

## 10-27-2021 Town Council Meeting Responses to Council Questions

### **ITEM #18: Review Results and Consider Recommendations for the Employee Housing Program**

#### **Council Question:**

Would a master leasing arrangement be a more effective model for town staff who want to rent in town rather than provision of one-time assistance?

#### **Staff Response:**

*Master leasing in place of the existing employee rental assistance program could be an option that is considered in the future, but would require a substantial increase in both financial and administrative resources to be effective. Some things to think about when considering master leasing for employees would be:*

#### **Anticipated Benefit**

1. *Employees would be guaranteed affordable rent based on 30% or less of their income*
2. *This would address the concern employees have of long-term costs of rental housing. Employees could afford rent on an ongoing basis and would not be negatively impacted by increases in rental market rates.*

#### **Anticipated Challenges**

##### **1. Increased Direct Cost**

- a. *Master leasing is a relatively expensive, short-term affordable housing solution that requires ongoing subsidy. If we were to offer this option to employees, the Town would be responsible for a portion of the rent on a monthly basis multiplied by the number of units. This would likely lead to an increased funding need for program implementation to support ongoing rent payments.*

##### **2. Administrative burden**

- a. *It would take substantial time and expertise to create and administer a master leasing program successfully. To create and administer a master lease program for Town employees would require an increased staff capacity or increased financial resources to contract with a partner organization to manage the program.*

##### **3. Options will be limited for employees**

- a. *A master leasing program would likely limit the housing type and supply of units available for employees.*

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*The Town is currently offering a portion of the master leased units at The Union Chapel Hill to Town employees as a small-scale trial run of master leasing for employees. Staff will report back to the Council with lessons learned from this experience.*

### **Council Question:**

Instead of 5 miles, could we consider opening it up to Orange County?

### **Council Question:**

In the staff housing slides it says allow 5 miles outside town limits... what's the justification? Should it be more or less than that depending on what side of town? We are trying to make it so staff can at least easily get to a bus/commute in, be part of the larger OC community, something else? Our intention should drive the policy so we need to think about how far outside town limits based on what we are trying to accomplish.

### **Staff Response:**

*The options considered when developing the recommendation were:*

- 1. Leave eligibility as is to within Town Limits only*
- 2. Expand to 5 miles from Town Hall*
- 3. Expand to 10 miles from Town Hall*
- 4. Expand to 5 miles from Town Limits*
- 5. Expand to all of Orange County*

*The primary goal for expanding the area was to increase the number of eligible affordable units, both for rental and homeownership, while still meeting the original program goals of having employees live closer to work, reducing commute times and stress levels and encouraging greater connection to the community.*

*In evaluating the options for a radius from Town Hall, we found that:*

- 1. Expanding to 5 miles from Town Hall did not add many affordable housing units to the eligible area. Since Town Hall is closer to the west side of Town Limits, a lot of the radius expanded into Carrboro only, which has housing stock similarly priced to that of Chapel Hill. This option did not reach some of the areas that had the largest increase in affordable sales, such as Hillsborough, and parts of Durham or Chatham close to the county line.*
- 2. Expanding to 10 miles from Town Hall had the opposite issue: it added a significant amount of affordable housing stock, but included addresses in Cary and Apex, as well as downtown Durham and Pittsboro. Staff believed that this did not achieve one of our*

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*program goals of facilitating community connection and having employees live close to work.*

*In evaluating the option of expanding to all of Orange County, 2 main observations came up during employee and stakeholder interviews that guided us away from that recommendation. They are:*

- 1. That parts of Orange County could be 25+ miles (40+ minutes) away from Chapel Hill, thus not really helping employees to live closer to work.*
- 2. There are a substantial number of affordable properties just over the lines into Durham and Chatham Counties that were much closer and potentially more connected to Chapel Hill, including some with Chapel Hill addresses, that would be excluded.*

*These two observations were supported by the MLS home sales data and led us to the recommendation of expanding the area to within 5 miles of Town Limits.*

*However, there are different benefits to expanding to all of Orange County instead if Council wants to consider that option. Those include:*

- 1. Increase the variety of potential properties at affordable price points for employees. It would have an equivalent increase in the overall inventory of affordable homes as the current recommendation of within 5 miles of Town Limits, but it might allow for more rural/less suburban properties if that was an interest.*
- 2. Ease for employees to understand the program guidelines and identify eligible properties.*
- 3. Ease for program administration since current partnerships for program administration, promotion, and education are in Orange County already.*

### **Council Question:**

What were reasons for ineligibility of applicants?

### **Staff Response:**

*Reasons for ineligibility of applicants included:*

- 1. Not providing required documentation or completing budgeting*
- 2. Total household income was too high*
- 3. Selecting a home outside of Chapel Hill*
- 4. Leaving Town employment*
- 5. Employee decided not to move at this time*

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**ITEM #18: Review Results and Consider Recommendations for the Employee Housing Program**

**Council Question:**

On pg. 438, could you please provide more information on why none of the 11 applicants for the Homeownership Pilot Program received funding?

***Staff Response:***

*3 applicants purchased homes outside of Chapel Hill.*

*1 applicant is no longer employed with the Town.*

*7 applicants are still eligible to receive Homeownership Assistance, but have not been able to get an eligible property under contract to date. It is possible the recommended program changes would help us to be able to serve some of these employees in the future.*