

# AFFORDABLE HOUSING QUARTERLY REPORT



**Fiscal Year 2023 Quarter 3**  
(January 1 - March 31, 2023)



## Community Indicators

**\$15,991,145**

Town Budget for Affordable Housing Strategies



**\$95,500**

Median Household Income



**\$623,892**

Home Value Index



**58%**

of Renters spend more than 30% of income on Housing



**22%**

of Homeowners spend more than 30% of income on Housing

**41%**

of Housing Units affordable to households with income at 80% AMI\*



**28%**

of Units Approved in FY22 affordable to households with income at or below 80% AMI

**22,152**

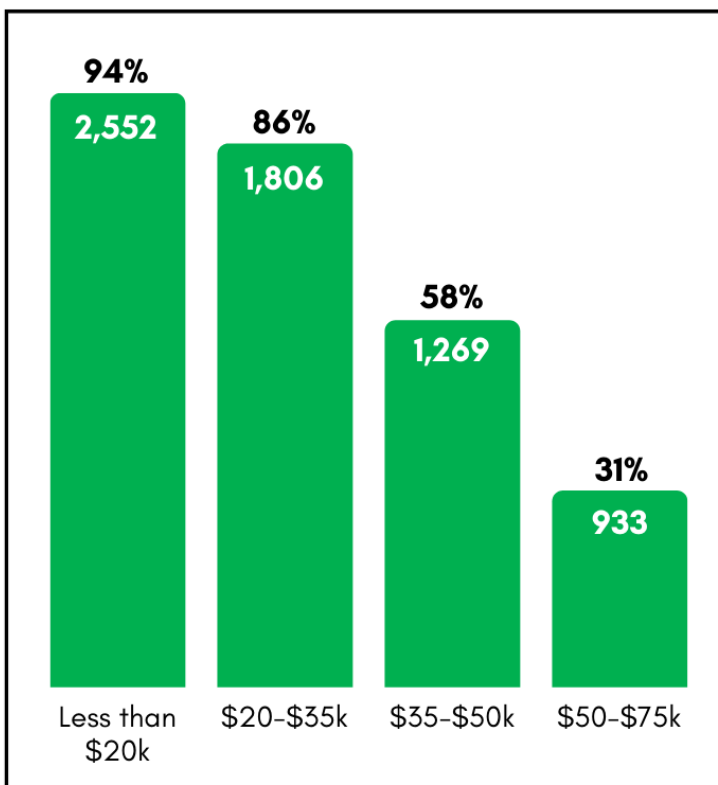
Total housing units in town



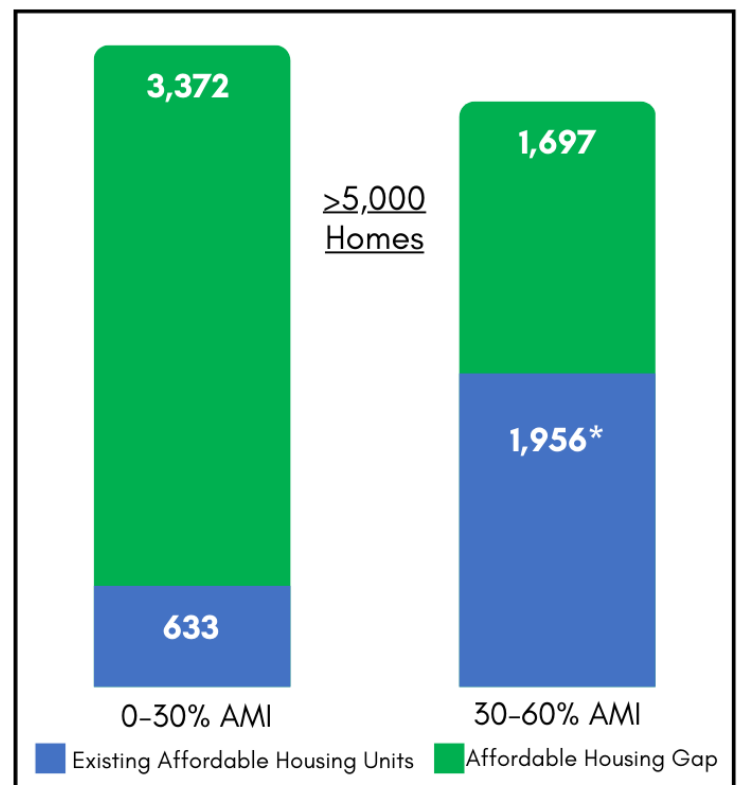
**442**

Units Approved in FY22

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

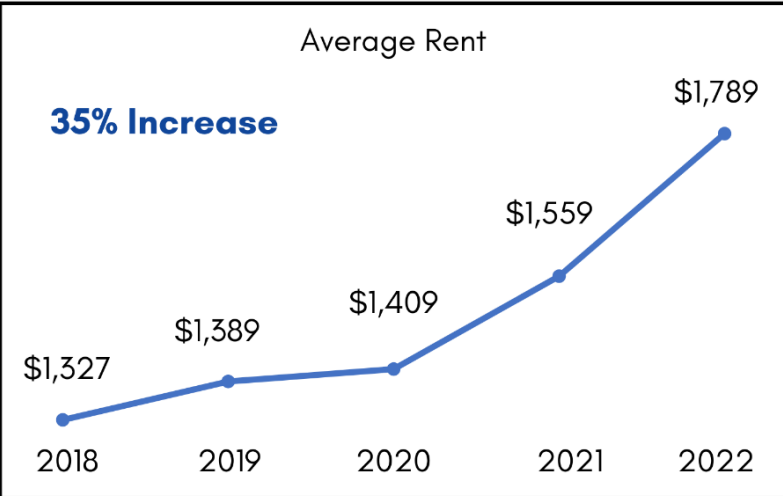


**Additional Affordable Housing Units Needed by Income Level**

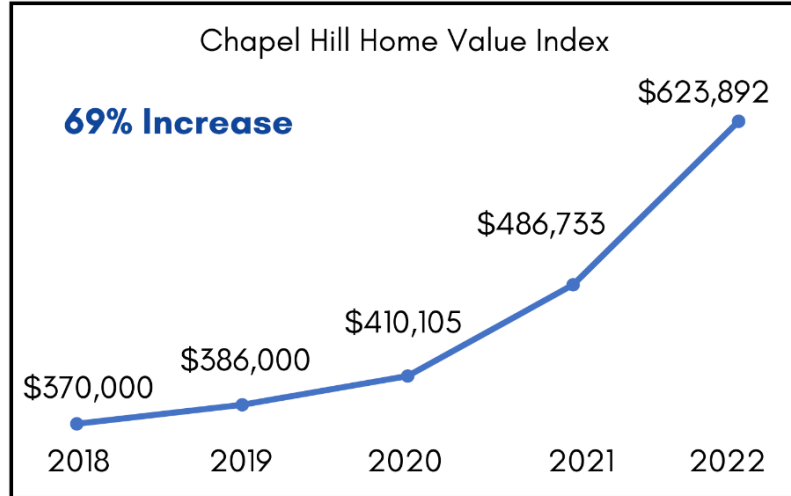


Housing costs have been rising in Chapel Hill since 2018:

**Rise in Rental Rates**

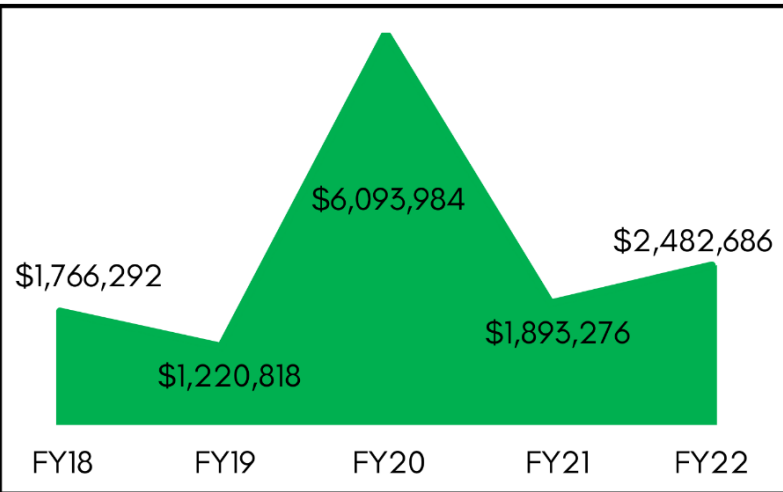


**Rise in Home Values**

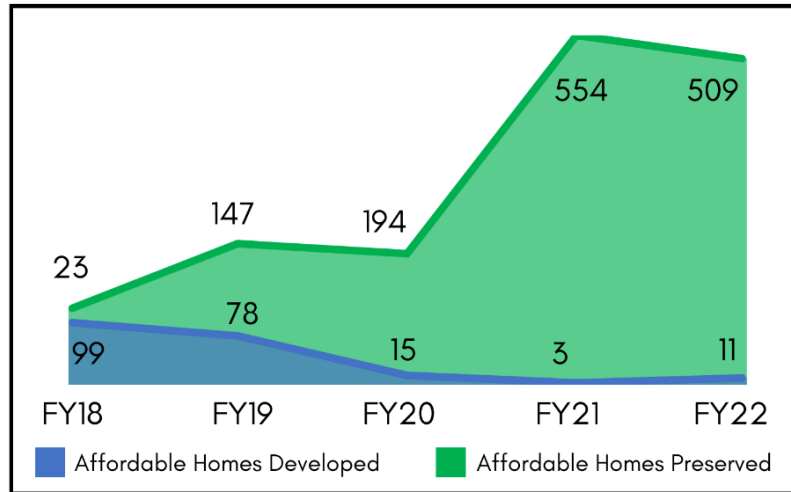


The Town has increased its support for affordable housing to address housing needs:

**Affordable Housing Funding Allocated to Projects**

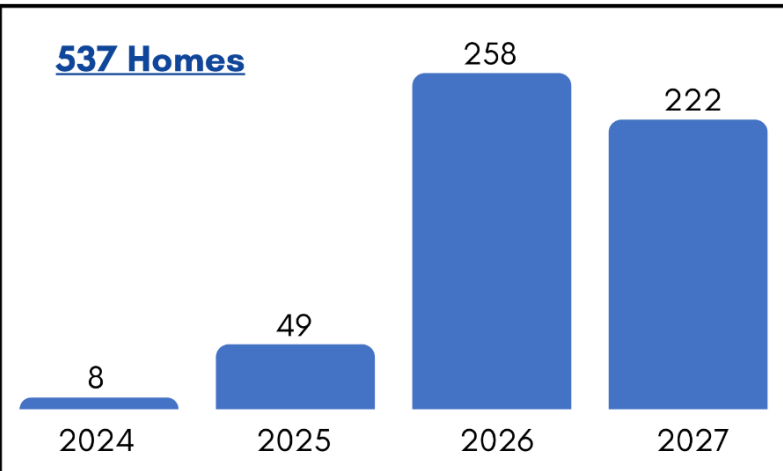


**Development and Preservation Units Completed**

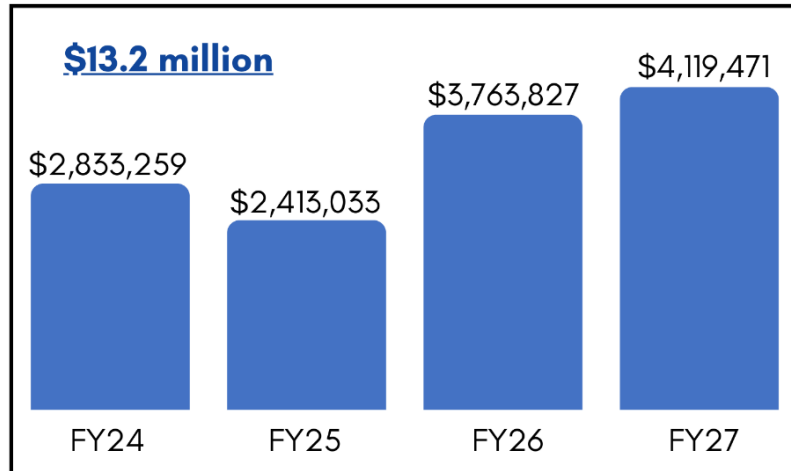


More affordable housing is planned to be created, but funding is still needed:

