



Town of Chapel Hill Draft Preservation Strategy Framework



Purpose: This Draft Preservation Strategy Framework presents a strategic approach for preserving existing affordable housing in the Town.

Background: Implementation of an affordable housing preservation strategy is one of the Town Council's 2020-2022 Strategic Goals and Objectives for Affordable Housing. The Strategy was developed based on research conducted by staff on strategies implemented by communities nationwide and informed by feedback from the Housing Advisory Board. The framework is organized around three primary objectives:

1. *Preserve Existing Affordable Housing:* maintain the inventory and affordability of affordable housing
2. *Improve or Maintain Quality of Affordable Housing:* support the rehabilitation of properties in need of repair
3. *Support Tenant Protections for Households at Risk of Displacement:* support residents impacted by the redevelopment of affordable housing

The Town has historically funded a variety of activities to preserve housing affordability for residents including homebuyer subsidy for existing units, rehabilitation assistance, and the provision of rental and utility assistance to help renters remain in their homes. However, in recent years housing and development trends in the Town have put increased pressure on the Town's affordable housing inventory, suggesting a need for the Town to expand its preservation efforts. For example:

- Redevelopment of Naturally Occurring Affordable Housing (NOAH) is displacing lower-income households from their communities.
- Increasing interest in redevelopment of several manufactured home parks in Town.
- Owners of older residential developments are facing the decision of whether to rehabilitate and increase rent or sell their units.
- Increasing demand for housing is putting a strain on an already tight rental market.
- Increasing need for assistance among homeowners to maintain their aging homes.

The proposed Preservation Strategy Framework allows the Town to adopt a proactive and comprehensive approach to preserve its stock of affordable housing and mitigate the impacts of redevelopment on low-income residents.

Key Research Findings:ⁱ

- Preservation can be a time- and cost-efficient means of maintaining the supply of affordable housing that also results in community benefits.
 - Typically involves a faster implementation timeline than new construction
 - Is estimated to cost 1/2 to 2/3 the amount of new construction
 - Allows longtime residents to maintain the social capital they have built within their communities

Prepared by Town of Chapel Hill Housing and Community Staff – October 2019



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- Maintains socioeconomically and culturally diverse neighborhoods
- Despite clear benefits, preservation efforts require significant, innovative, and flexible financing to pursue high impact activities such as property acquisition, renovations and maintenance.
- Funding streams must also be readily available in order to respond quickly to opportunities and changes in the housing market.
- Collaboration with local partners is an important element to preservation as a means of augmenting and diversifying funding streams, engaging a wide range of stakeholders, and incorporating a variety of programs and services.

KEY TERMS

- **Affordable Housing:** Housing for low-moderate income residents that cost no more than 30% of their household income
- **Community Development Financial Institution (CDFI):** A financial institution that provides credit and financial services to underserved markets and populations
- **Housing Choice Voucher Program:** A federal government program to assist very low-income families, the elderly, and the disabled to afford housing in the private market through a subsidy that is paid directly to a landlord
- **Intermediate Result:** The benefit expected to occur.
- **Master Leasing Program:** A housing provider engaging in a long-term lease with a property owner for control of a block of rental units
- **Naturally Occurring Affordable Housing (NOAH):** Private residential properties that are affordable to low-moderate income households without subsidy or affordability restrictions
- **Performance Measures:** Factors that provide a simple and reliable way to measure achievement. Performance indicator statements should be SMART (specific, measurable, achievable, relevant, time bound).
- **Permanently Affordable Housing:** Housing with existing mechanisms to ensure they are affordable to low-income residents in perpetuity
- **Potential Partners:** Town departments, community organizations, and institutions that will assist with strategy implementation.
- **Resident Owned Community:** Manufactured housing neighborhoods that are owned and managed by the residents living there.
- **Strategic Objective:** The longer-term, wider change needed.
- **Strategy:** The planned actions that will help achieve the strategic objective.
- **Timeframe:** The estimated amount of time needed to implement the proposed strategy. Short Term = 1-2 years; Medium Term = 3-5 years; Long Term = >5 years.

ⁱ U.S. Department of Housing and Urban Development. Evidence Matters: Preserving Affordable Rental Housing: A Snapshot of Growing Need, Current Threats, and Innovative Solutions. Summer 2013.
<https://www.huduser.gov/portal/periodicals/em/summer13/highlight1.html>



Objective 1: Preserve Existing Affordable Housing

Strategy 1.1: Support affordable housing properties at risk of redevelopment

<i>Intermediate Result</i>	<i>Potential Partners</i>	<i>Timeframe</i>	<i>Performance Measures</i>
Local preservation loan funds dedicated to acquire existing affordable housing under threat of redevelopment	Banks/CDFIs UNC Philanthropy	Medium Term	
Resident-owned communities are established for properties under threat of redevelopment	Property owners Residents Resident-Owned Community nonprofits and lenders	Medium Term	# and % of total NOAH units preserved # of households who avoid displacement
Early Warning System created to identify at risk affordable housing properties and target preservation efforts	Affordable housing providers Landlords Triangle J Council of Governments (TJCOG) Local realtors	Short Term	Total funding deployed Total \$ leveraged through financing

Strategy 1.2: Provide support to low-income households facing rising housing costs

<i>Intermediate Result</i>	<i>Potential Partners</i>	<i>Timeframe</i>	<i>Performance Measures</i>
Low-income renters have access to affordable housing through a master leasing program	Affordable housing providers UNC	Short Term	
Low-income renters receive short term rental/utility assistance	Affordable housing providers	Short Term	# of low income households receiving financial support Total subsidy amount provided annually
Housing Choice Voucher holders have more housing options in the Town of Chapel Hill	Orange County Landlords Affordable housing providers and advocates	Long Term	# of additional units available to voucher holders % of total affordable rental housing stock accepting vouchers
Low-income homeowners facing increased property taxes receive subsidies to keep their housing costs affordable	Affordable housing providers	Short Term	



Objective 2: Maintain and Improve Quality of Affordable Housing

Strategy 2.1: Support rehabilitation of properties in need of repair

<i>Intermediate Result</i>	<i>Potential Partners</i>	<i>Timeframe</i>	<i>Performance Measures</i>
Rental housing is rehabilitated to maintain and improve quality of affordable housing	Affordable housing providers Property Owners	Medium Term	# of units rehabilitated % decrease in number of homeowners on providers' rehabilitation waitlist maintained by the Preservation Coalition
Homeowners receive financial support to rehabilitate their homes	Affordable housing providers Homeowners	Short Term	Length of time homeowners remain on waitlist
Providers implement coordinated and streamlined process to connect property owners to home repair programs	Orange County Home Preservation Coalition	Short Term	\$ spent on rehabilitation among providers per year

Objective 3: Support Tenant Protections for Households at Risk of Displacement

Strategy 3.1: Support protections for residents living in NOAH facing redevelopment or condominium conversion

<i>Intermediate Result</i>	<i>Potential Partners</i>	<i>Timeframe</i>	<i>Performance Measures</i>
Residents receive adequate advance notice, financial, and relocation support	Developers Renters and Manufactured home owners Property managers Affordable housing providers	Medium Term	# of residents provided with assistance Total funding provided in relocation costs
Residents involved in developing the terms of notification requirements and components of a relocation package	Developers Property owners	Medium Term	# of affordable units preserved after redevelopment # of residents meetings held
Developers seeking to redevelop NOAH property replace units or provide funding to replace impacted affordable units	Developers Affordable housing providers	Short Term	\$ amount committed through redevelopment of NOAH