

Employee Housing Incentive Pilot Program

Evaluation and Recommendations

THE TOWN OF CHAPEL HILL

AFFORDABLE HOUSING & COMMUNITY CONNECTIONS



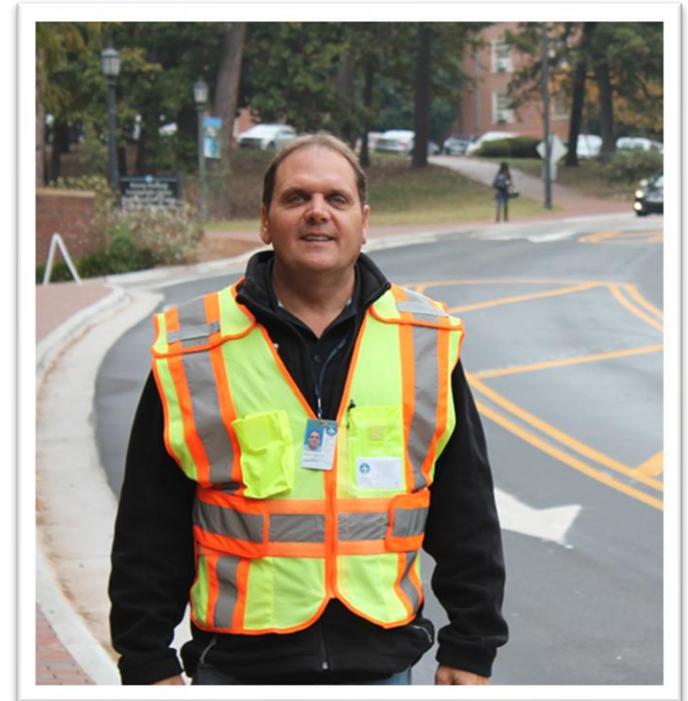
Agenda

- Background & Pilot Program Results
- Evaluation
- Findings
- Recommendations



Timeline

- **Spring 2017** - Council asked staff to explore options for employee housing incentives
- **November 2018** – Council approves the Pilot Program
- **Spring 2019** – Program rolled out to employees
- **March 2021** – Evaluation of two-year pilot program began



Pilot Program Overview

■ Homeownership

- One-time down payment or closing cost assistance up to \$7,500
- For home within Chapel Hill Town limits
- Pilot Outcomes: 11 employees applied, 0 received

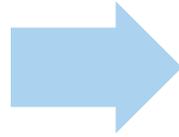
■ Rental

- One-time payment for security deposits, utility connections, and fees
- Assistance range: \$1,480 - \$2,050 based on unit bedroom size
- Pilot Outcomes: 13 employees applied, 7 received

Evaluating the Pilot Program

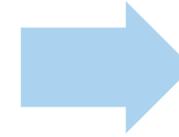
1. Employee Survey

- Understand employee program awareness, incentive preferences, and barriers to utilizing the program



2. Stakeholder Interviews

- Gain feedback on effectiveness of the incentives
- Gather program design/administration recommendations