**Affordable Housing Development Pipeline**



**Additional Funding Needed to Support Projects**



## FY23 Q3 Highlights

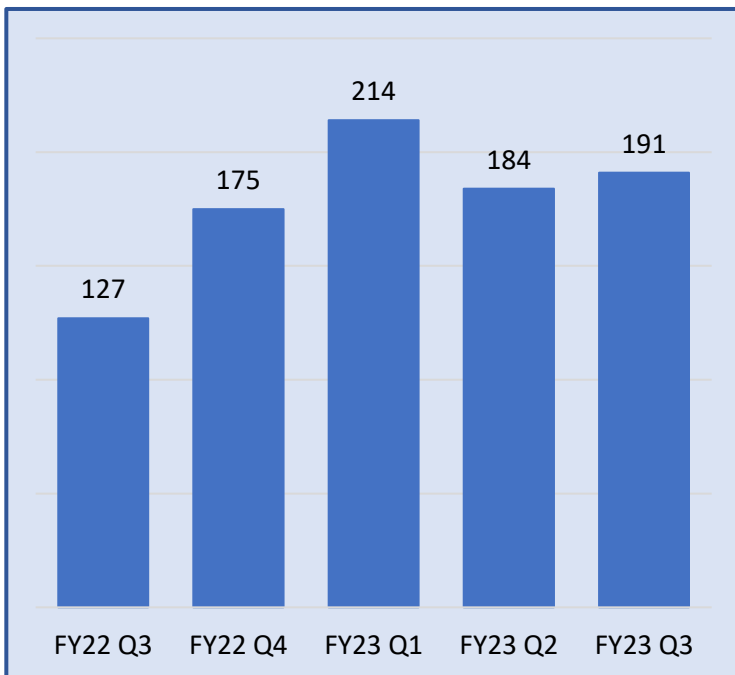
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- The affordable housing community Perry Place opened 24 new affordable units in Chapel Hill serving households earning less than 60% of Area Median Income. The project was developed by CASA and includes a total of 48 affordable units, including 24 in the Town of Carrboro.
- One additional Town employee received rental assistance through the Town’s Employee Housing Program.
- The Town completed renovations on the Town-owned Transitional Housing Program home on Umstead Road. The residents transitioned from Public Housing and into the home in February.
- Self-Help oversaw the rehabilitation of two units in the Northside neighborhood.
- The Town began working with a consultant team from HR&A Advisors on the creation of an affordable housing plan. The plan will inform the development of an Affordable Housing Investment Strategy to inform resource allocation for affordable housing over the next five years.
- This quarter, 191 Chapel Hill households received assistance through the County-wide Emergency Housing Assistance Program. This assistance is reflected in the total units preserved.

