding from the Town



509

preservation units awarded funding from the Town

Key Successes

1. Deploying \$2.5 million in funding to community partners to support vital programs and projects.
2. Hitting major milestones for two of our Town-initiated development projects, seeing Council approval of Jay Street and Trinity Court projects, which combined will add more than 100 units of affordable housing.
3. Approval of additional affordable housing units including Empowerment's PEACH project with 10 rental apartments, Habitat for Humanity's Gattis Court with two for sale duplexes, and the Summit Townhomes project with 7 affordable townhomes.
4. Partnering with EmPOWERment to move an existing house from the Rosemary Street Parking Garage project property to an empty lot in the Northside community to become part of EmPOWERment's inventory of permanently affordable rental housing.
5. Enhancing our Employee Housing Program to increase incentive awards and allow more employees to access the program. This resulted in our first homebuyer assistance award and increased interest from employees.
6. Partnering with the other local governments in Orange County to create a County-wide Manufactured Home Action Plan to address the preservation needs and displacement threats to manufactured home residents.
7. Creating and presenting options to the Council to expedite our review process for affordable housing development. If approved, an expedited review process could drastically change our ability to create more affordable housing more quickly in Chapel Hill.
8. Completing renovations at several of our Transitional Housing and affordable rental units and supported one of the families in the program in achieving their dream of homeownership.






Left to Right: Previous Transitional Housing Program Residents, EmPOWERment House Move, Jay Street Affordable Apartments, PEACH Apartments, and Trinity Court Redevelopment

OUR GOAL

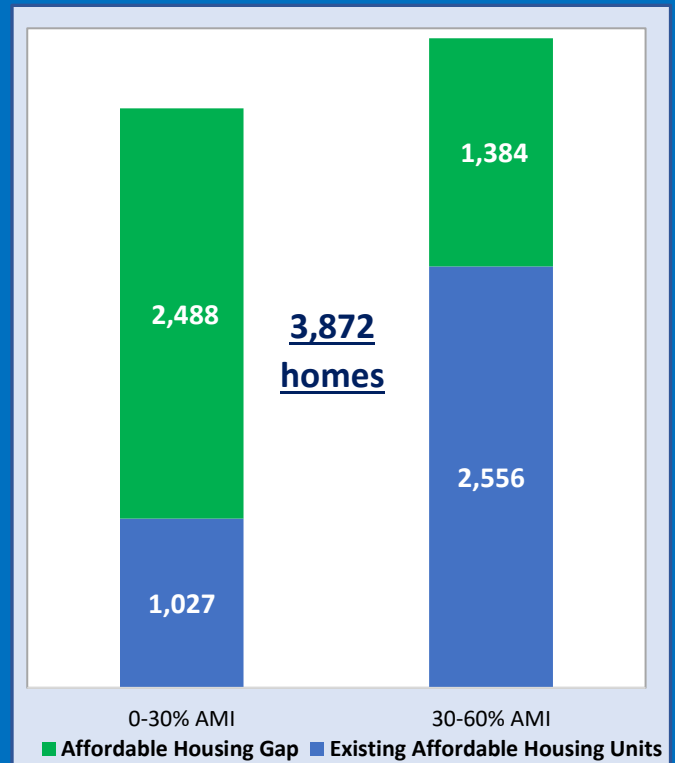
To increase access to housing for residents across a range of incomes, and to constantly strive for more equitable outcomes and opportunities for historically underserved populations.

COMMUNITY INDICATORS

<p>\$5,729,606</p> <p>Town Budget for Affordable Housing Strategies</p> 	<p>\$86,400</p>  <p>Median Household Income</p>	<p>57%</p> <p>of Renters spend more than 30% of income on Housing</p>	<p>36%</p> <p>of Housing Units affordable to households with income at 80% AMI</p>
	<p>\$486,733</p> <p>Median Home Value</p> 	<p>22%</p> <p>of Homeowners spend more than 30% of income on Housing</p>	<p>23,713</p> <p>Total housing units in town</p>

