

Public Hearing on Final Approval to Act as Bond Issuer for Acquisition and Rehabilitation of Elliott Woods and Chase Park Apartments

Town Council Meeting

March 4, 2026



TOWN OF
**CHAPEL
HILL**

Recommended Action

Receive public comment on the Town acting as the issuer of multifamily housing revenue bonds on behalf of Vitus for the acquisition and rehabilitation of Elliott Woods and Chase Park Apartments communities

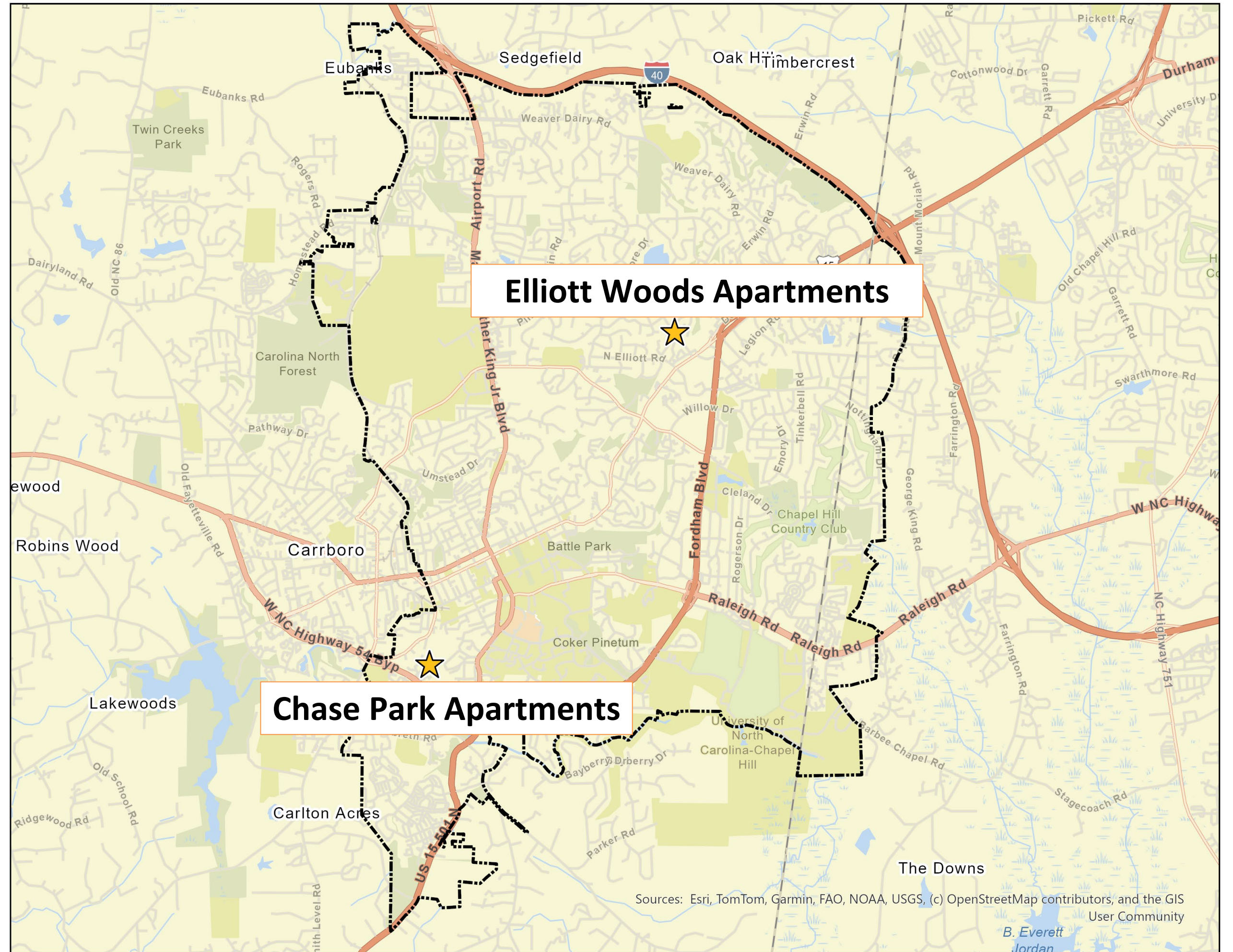
Background and Context

- Chase Park and Elliott Woods communities are more than 50 years old and in need of repair
- Current owner, INCHUCO, entered purchase and sale agreement for properties with affordable housing developer, Vitus
- Vitus proposing substantial rehabilitation with commitment to maintain and expand affordability at sites
- On June 12, 2025 Council provided preliminary approval to act as bond issuer for project

Legislative Context

- Vitus to finance project with 4% Low-Income Housing Tax Credits (LIHTC), tax exempt bonds, and HUD FHA loan
- The receipt of 4% LIHTC requires financing through tax-exempt bonds, which must be issued by a governmental entity
- Town has statutory authority to serve as the bond issuer under NCGS 160D-1311(b)

Context Map



Elliott Woods Apartments

- 106 Elliott Road, Chapel Hill, NC 27516
- 39 units on a 4.98 acre lot
- Four three-story garden style apartment buildings
- Built in 1974 and last rehabbed in 2011



Chase Park Apartments

- 1060 W. NC-54, Chapel Hill, NC 27516
- 40 units on a 5.4 acre lot
- Two three-story garden style apartment buildings
- Built in 1974 and last rehabbed in 2011



Financial Impact

- Developer has requested Town serve as conduit governmental bond issuer in our role as a housing authority
- Town would issue \$7 million in bonds over 2-3 years
- Acting as bond issuer doesn't carry legal or financial risk for the Town
- Town has no obligation to repay bonds; bonds will not affect Town's debt capacity, limits, or ratios
- Town to include a note in its financial statements describing conduit debt issuance
- Town would collect ~\$100,000 in fees to support affordable housing activities

Project Justification

- This effort is a pilot to explore an underutilized source of affordable development financing (4% LIHTC)
- Project supports Town goals of preserving affordable communities
- Project utilizes strong affordable development partner, leverages public financing without requiring local subsidy

Vitus

- Vitus specializes in the preservation of affordable properties in market areas where the need is greatest
- Since 1993 founding, Vitus has developed and/or acquired more than 15,000 units
- A combined total of over 30,000 residents now live in Vitus affordable housing communities



Affordabilit

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- Project will extend Section 8 Housing Assistance Payment Contract for 20 years
- Vitus has applied for additional vouchers for remaining 51% of tenants
- All units, including 51% not currently covered by vouchers, will hold LIHTC restrictions at 60% AMI for 30 years

Temporary Relocation

- Residents will temporarily relocate to a hotel as units are renovated
- Developer will pay all relocation costs
- Developer anticipates all eligible current tenants can remain after rehabilitation

Project Timeline

- Public Comment/Council Action: March 2026
- Bond Closing: April 2026
- Construction: April 2026 – February 2027
- Resident Relocation Begins: July 2026
- Project Complete: February 2027

Tradeoffs and Alternatives

- Project aligns with Town affordable housing goals to support preservation of affordable rental housing
- If Town declines to issue bonds:
 - Council must approve alternative bond issuer
 - Delays would threaten project financing and viability
 - Town will not collect issuance fee

Recommended Action

**FEB 25
2026**

Public
Comment Period
Opened

**MAR 4
2026**

Public
Hearing

**MAR 25
2026**

Council
Action

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