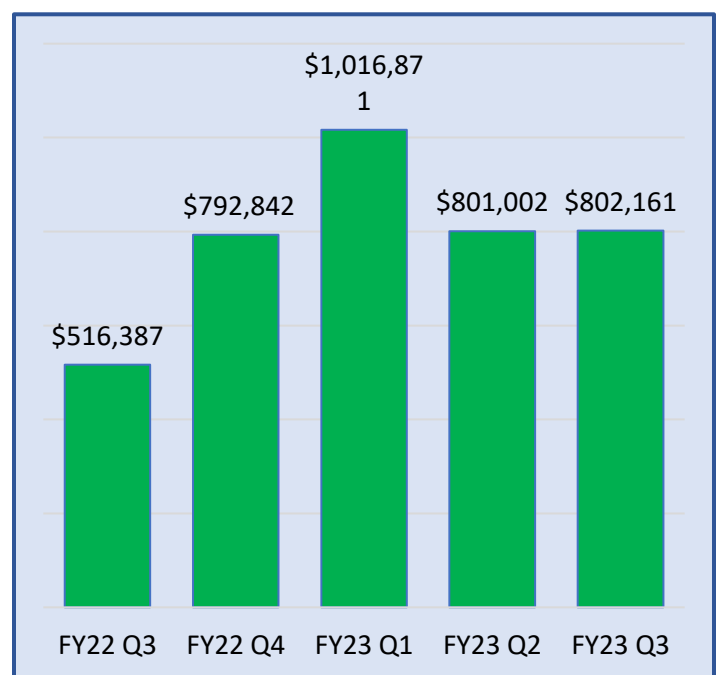
## Emergency Housing Assistance

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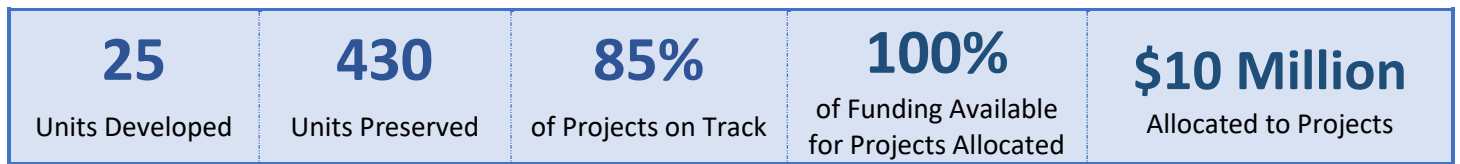
Number of Payments Made