3. Real Estate Market Data Analysis

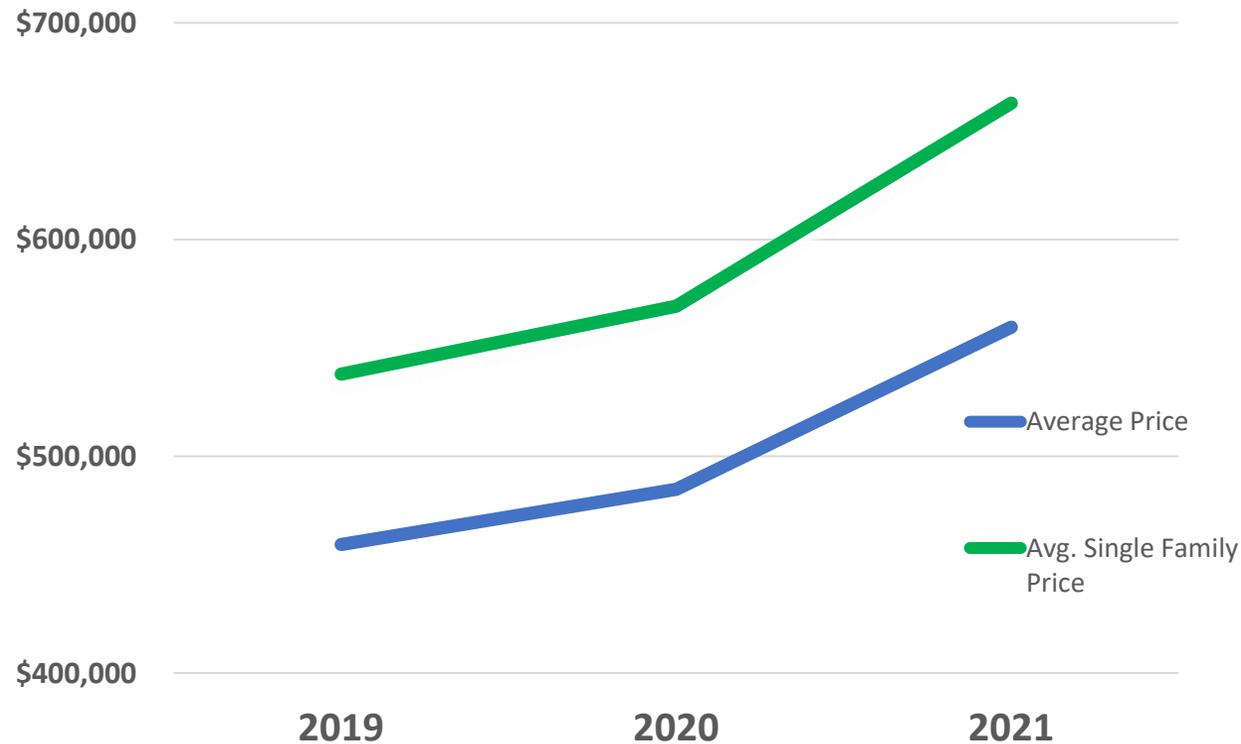
- Data from home sales in Chapel Hill and Orange County 2019 to present
- Used to understand availability of housing at affordable price points over time

Key Findings



2. Affordability remains the greatest barrier to Town employees living in Chapel Hill

Sales Price of Homes Sold in Chapel Hill
2019-2021

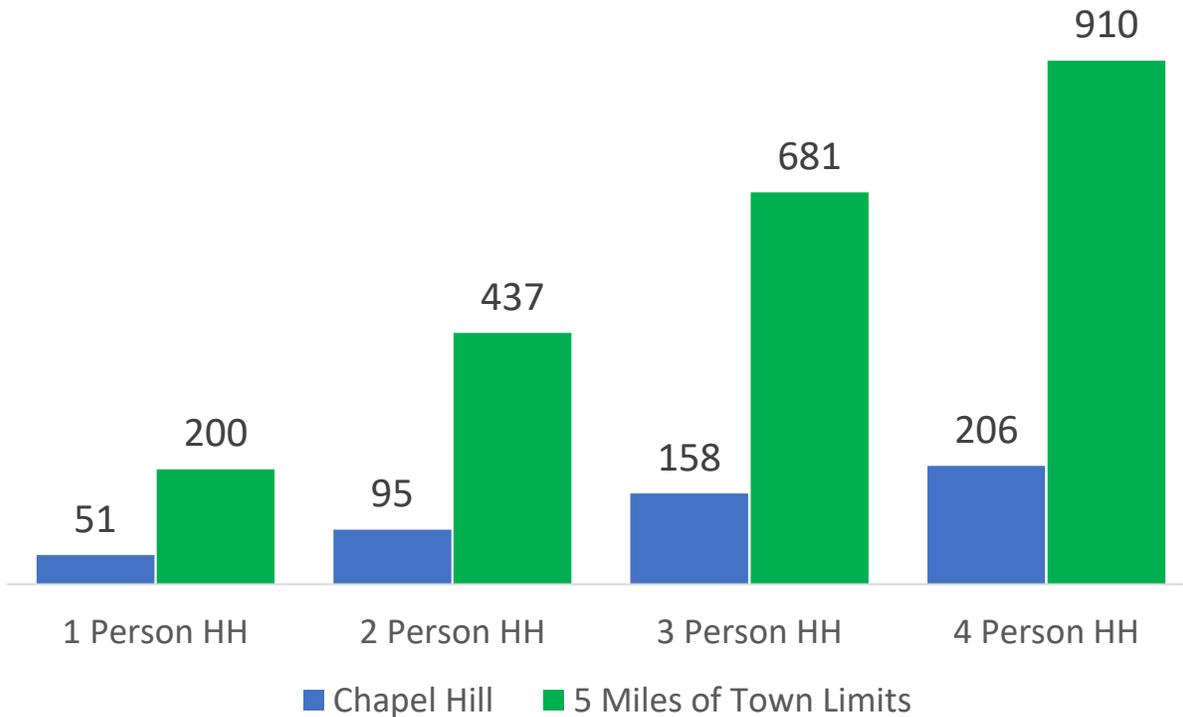


“Housing in Chapel Hill is extremely expensive and there is always a low supply.”
Town Employee

