



Fiscal Year (FY) 2019 Affordable Housing Projection & Five-Year Targets

August 2018

The purpose of this report is to share staff FY19 projections for affordable housing development and preservation, as well as propose five-year targets for FY19-23. This report includes background about how the projections and targets were developed, the methodology used, and proposed five-year affordable housing targets.

BACKGROUND

Key Terms



Preservation: activities that maintain affordability of existing housing stock

- Homebuyer subsidy for existing units
- Housing rehabilitation
- Rental and utility assistance



Development: activities that create new affordable housing units

- Construction of new rental or homeownership units
- Purchase/rehabilitation of an existing market rate unit and conversion to affordable unit

Methodology

Consistent with the methodology used to develop the Town's FY18 Affordable Housing Targets, staff analyzed both historical and future projection data for development and preservation.

Our data source for historic data is the Town's affordable housing grants and loans database, which tracks all projects funded by the Town over the last ten years. For future projections, we drew from the Orange County Affordable Housing Inventory, which was updated most recently in August 2018.

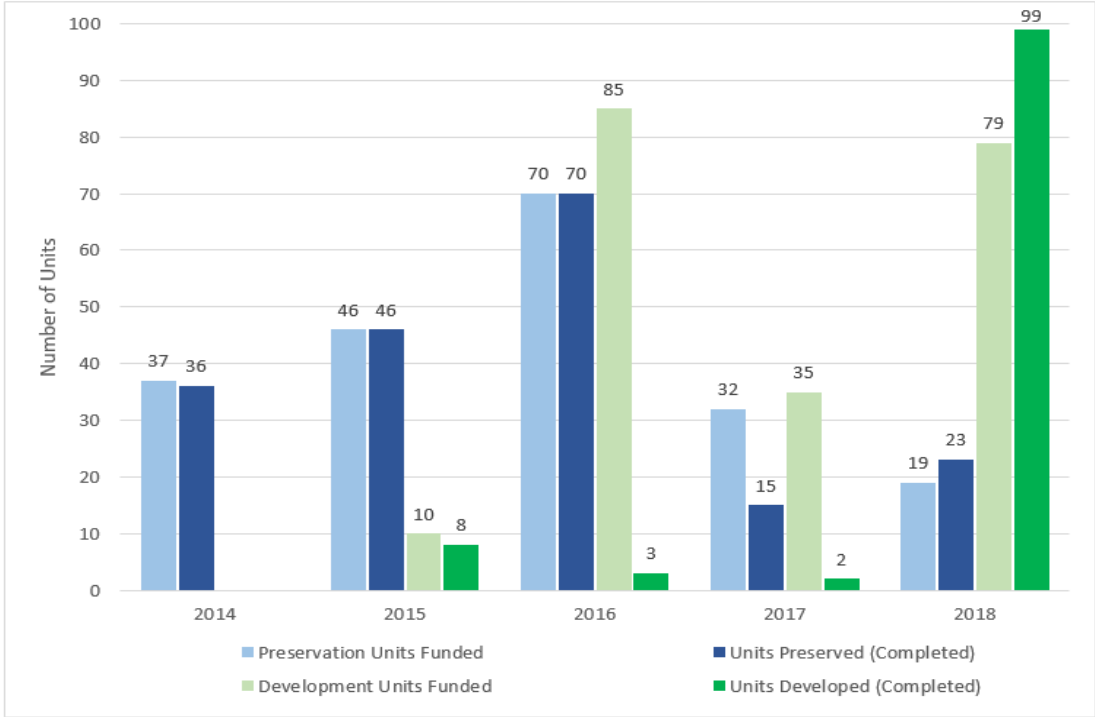
ANALYSIS

Historical Data

- Over the past five years, the Town has provided funding support to 209 development units and 411 preservation units. Over the same period, 112 development units and 367 preservation units have been completed.