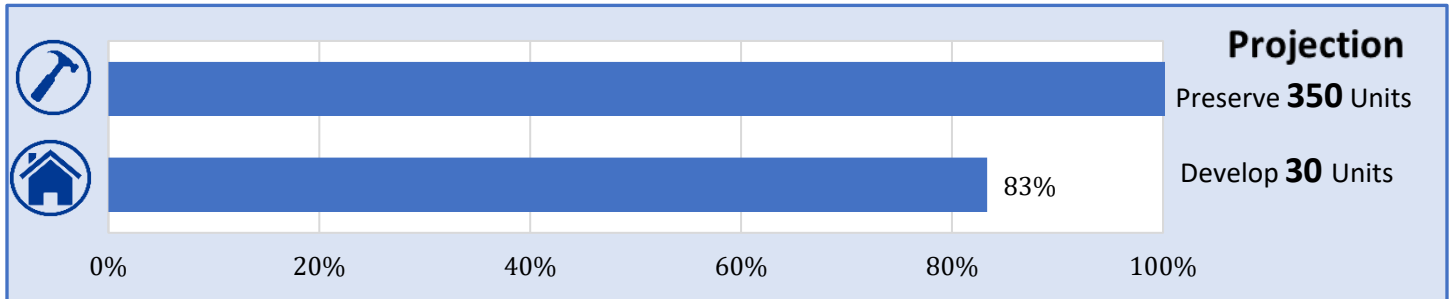
Amount of Assistance Provided



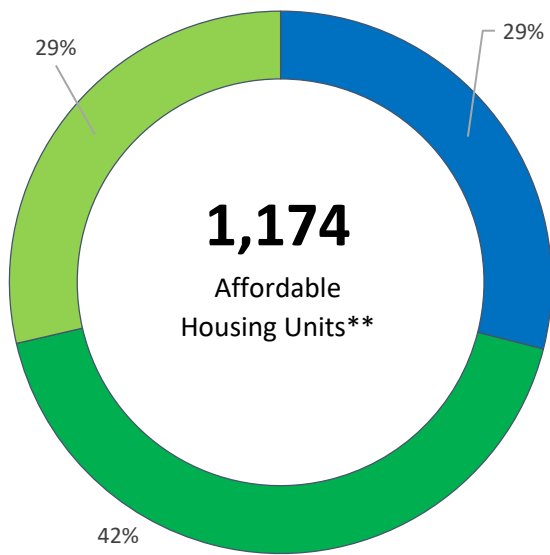
## FY23 Town Performance-to-Date



### Progress Towards FY23 Projection

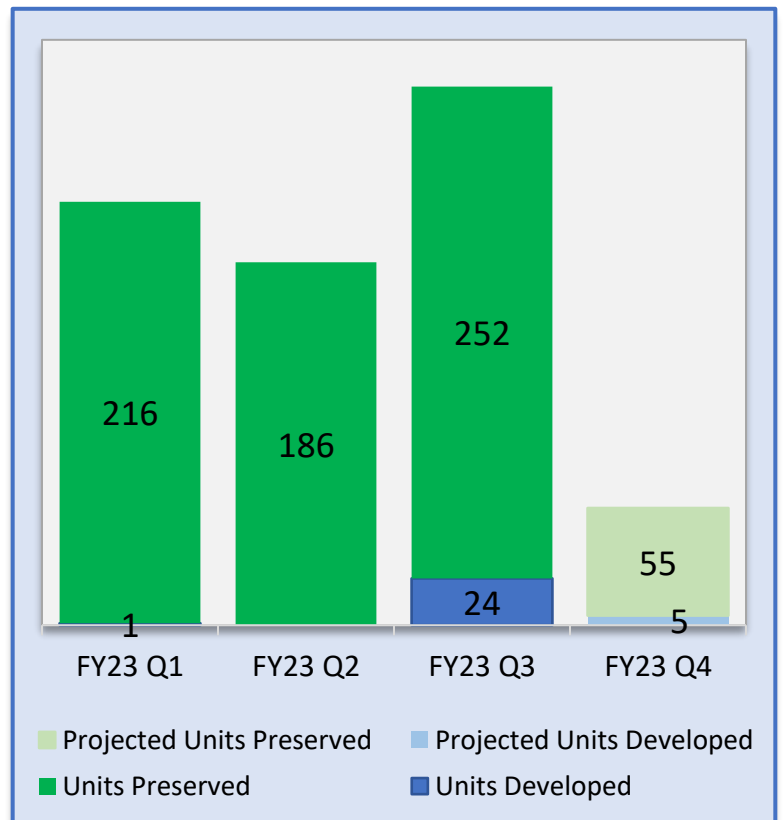


### Number of Subsidized Units in Town





● Home Ownership:	340
● Public Housing:	336
● Rental:	498



### 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
	EmPOWERment, Inc.	707 Gomains St House Move	1	FY23 Q1	✓
	Town of Chapel Hill	Transitional Housing at Umstead Road	1	FY23 Q3	✓
	CASA	Perry Place at Merritt Mill	24	FY23 Q3	✓
	Town of Chapel Hill Public Housing	Craig Gomains Unit Rehab	1	FY23 Q3	✓
	Self-Help	Northside Housing Rehab	5	FY23 Q4	●
	Self-Help	Northside Acquisition and Development	4	FY23 Q4	●
	Town of Chapel Hill Transitional Housing	Ashley Forest Renovation	2	FY23 Q4	●
	Town of Chapel Hill	Employee Housing Program	6	FY23 Q4	●
	Orange County	Emergency Housing Assistance	300	FY23 Q4	●
	Orange County Preservation Coalition	Homeowner Rehabilitation	12	FY23 Q4	●
	Community Empowerment Fund	Down Payment Assistance	5	FY23 Q4	●
	Community Home Trust	Legion Rd Townhomes Crawl Space Renovation	14	FY24 Q1	●
	Self-Help/Community Home Trust	223 N. Graham	1	FY24 Q1	●
	Community Home Trust	Homebuyer Subsidy	2	FY24 Q2	●
	Habitat for Humanity	Gattis Court	4	FY24 Q3	●
	EmPOWERment, Inc.	PEACH Apartments	10	FY24 Q4	●
	Town of Chapel Hill	Trinity Court	54	FY25 Q2	●
	Town of Chapel Hill	Homestead Gardens	87	FY26 Q2	●
	Town of Chapel Hill	Jay Street	48	FY26 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
<b>DEVELOPMENT</b>	
<b>Trinity Court</b>	<ul style="list-style-type: none"> <li>• Council unanimously voted to authorize the Manager to execute a development contract with Community Housing Partners.</li> <li>• The development team anticipates breaking ground on the project in summer 2023.</li> </ul>
<b>Homestead Gardens</b>	<ul style="list-style-type: none"> <li>• Staff and the development team confirmed the scope of work required to apply for a major modification to the project’s existing zoning approval to accommodate proposed changes to the site plan. The project engineer anticipates submitting the application this spring for Council review in the fall.</li> <li>• Town staff finalized project materials required to execute a grant agreement with HUD for the project’s \$2 million community project funding grant award.</li> </ul>
<b>Jay Street</b>	<ul style="list-style-type: none"> <li>• The development team submitted a 2023 9% LIHTC application in January and received noticed of a perfect site score in March. The final application is due in mid-May 2023 and award announcements are expected in late summer or early fall.</li> <li>• Town staff reviewed the project’s affordable housing funding request.</li> <li>• Council will consider the request to allocate \$1.95M in already approved affordable housing funding to the project in April.</li> </ul>