“Cost of living [is a barrier] compared with areas further away from town.”
Town Employee

3. There is limited availability of affordable options in Chapel Hill Town limits that fits employee needs.

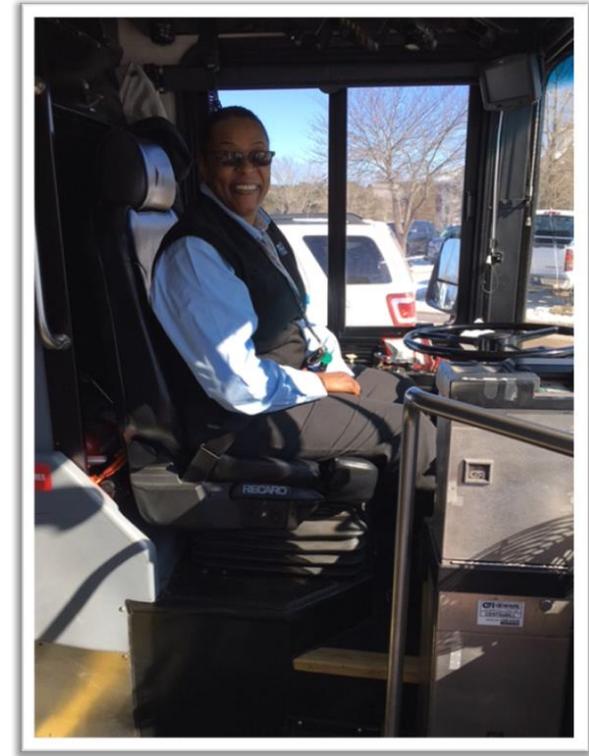
Single Family Homes Sold in 2020 Affordable at 115% AMI



“The only properties I could afford were student rental-type places that were in horrible shape or tiny.”
Town Employee

“Desire to live in a home with a yard, not an apartment.”
Town Employee

Recommendations



Recommendation 1: Expand Program Eligibility

Expand geographic area to all properties within 5 miles of Chapel Hill Town Limits

- Increase the amount of naturally occurring affordable rentals available to employees
- Increase the inventory available to employees interested in purchasing homes

Alternatives Considered

1. Expand geographic area to 5 miles or 10 miles from Chapel Hill Town Hall

2. Expanding the eligible area to all of Orange County

➤ PROS

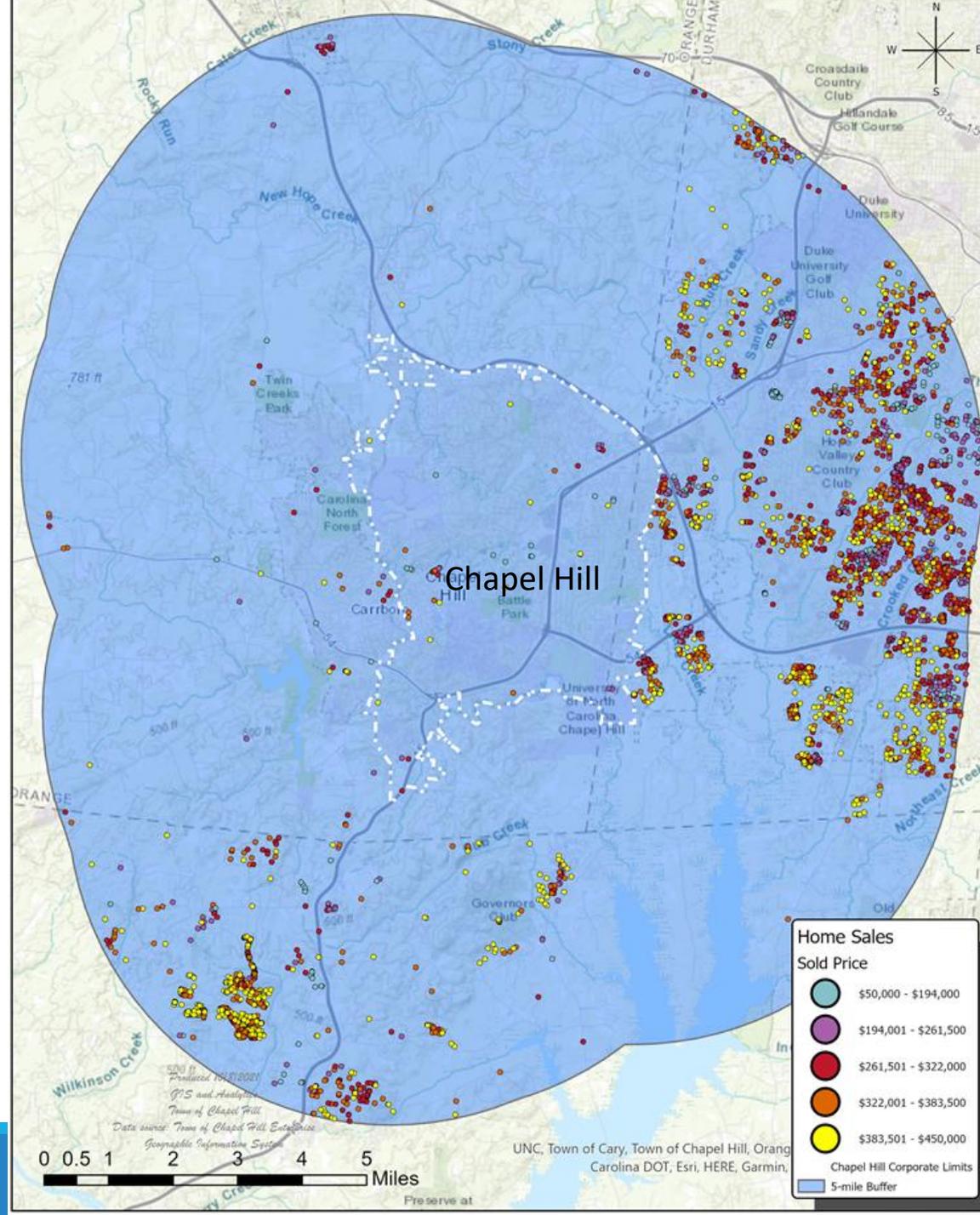
1. Easy to administer and for employees to understand
2. May increase variety of affordable housing options

