

AFFORDABLE HOUSING QUARTERLY REPORT



Fiscal Year 2023 Quarter 2
(October 1 - December 31, 2022)



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

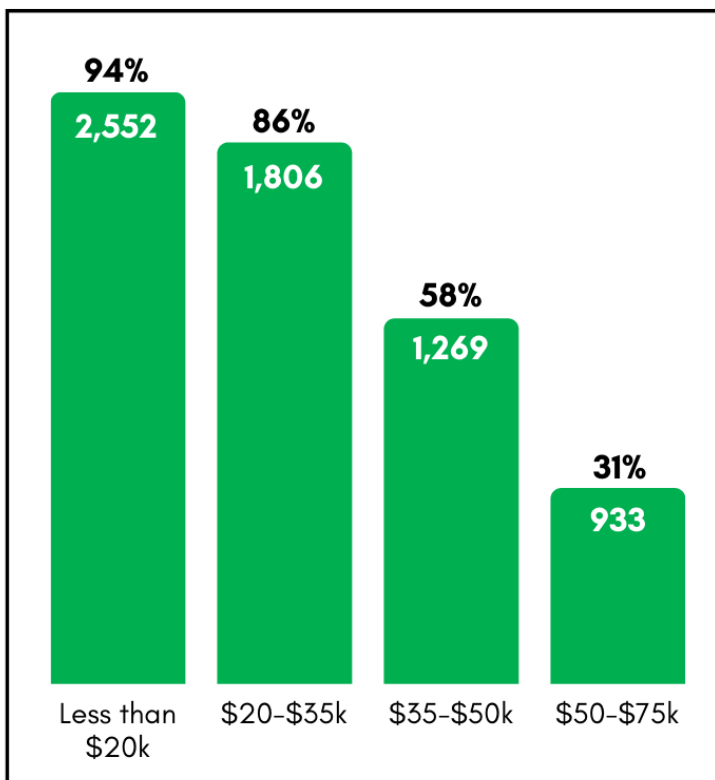
Total housing units in town



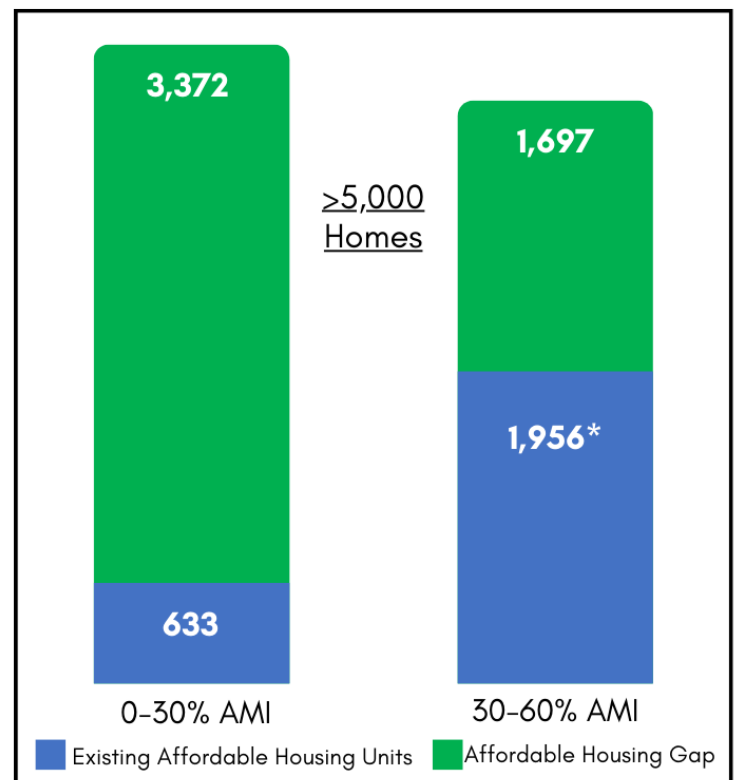
442