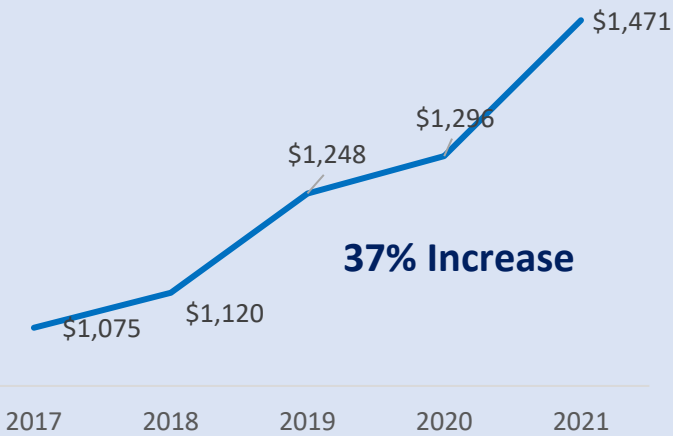
Number and Percent of Households that are Cost-Burdened by Income Level

Additional Affordable Housing Units Needed by Income Level

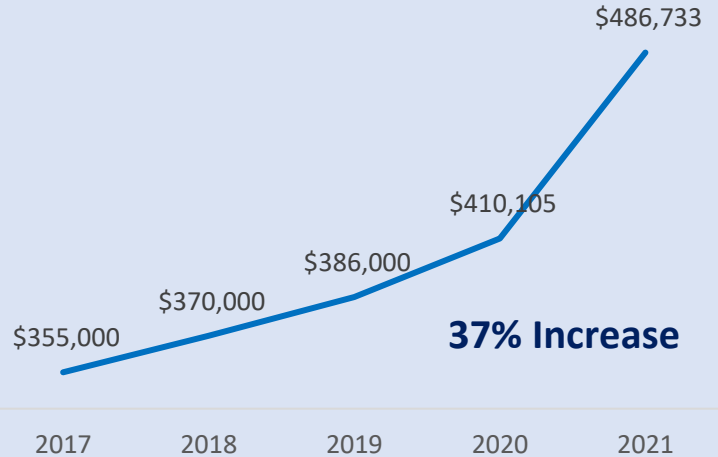


Housing costs have been rising in Chapel Hill since 2017:

Chapel Hill Average Rent

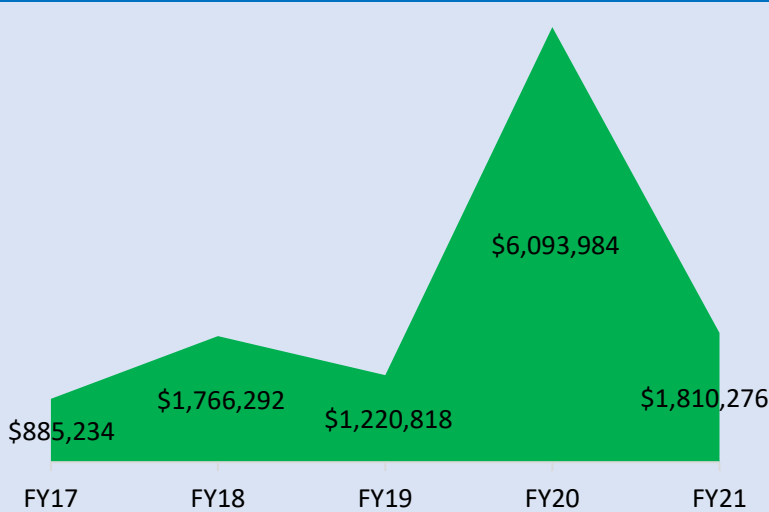


Chapel Hill Home Value Index - add 2022

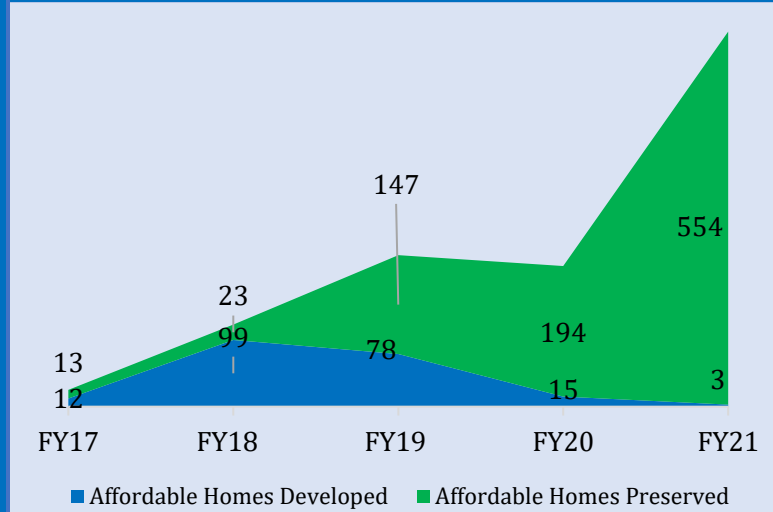


The Town has increased its support for affordable housing to address housing needs:

Affordable Housing Funding Allocated to Projects

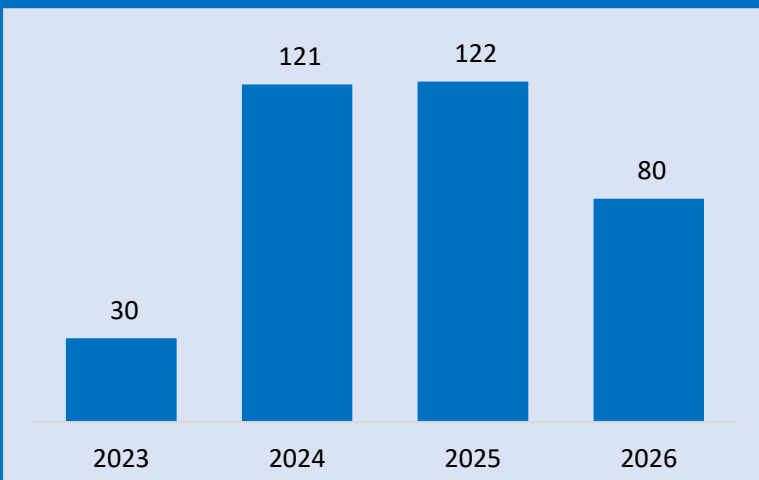


Development and Preservation Units Completed

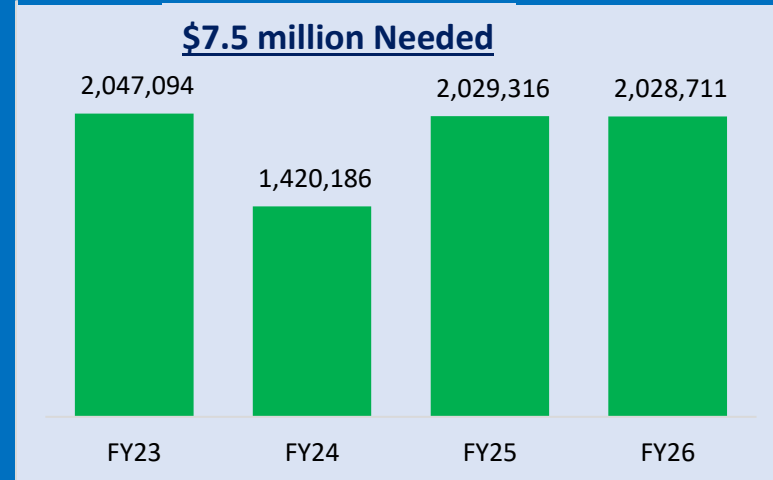


More affordable housing is planned to be created but funding is still needed:

Affordable Housing Development Pipeline



Additional Funding Need to Support Projects

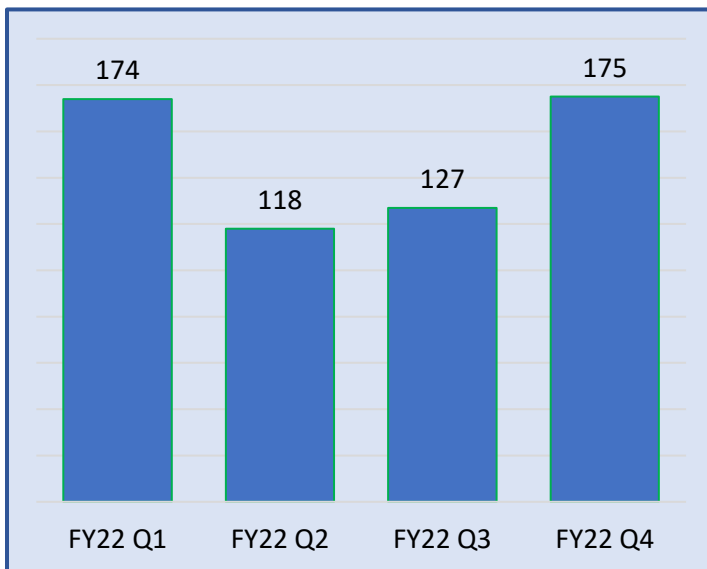


FY22 Q4 Highlights

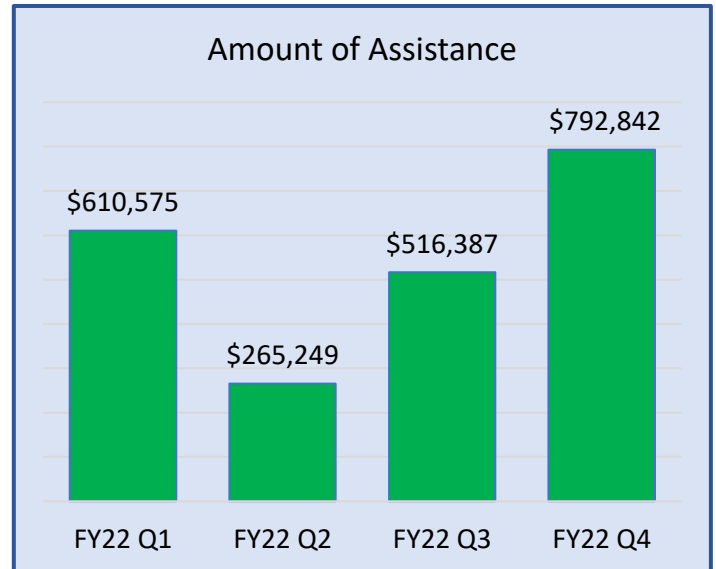
- Conditional Zoning applications for [Trinity Court](#)¹ and [Jay Street](#)² Affordable Housing Development Projects were approved by Council. Both projects submitted applications for 9% Low Income Housing Tax Credits.
- Council approved the Gattis Court and Peach Apartments projects.
- The Pee Wee Homes tiny home duplex was added to the inventory of affordable homes in Town.
- The Town has continued to focus on COVID-19 response and recovery efforts. This quarter, 175 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