➤ CONS

1. Parts of Orange County are 25+ miles (40+ minutes) away
2. Large number of affordable properties just over county line that would be ineligible

3. Increasing the household income limit for qualifying employees

**2019-21 Home
Sales of
< \$450,000
Within 5 Miles of
Chapel Hill
Town Limits**



Recommendation 2: Increase the incentive amounts and broaden eligible uses

Rental

- Increase incentive to **2.5x Fair Market Rent**, adjusted annually
- **Add future rent payments** as an eligible expense

Recommendation 2: Increase the incentive amounts and broaden eligible uses

Homeownership

- **\$12,500** available to employees purchasing a home in Chapel Hill
- **\$7,500** for the purchase of a home elsewhere in the eligible area

Recommendation 3: Enhance employee outreach and engagement

- Provide employee trainings
- Share information with employees via Town channels
- Hold workshops and lunch and learns
- Include program information in recruitment, orientation, and onboarding

Funding

- Originally budgeted \$50,000 for pilot program
- \$43,000 remains
 - Staff anticipates that could serve:
 - 2 employees with homeownership
 - 5-7 with rental assistance before new funding would need to identified

Proposed Next Steps

October 27th

Council consideration of
program updates

Nov - Dec

Update materials and
processes

Winter 2022

Roll out updated
program

Staff Recommendation

- Approve Resolution R-16 Approving Updates to the Employee Housing Program



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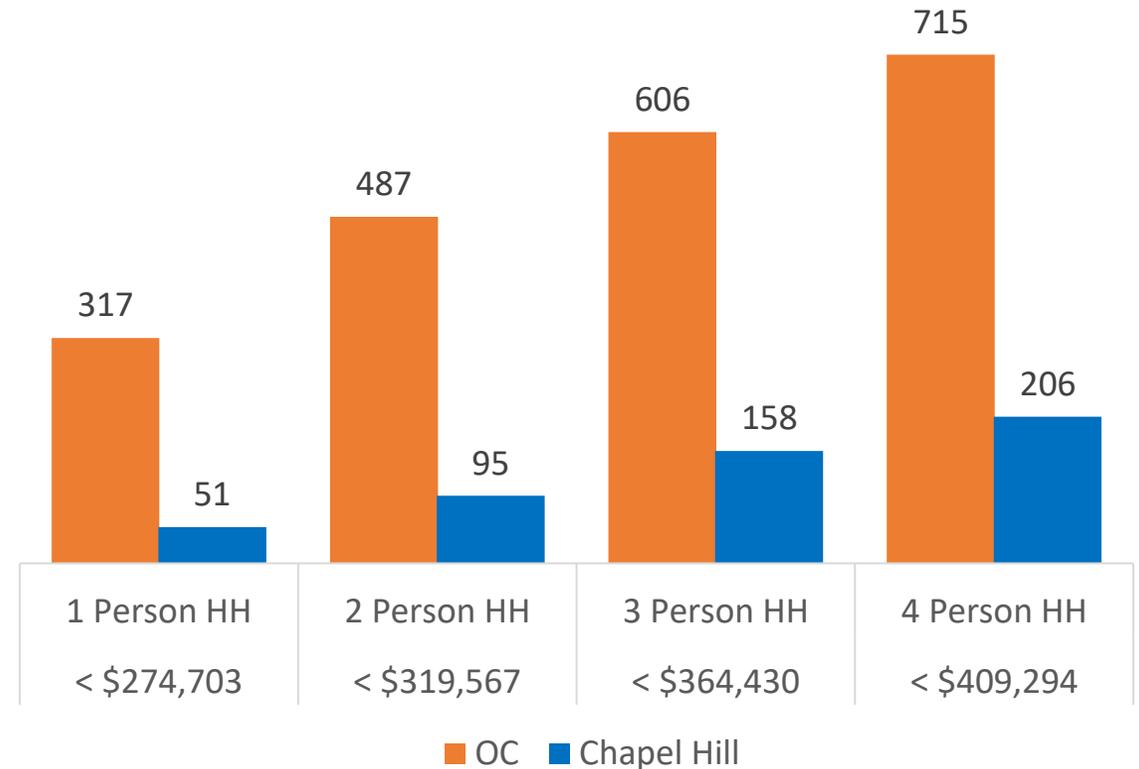


Orange County Data

2021 Home Sales Price

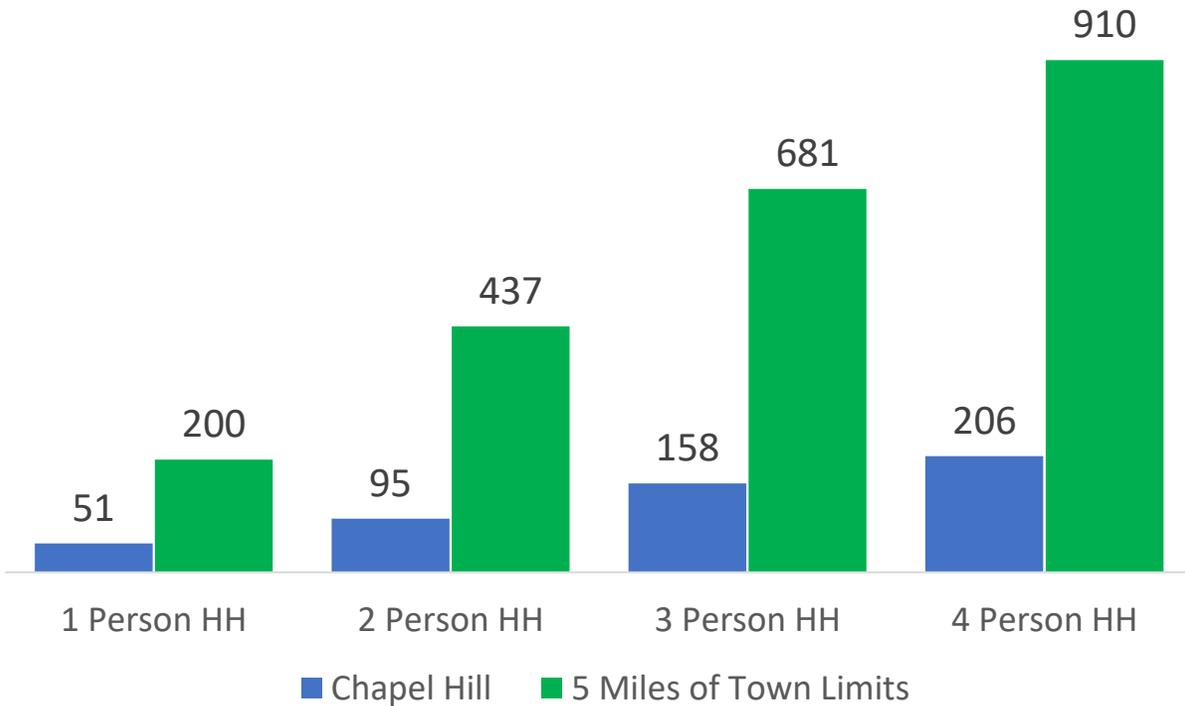


Number of Single Family Homes Sold in 2020 Affordable at 115% AMI



Orange County vs. Town Limits

Single Family Homes Sold in 2020
Affordable at 115% AMI



Single Family Homes Sold in 2020
Affordable at 115% AMI