Units Approved in FY22

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

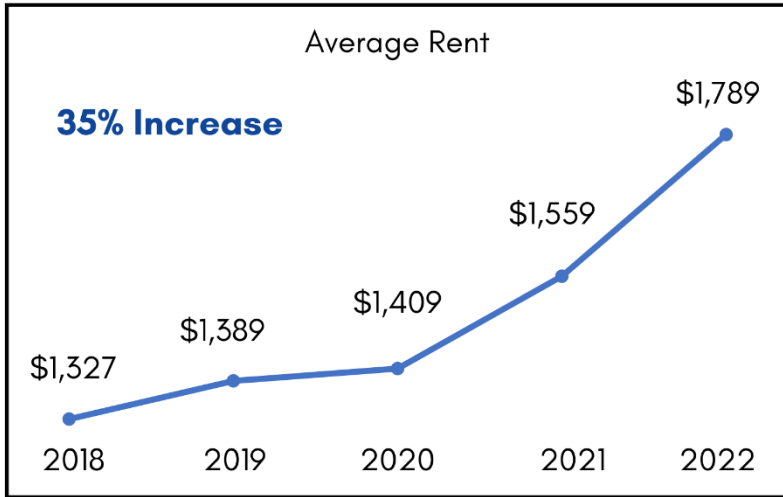


Additional Affordable Housing Units Needed by Income Level

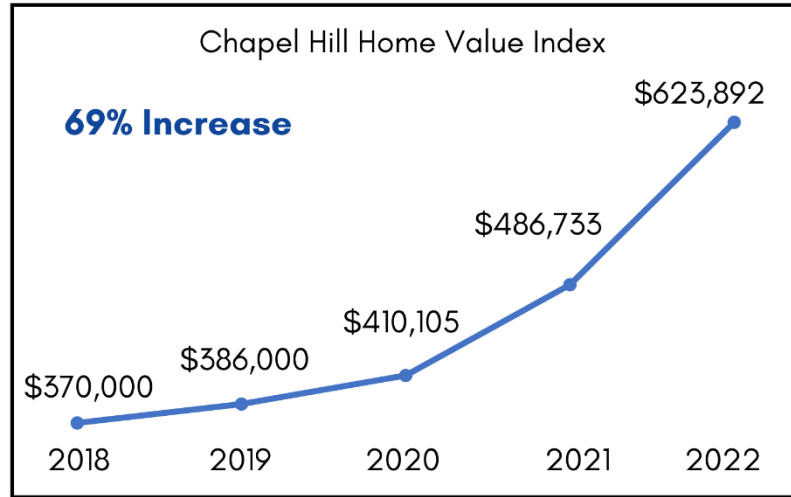


Housing costs have been rising in Chapel Hill since 2018:

Rise in Rental Rates

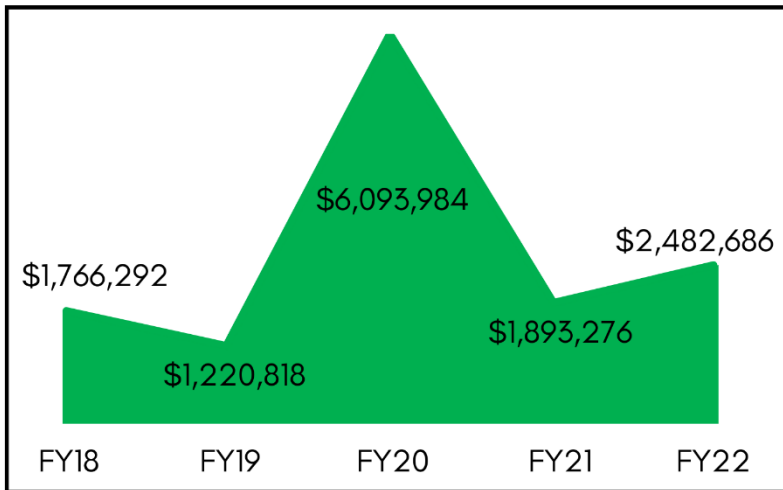


Rise in Home Values

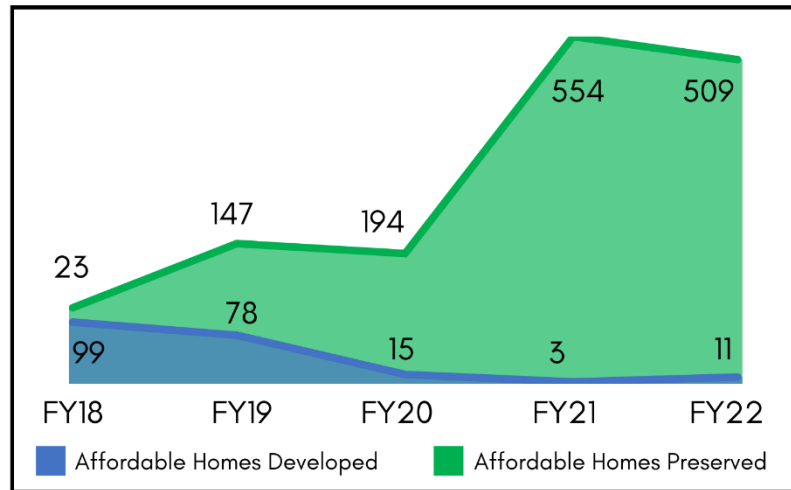


The Town has increased its support for affordable housing to address housing needs:

Affordable Housing Funding Allocated to Projects

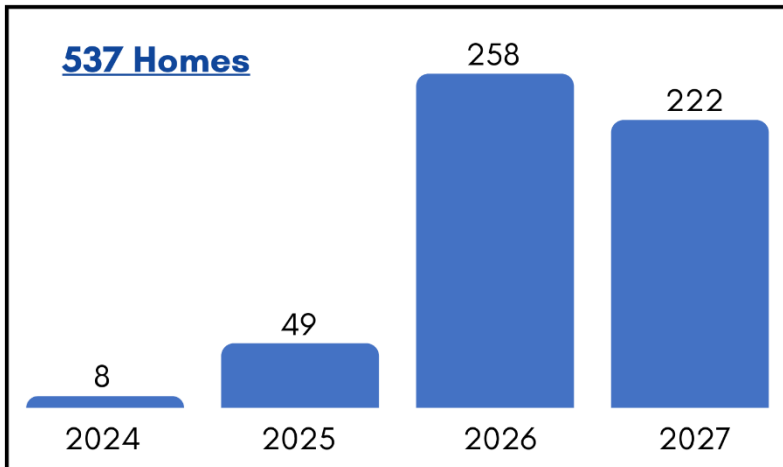


Development and Preservation Units Completed

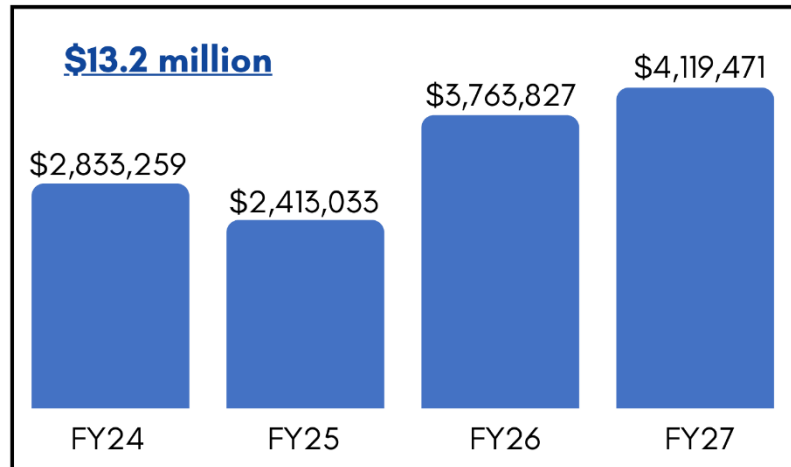


More affordable housing is planned to be created, but funding is still needed:

Affordable Housing Development Pipeline



Additional Funding Needed to Support Projects

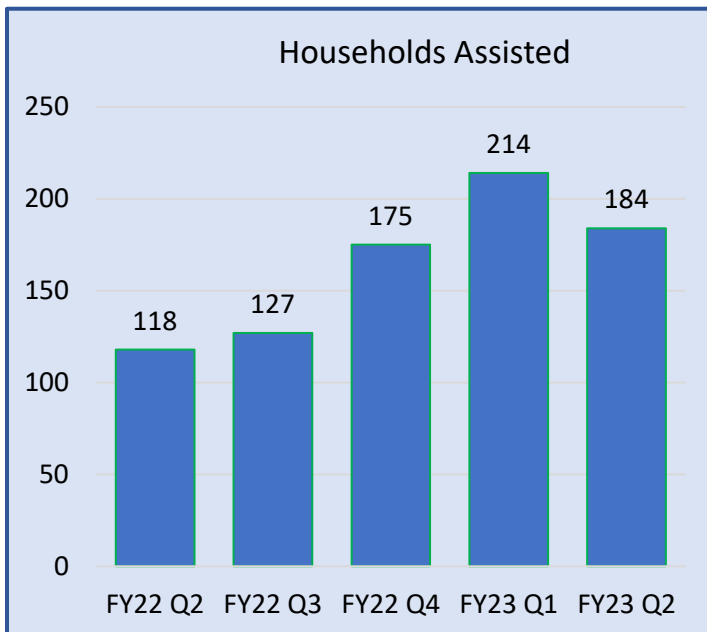


FY23 Q2 Highlights

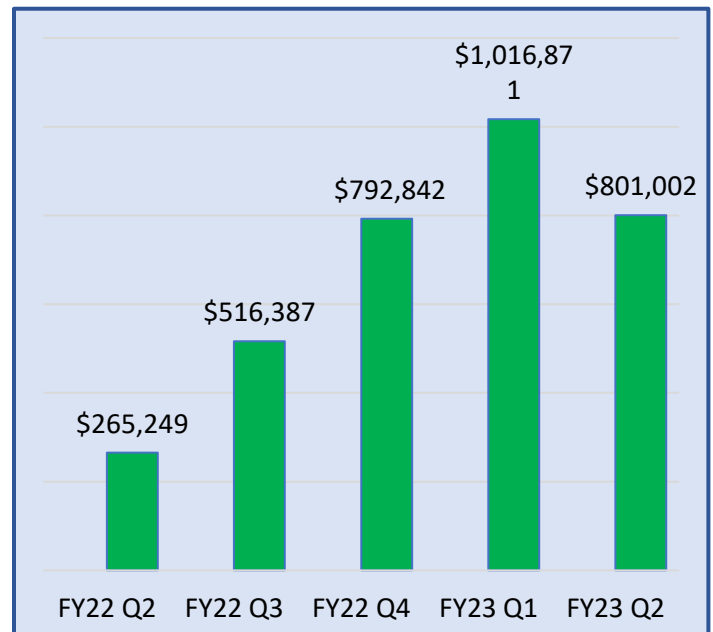
- Trinity Court was awarded a 9% Low-Income Housing Tax Credit award, which brings more than \$10 million in leveraged financing to the project.
- The Town Council approved a \$9.1 million funding plan to support affordable housing projects, the most funding ever approved for affordable housing projects in one fiscal year. The plan will support the development and preservation of over 300 affordable homes.
- Council unanimously passed the LUMO text amendment that creates a Community Priority Process for Affordable Housing Development Review (CPP-AHDR) that reduces the development review timeline for projects with substantial affordable housing components to a maximum of six months.
- Council approved the dedication of 8-9 acres of land on the Town-owned Legion Road parcel for affordable housing.
- Self-Help oversaw the rehabilitation of three units in the Northside neighborhood.
- The Town released a Request for Proposals for Consulting Services for the creation of an affordable housing plan. The plan will inform the development of an Affordable Housing Investment Plan that will be incorporated into Council discussions about the Five-Year Budget.
- This quarter, 184 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