<b>Plant Road</b>	<ul style="list-style-type: none"> <li>• Staff are working with their engineering partner to complete one or more preferred development scenarios with accompanying cost estimates. Staff expect to have the completed analysis by summer.</li> <li>• Staff are monitoring the status of the Municipal Services Building concept planning effort, which will inform the timing of a potential relocation of the Parks &amp; Recreation offices from the Plant Road property, potentially making that land available for development.</li> </ul>
<b>Legion Road</b>	<ul style="list-style-type: none"> <li>• Staff continue to provide guidance on the project workplan, to coordinate planning efforts for the development of parks and affordable housing on the Town-owned Legion Property.</li> <li>• In May, staff will seek Council authorization to release a developer solicitation for the housing component and begin negotiating a development contract with a selected development partner by fall 2023.</li> </ul>
<b>Bennett Road</b>	<ul style="list-style-type: none"> <li>• Staff assembled a possible scope of work for the Development Finance Initiative to begin evaluating development scenarios for the site.</li> <li>• Based on direction from the Manager, staff are not proceeding with the site evaluation at this time.</li> </ul>
<b>Eastowne</b>	<ul style="list-style-type: none"> <li>• Staff continue to negotiate with UNC Health on their affordable housing community benefit contribution for the Eastowne project.</li> <li>• UNC Health has secured internal approval to provide a \$5M no-interest loan to the Town to establish a revolving loan fund to support affordable housing preservation and development projects.</li> </ul>
<b>PRESERVATION</b>	
<b>Implement Manufactured Home Communities Strategy</b>	<ul style="list-style-type: none"> <li>• As part of the Town’s Engagement, staff coordinated a community facilitator led conversation with manufactured home residents to gain a better understanding of how residents engage with the Town and develop recommendations to support new engagement approaches</li> <li>• Community Connections staff are beginning to outline the scope for developing a resident leadership team among manufactured housing residents.</li> </ul>
<b>Preservation Strategy Framework</b>	<ul style="list-style-type: none"> <li>• Staff have been researching examples of early warning systems around the country that strategically identify affordable housing properties at risk of redevelopment and/or purchase. Staff have begun to meet with GIS staff to review available data and brainstorm implementation methods.</li> <li>• Staff have conducted research and evaluated preliminary parameters for establishing an affordable housing preservation loan fund.</li> </ul>
<b>Emergency Housing Assistance (EHA) Program</b>	<ul style="list-style-type: none"> <li>• The County Commissioners approved changes to the Program in November, including limiting assistance to only households making 30% or less of AMI and placing a \$6,000 assistance cap.</li> </ul>