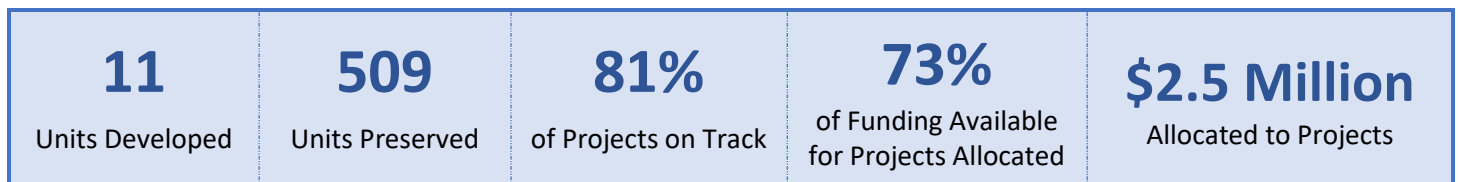
Number of Payments Made



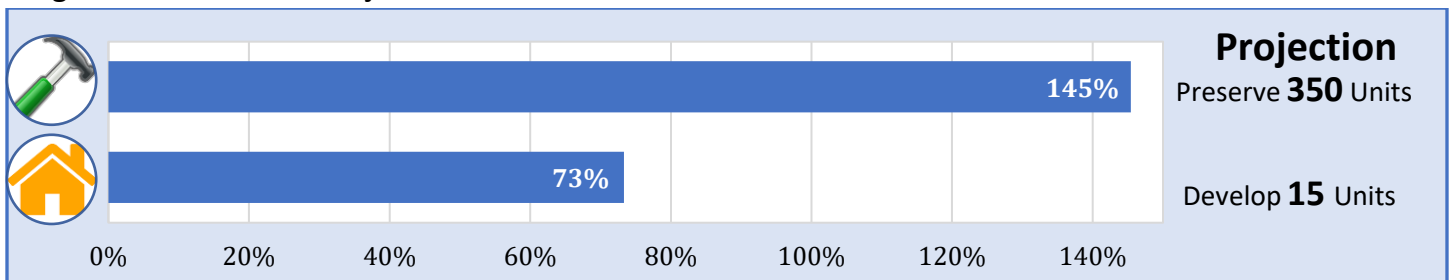
Amount of Assistance Provided



FY22 Town Performance-to-Date



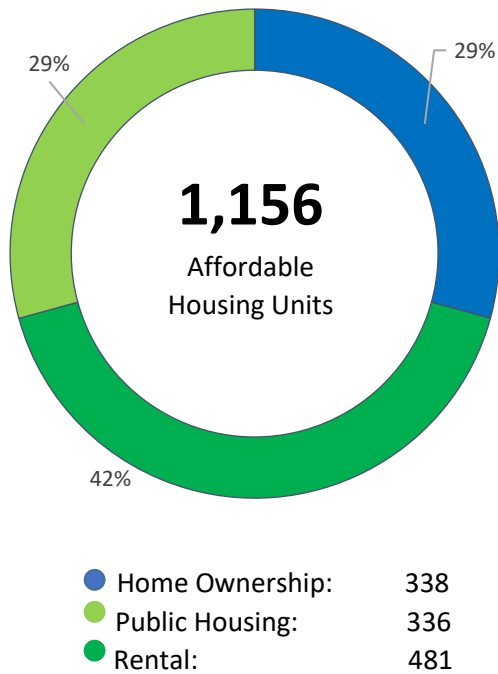
Progress Towards FY22 Projection



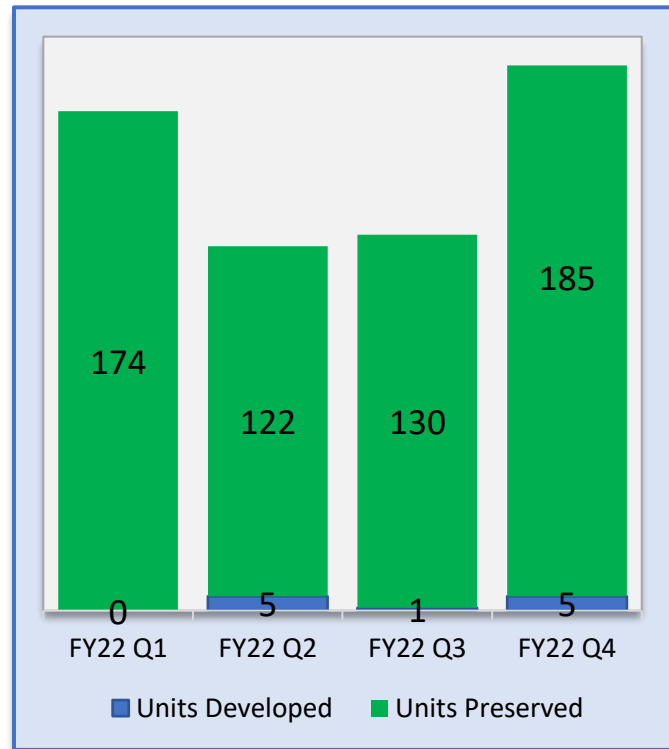
¹ <https://www.chapelhillaffordablehousing.org/reimagine-trinity-court>

² <https://www.chapelhillaffordablehousing.org/jay-street-affordable-housing-development>