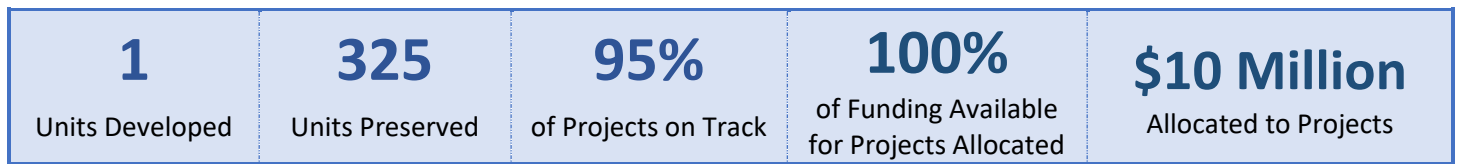
Number of Payments Made



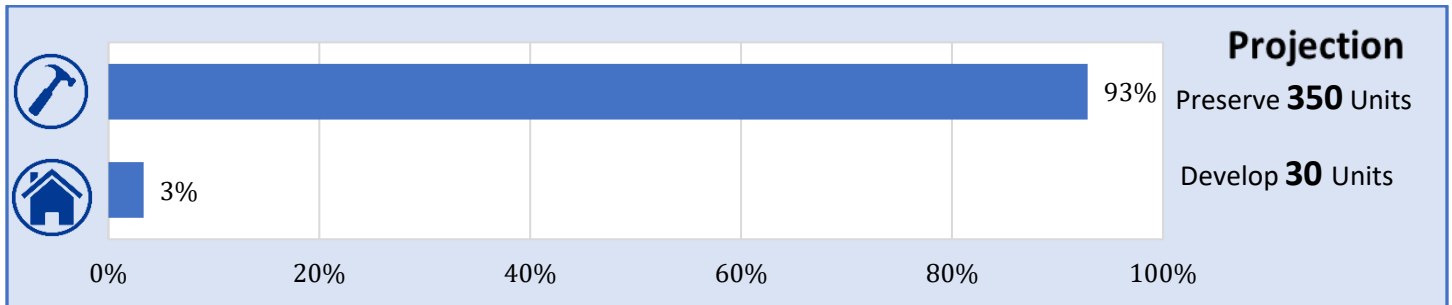
Amount of Assistance Provided



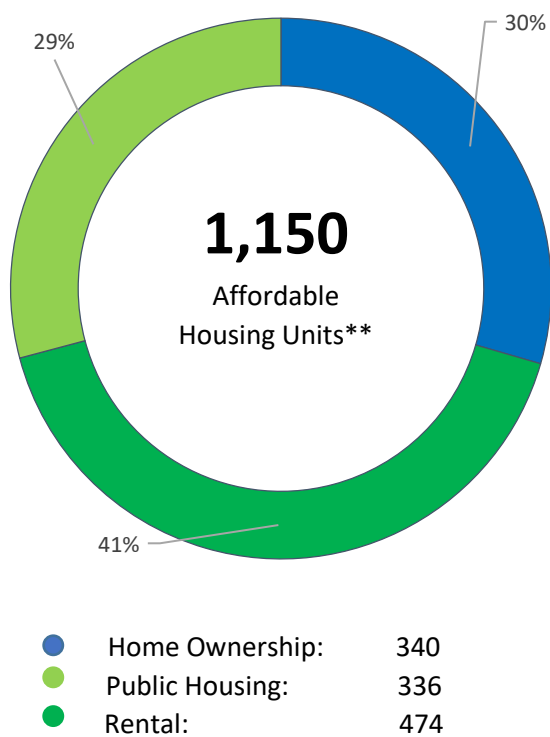
FY23 Town Performance-to-Date



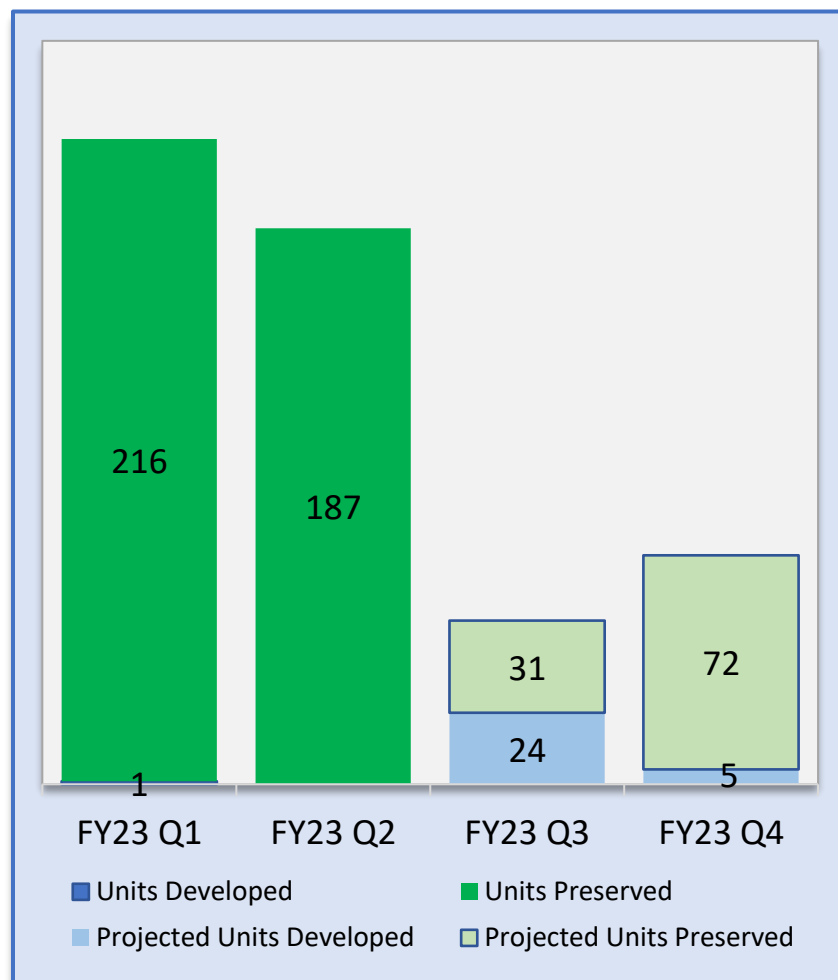
Progress Towards FY23 Projection



Number of Subsidized Units in Town








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 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 |  |
|  | Self-Help/Community Home Trust | 223 N. Graham | 1 | FY23 Q4 |  |
|  | Self-Help | Northside Housing Rehab | 5 | FY23 Q4 |  |
|  | Self-Help | Northside Acquisition and Development | 4 | FY23 Q4 |  |
|  | Orange County Preservation Coalition | Homeowner Rehabilitation | 12 | FY23 Q4 |  |
|  | Community Home Trust | Homebuyer Subsidy | 2 | FY23 Q4 |  |
|  | Community Home Trust | Legion Rd Townhomes Crawl Space Renovation | 14 | FY23 Q4 |  |
|  | Community Empowerment Fund | Down Payment Assistance | 5 | FY23 Q4 |  |
|  | 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 |
|---|--|
| DEVELOPMENT | |
| Trinity Court | <ul style="list-style-type: none"> The Town awarded about \$1.2 million in funding for the Trinity Court redevelopment project that will be leveraged by a more than than \$10 million 2022 Low Income Housing Tax Credit Award. The development team submitted its zoning compliance permit application on December 2nd and the CDC approved building elevations and lighting plans on December 15th. Town staff are working with the development team to draft a development contract for Council review. |
| Homestead Gardens | <ul style="list-style-type: none"> The Town awarded the Homestead Gardens project about \$3 million in affordable housing funding, which will allow the project to proceed with its first phase of building about 65 affordable units. Staff and the development team are working with Planning staff to determine the regulatory process required to modify the project zoning approval to accommodate proposed changes to the project’s site plan. Town staff are preparing materials required to execute a grant agreement with HUD for the project’s \$2 million community project funding grant award. |
| Jay Street | <ul style="list-style-type: none"> The development team submitted a 2023 9% LIHTC application in January. |