<b>POLICY</b>	
<b>Employee Housing Program</b>	<ul style="list-style-type: none"> <li>• Staff are continuing to see an increase in program interest from employees and have several that are currently approved for rental assistance that are looking for housing or preparing to move into housing in Chapel Hill. Eleven Town employees have received assistance to date.</li> <li>• Staff worked with an employee experiencing homelessness to qualify for both employee housing assistance and one of the master leased affordable units at Union Chapel Hill to ensure long-term stability for the employee and her sons</li> </ul>
<b>Inclusionary Housing</b>	<ul style="list-style-type: none"> <li>• Staff are working with development teams from the University Place, Stanat’s Place, and Summit Place Townhomes projects to draft and finalize affordable housing agreements prior to the Town issuing their final plans approval.</li> <li>• Staff worked with development teams for Aspen Heights, 2217 Homestead, 101 E. Rosemary, Hillmont, and South Creek to clarify their affordable housing plans and finalize the affordable housing conditions prior to HAB and Council review.</li> <li>• Town staff have continued to work with UNC-Health to refine their affordable housing proposal that will accompany their rezoning application for the Eastowne parcel.</li> <li>• Town staff continue to field inquiries and data requests related to the design and impact of the Town’s Inclusionary Housing policies from jurisdictions and groups interested in creating a similar program.</li> </ul>
<b>Source of Income Protection</b>	<ul style="list-style-type: none"> <li>• Staff have researched national and local examples of source of income protection policies that prohibit landlords from denying tenants and homebuyers based on the type of income they are using to pay rent or purchase a home.</li> </ul>
<b>Housing Petition: Expedited Review and Missing Middle</b>	<ul style="list-style-type: none"> <li>• Affordable housing staff continue to work with Planning staff to plan for the launch of the Community Priority Process for Affordable Housing Development Review (CPP-AHDR).</li> <li>• Staff have fielded questions from potential applicants of both 100% affordable and market-rate development projects and received the first eligible application for CPP-AHDR.</li> <li>• Affordable housing staff have worked with Planning to research possible strategies to encourage and support affordability in small-scale development related to the Housing Choices for a Complete Community Text Amendment.</li> </ul>
<b>Affordable Housing Plan</b>	<ul style="list-style-type: none"> <li>• Staff have been working with the selected consulting firm HR&amp;A to incorporate the Town’s existing strategies, data, reports, and Work Plan into a comprehensive plan and accompanying investment plan to guide the Town’s efforts over the next 5 years.</li> <li>• HR&amp;A has conducted initial engagement and staff have reviewed the preliminary existing conditions report.</li> <li>• Town Council is scheduled to receive a progress update at their April 26<sup>th</sup> meeting.</li> </ul>
<b>FUNDING</b>	
<b>Implement Investment Plan for Affordable Housing</b>	<ul style="list-style-type: none"> <li>• As part of The Affordable Housing Plan, HR&amp;A will include an investment strategy to identify what financial resources will be needed to implement the strategies approved in the plan.</li> </ul>
<b>Manage Funding Programs</b>	<ul style="list-style-type: none"> <li>• The CDBG Application Review Committee met on March 10<sup>th</sup> to hear from all 8 outside agency applicants and develop a recommended FY2023-2024 CDBG Annual Action Plan.</li> <li>• The public comment period for the draft FY23-24 CDBG Annual Action Plan runs from April 1-May 5, with the 2<sup>nd</sup> public forum to be held during the Council meeting on April 19<sup>th</sup>.</li> </ul>
<b>MANAGING TOWN-OWNED HOUSING</b>	
<b>Transitional Housing Program</b>	<ul style="list-style-type: none"> <li>• Staff are continuing to work on a sustainability plan for the program, with anticipated completion this spring.</li> <li>• In partnership with the Compass Center, the Town is holding virtual educational workshops with tenants in the Transitional Housing Program. The classes are being held the second Thursday of the month.</li> <li>• Staff received quote to replace the HVAC system at 110 Umstead Road</li> </ul>

## Notes & Citations

- \*The % of affordable housing units at 80% AMI increased by 2% points to 41% from the Q1 report due to a discrepancy in the Co-Star naturally occurring affordable housing database. The number of affordable rental units at 60% AMI was also affected by this discrepancy. We have addressed this issue and the Q2 report shows an increase of 136 units for a total of 1956 units. The total gap remains ~5,000 units.
- \*\*The number of subsidized homes in Chapel Hill in this report decreased by 4 units to 1150 from the Q1 report due to the discovery of a minor discrepancy in the Orange County Affordable Housing Coalition database.
- 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, 2016-2020 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 2022 Median Family Income Estimates based on American Community Survey data for the Durham-Chapel Hill Metropolitan Statistical Area.
- The home value index 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.