

11-07-2018 Town Council Meeting Responses

ITEM #7: Consider Approving an Employee Housing Incentive Pilot Program Proposal

Council Question: On page 115 of our packet, it lists maximum home prices for each family size. What do we know about these prices relative to the Town's inventory? Are there actually sufficient homes at these prices to make the incentive useful?

Staff Response: *It is difficult to provide a definitive number of units that would be considered affordable due to changing inventory and fluctuations in the housing market. One source, the 2018 Naturally Occurring Homeownership data, estimates that there could be over 4,000 homeownership units in Chapel Hill that are affordable to households earning 100% of the area median income and below.*

Council Question: How many employees who are renting now would want to buy in Chapel Hill?

Staff Response: *There were 180 total employees who completed our second survey. Of those 180 employees, there were 105 (58%) employees who were interested or very interested in taking advantage of homebuyer assistance. Of the 49 employees who rent their homes that completed our second survey, 41 (84%) were either interested or very interested in taking advantage of the homebuyer assistance.*

Council Question: Would the incentive be open to people who currently own a home outside of Chapel Hill but want to buy inside town limits?

Staff Response: *Yes, the program is open to all Town employees who would like to live in Chapel Hill.*

Council Question: How much demand was there for people who would want to rent and not buy? And what was their reasoning for not wanting to buy?

Staff Response: *Of the Town employees we surveyed, 71% of renters have interest in a rental deposit and utility connection fee assistance. During our focus groups with employees, many renters cited the expense associated with homeownership, namely taxes, ongoing maintenance, and lack of sufficient resources for a down payment as some of the key reasons they preferred renting over purchasing a home.*

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Council Question: What would be the cost of expanding the program to meet existing demand? Or are you thinking it would be a set amount, and available first-come, first-served basis?

Council Question: How would they be selected into the program, if more than five employees (homebuyers) or more than seven employees (renters) are hired?

Staff Response: *Staff recommend piloting the program with set amount available for a variety of reasons. Given that the demand for the program may vary based on a variety of factors, such as available housing inventory and employee readiness, as well as the limited resources available within the Town budget to fund the program and our interest in continuing to improve the incentive program offerings based on what we learn through the pilot program, we recommend dedicating \$49,000 from the Town's Affordable Housing Fund for the pilot program. The incentive is designed to be available on a first-come, first-served basis. If the program funding is exhausted and the program is successful, we will then take steps to identify additional resources to support the program and make any adjustments to the program administration based on what we learn through the Pilot Program.*

Council Question: How were the incentive amounts for rental assistance and homebuyer assistance generated?

Staff Response: *The amounts were developed based on the data results from our Town employee surveys, as well as staff evaluation of HUD Fair Market Rents and home prices. We also based the proposed incentive amounts on information provided by our affordable housing nonprofit providers, who we anticipate partnering with for at least some of the employees who may purchase a home through this program.*

Council Question: What would the financial and housing counseling workshops entail? What topics would be covered? How many workshops would there be? When would the workshops be?

Staff Response: *Staff is exploring the curriculum structure for the financial and housing counseling workshops, but we anticipate tailoring the topics typically covered by Community Home Trust, Habitat, Empowerment, and other potential partners to Town employee interests and circumstances. While we are still in the design phase, we anticipate hosting a series of workshops at a variety of times to accommodate our employees' varied work schedules.*

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Council Question: Referencing p. 99 of the packet, what has the feedback on the specific incentive options been?

Staff Response: *Through the follow-up focus groups we conducted with employees, we received overall very positive feedback on the pilot program prototypes. Highlights of the feedback we received from employees, which influenced our final prototype proposal design include:*

- *consider whether retirees should qualify*
- *consider homebuyer program monitoring to ensure the home serves as employee's primary residence*
- *do not limit the program to employees that live outside of Town limits, as many employees who do live in Town face challenges with continuing to afford living in Chapel Hill*
- *provide additional information about what home prices employees would be able to afford under our program*

Additionally, many employees talked about the need for assistance with ongoing housing costs, such as monthly rent and mortgage payments, which we shared we would consider these ideas for future incentive options available through the Town's Employee Housing Incentive Program.

Council Question: Just to confirm: The incentives policy would be for employees to buy or rent within town limits? And it would be a one-time-only opportunity per person or per family?

Staff Response: *Yes, the policy would be a one-time opportunity per household to rent or buy within the Town's corporate limits.*