| Plant Road | <ul style="list-style-type: none"> Staff are working with their engineering partner to complete one or more preferred development scenarios with accompanying cost estimates. 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 & Recreation offices from the Plant Road property, potentially making that land available for development. |
| Legion Road | <ul style="list-style-type: none"> Staff provided support to the Legion Property Committee in developing a recommendation to create parks and recreational amenities and affordable housing on the Town-owned site. Council approved the recommendation on December 14. |
| Bennett Road | <ul style="list-style-type: none"> Staff assembled a possible scope of work for the Development Finance Initiative to begin evaluating development scenarios for the site. Based on direction from the Manager, staff are not proceeding with the site evaluation at this time. |
| PRESERVATION | |
| Implement Manufactured Home Communities Strategy | <ul style="list-style-type: none"> Staff are implementing the plan, including creating an outreach plan to provide housing resources and information about upcoming affordable housing developments to manufactured home residents. The Collaborative discussed next steps for plan implementation at their November meeting, including resident engagement, further building out the database of MH communities in Orange County, and the County staff investigating the eligible uses of the funding previously set aside to support MH community. |
| Emergency Housing Assistance (EHA) Program | <ul style="list-style-type: none"> 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. |
| POLICY | |
| Employee Housing Program | <ul style="list-style-type: none"> 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. Staff shared upcoming affordable housing opportunities with all Town employees in December, including open applications for CASA’s Perry Place and Habitat’s Weavers Grove. |
| Inclusionary Housing | <ul style="list-style-type: none"> Staff finalized the affordable housing agreement for the Aura project and are working with University Place to finalize their plan prior to the Town issuing their final plans approval. Staff have worked with development teams (e.g., Aspen Heights, 2217 Homestead, Barbee Chapel Apartments, South Creek) to clarify their affordable housing plans and finalize their affordable housing conditions prior to HAB and Council review and Council action on their rezoning applications. |

| | |
|---|---|