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
	Self-Help/Empowerment Inc.	Grisham Cottages/Lindsay St Duplex	2	FY22 Q2	✓
	Town of Chapel Hill Public Housing	Oak Avenue Furnace Replacement and Fire Repair	3	FY22 Q2	✓
	Self-Help/Empowerment Inc.	Gomains St Duplex Acquisition	2	FY22 Q2	✓
	Community Home Trust	Homebuyer Subsidy	1	FY22 Q4	✓
	Town of Chapel Hill	Employee Housing Program	3	FY22 Q4	✓
	Pee Wee Homes	Mitchell Lane Tiny-plex	2	FY22 Q4	✓
	Orange County Preservation Coalition	Homeowner Rehab	4	FY22 Q4	✓
	Orange County	Emergency Housing Assistance	492	FY22 Q4	✓
	Town of Chapel Hill	Employee and Transitional Housing Program Master Leasing	5	FY22 Q4	✓
	Self-Help	Emergency Repair	5	FY22 Q4	✓
	Self-Help	Northside Housing Rehab	5	FY22 Q4	●
	Self-Help	Northside Acquisition and Development	8	FY22 Q4	●
	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	1	FY23 Q4	
	EmPOWERment, Inc.	Gomains St House Move	1	FY23 Q4	
	Town of Chapel Hill	Homestead Gardens	120	FY24 Q2	
	EmPOWERment, Inc.	PEACH Apartments	10	FY24 Q4	
	Town of Chapel Hill	Jay Street	48	FY25 Q2	
	Town of Chapel Hill	Trinity Court	54	FY25 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	
Homestead Gardens	<ul style="list-style-type: none"> The development team has thoroughly reviewed the revised cost estimates they received this spring. They are now 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.
Jay Street	<ul style="list-style-type: none"> Council approved the conditional zoning application on April 27. The development team submitted its final 9% LIHTC application on May 13. Funding awards will be announced in September. Once LIHTC awards are announced, the development team will determine a financing plan for the project and map out next steps to secure any additional funding needed and obtain the remaining permits needed prior to construction start.
Trinity Court	<ul style="list-style-type: none"> Council approved the conditional zoning application on April 27. The development team submitted its final 9% LIHTC application on May 13. Funding awards will be announced in September. Once LIHTC awards are announced, the development team will determine a financing plan for the project and map out next steps to secure any additional funding needed and obtain the remaining permits needed prior to construction start.
Bennett Road	<ul style="list-style-type: none"> Staff have assembled a possible scope of work for the Development Finance Initiative to begin evaluating development scenarios for the site. Staff is awaiting direction before proceeding.
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.
Legion Road	<ul style="list-style-type: none"> Staff are identifying any additional analysis needed to present potential site plans this fall for the development of affordable housing on a portion of the Town-owned Legion Road parcel.

PRESERVATION	
Implement Manufactured Home Communities Strategy	<ul style="list-style-type: none"> All jurisdictions 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.
Emergency Housing Assistance (EHA) Program	<ul style="list-style-type: none"> Staff evaluating funding needs for 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.
POLICY	
Employee Housing Program	<ul style="list-style-type: none"> Staff continuing to hold departmental information sessions, administrative updates with Community Home Trust, and outreach to mortgage lenders. 3 employees are approved for rental assistance, with expected move-in by the end of September. A fourth employee is working on financial counseling prior to approval.
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 (e.g., Aura, University Place, Summit Townhomes). Staff are creating terms sheet to provide developers at the beginning of development review processes that outline the Town's expectations for the affordable component of homeownership and rental projects to help developers understand the Town's expectations at the beginning of the process.
Housing Petition Response	<ul style="list-style-type: none"> Staff continuing to implement the work plan created in response to the November 17th housing petition, including collaborating with Planning to design an expedited review process. Staff anticipate coming to Council for a hearing in October and action in November. Staff are working with the Housing Advisory Board (HAB) to consider the recommendations Council provided on the Town's affordable rental definition as they revisit the HAB Guiding Principles for Affordable Housing in New Rental Housing Development. The HAB will likely vote on whether to make any revisions to the Principles at their September meeting.
FUNDING	
Implement Investment Plan for Affordable Housing	<ul style="list-style-type: none"> Staff launched a joint RFP process for ARPA, Bond, and AHDR funding in late August. Staff are continuing effort to update our Affordable Housing Investment Plan.
Manage Funding Programs	<ul style="list-style-type: none"> Staff developed plan for excess fund balance to fill funding gaps and address unmet needs; following Council's approval of \$500,000, staff are now implementing the funding plan. The FY22-23 CDBG Annual Action Plan has been submitted to HUD; staff will begin putting Performance Agreements in place 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 lease up process for two additional Union tenants, both of whom are Town employees. Staff completed deferred maintenance to additional units on 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, 2015-2019 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 2021 Median Family Income Estimates based on American Community Survey data for the Durham-Chapel Hill Metropolitan Statistical Area.
- The median home value 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.