- The number of development units funded and completed has increased dramatically, in large part due to the creation of the Affordable Housing Development Reserve, which has given the Town increased capacity to stimulate additional affordable housing development.
- As the graph illustrates, preservation counts have fluctuated over the past five years. This has largely been dependent on the number of public housing preservation projects completed. We do anticipate the number of preservation units completed each year will begin to increase closer to FY15 levels with the implementation of the Public Housing Master Plan.

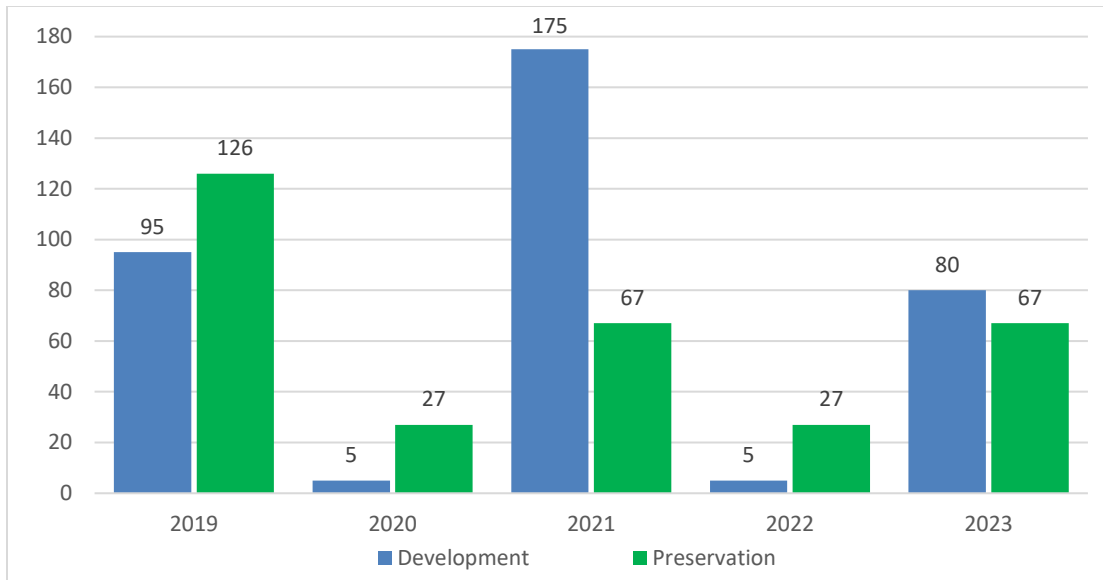
Affordable Housing Generated through Town Resources (2014 – Present)



Future Projections

- Based on our analysis of the data illustrated in the graph below, staff anticipate the rise in development projects witnessed in recent years to continue over the next five years.
- Based on the raw unit counts of projects in the known pipeline, we project that over the next five years 360 units will be developed and 308 units preserved in Chapel Hill. Sixty-percent of these total units are Town projects.
- It can also be reasonably assumed that if the Affordable Housing Bond Referendum is passed in November, there will be an opportunity for new projects that are not currently in our projections to be realized.

Projections over the Next Five Years



FY19 PROJECTION & FIVE-YEAR TARGETS

Based on our analysis of historical and projection data, staff propose shifting from an annual target to an annual projection. Additionally, we propose establishing a Five-Year Development and Preservation Target to work towards the Town’s long-term affordable housing goals. Establishing multi-year targets also accounts for the annual variation in unit counts and longer timelines associated with affordable housing development and preservation projects.

Fiscal Year 2019 Projection

- 95 Units Developed
- 125 Units Preserved

Five-Year Affordable Housing Targets (FY19-23)

- 400 Units Developed
- 300 Units Preserved

Resource Needs

We estimate the Town subsidy needed to achieve the 5-year affordable housing targets to be:

- **\$14,000,000 – \$18,000,000**

The resource need estimates are based on current estimates for subsidy by project and historical averages of subsidy needed. If the affordable housing bond is approved in November, we anticipate having sufficient funding available to achieve our targets. If the bond is not approved, we will need to adjust our five-year target based on available resources.