| Housing Petition Response | <ul style="list-style-type: none"> • Council unanimously passed the LUMO text amendment that creates a Community Priority Process for Affordable Housing Development Review (CPP-AHDR). • 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) by early 2023. |
| Affordable Housing Plan | <ul style="list-style-type: none"> • Staff selected Consulting firm HR&A to Incorporate the Town’s existing strategies, data, reports, and Work Plan into comprehensive plan to guide the Town’s efforts over the next 5 years. • The affordable housing plan will include an investment plan to identify what financial resources will be needed to implement the strategies approved in the plan |
| FUNDING | |
| Implement Investment Plan for Affordable Housing | <ul style="list-style-type: none"> • The Town Council approved a \$9.1 million funding plan to support affordable housing projects, the most funding ever approved for projects in a fiscal year. The plan will support the development and preservation of over 300 affordable homes. • Staff continuing effort to update our Affordable Housing Investment Plan and plan to discuss with Council as part of the Five-Year Budget discussions. |
| Manage Funding Programs | <ul style="list-style-type: none"> • Staff implementing plan for use of excess fund balance to fill funding gaps and address unmet needs. • Staff launched the FY2023-24 CDBG Funding Application on November 18th with applications due on January 13th. |
| MANAGING TOWN-OWNED HOUSING | |
| Transitional Housing Program | <ul style="list-style-type: none"> • Staff are continuing to work on a sustainability plan for the program, with anticipated completion this winter. • Renovation/repair of the Umstead Road property is ongoing. The selected Transitional Housing tenant is ready to move-in once complete. • Staff are partnering with the Compass Center to offer Financial Planning workshops for families in the program. • Staff completed deferred maintenance to additional units in our portfolio using excess fund balance funding approved by Council. • One of our Transitional Housing Program participants graduated out of the program recently and purchased her very first home through Habitat for Humanity. The resident and her two daughters will be moving into their three bedroom duplex this month. We are excited to continue our program track record of a 100% success rate in graduating families out of our transitional housing program to homeownership or renting on the private market. |

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.