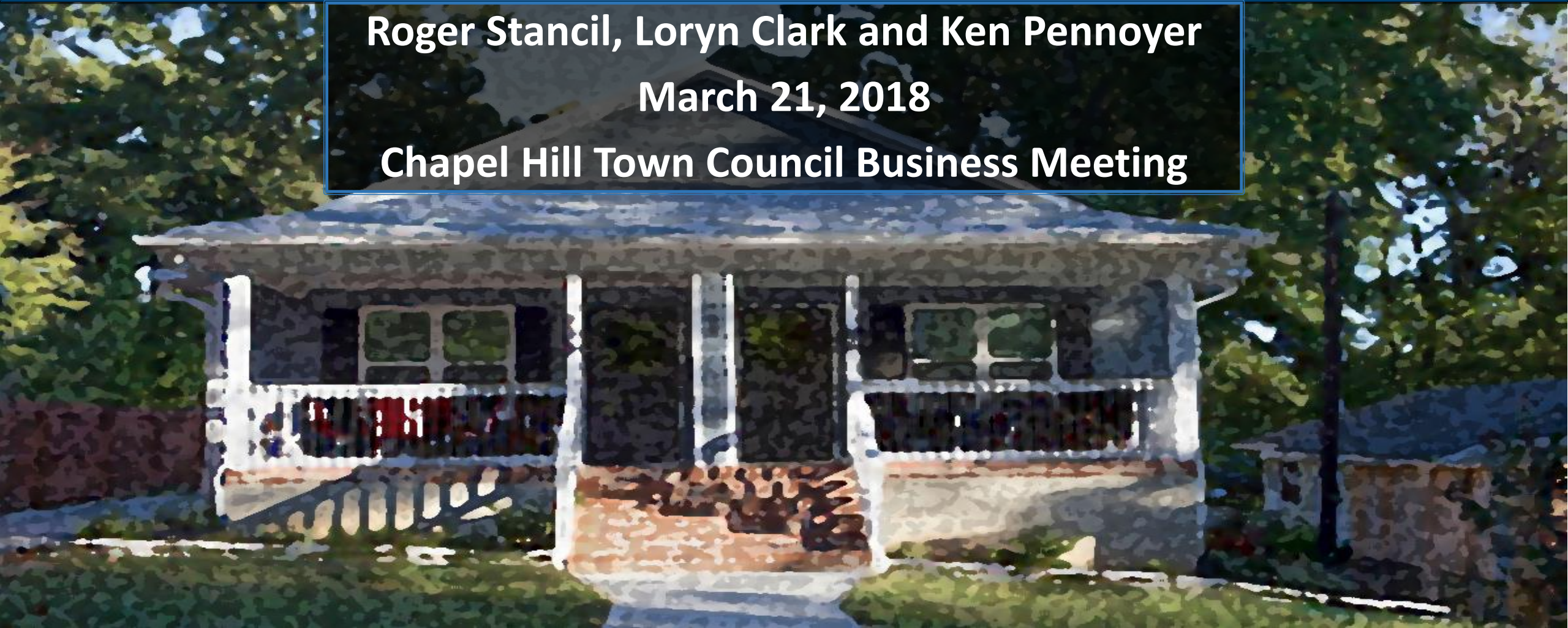


Proposed Bond Referendum for Affordable Housing

Roger Stancil, Loryn Clark and Ken Pennoyer

March 21, 2018

Chapel Hill Town Council Business Meeting



Introduction

- My recommendation is to move forward with a \$10 million affordable housing bond referendum
- We believe this amount is both prudent with regard to managing our debt situation and sufficient to make meaningful progress toward our affordable housing targets

Introduction

- **Council has the following options:**
 1. Adopt the resolution as presented (November 2018 referendum not to exceed \$10 million)
 2. Modify the resolution changing the amount to not to exceed \$15 million
 3. Take no action tonight and consider a referendum for 2019
 4. Take no action tonight and consider pay-go funding with a dedicated increase in the tax rate

Introduction

- Staff will develop evaluation criteria for projects prior to referendum
- **After a successful referendum:**
 - Staff will recommend issuance of bonds when approved projects have progressed to the point where they are shovel-ready
 - Tax increase for debt service will be recommended in the budget for the first year debt service is due
- Staff will make a brief presentation and the Town's Bond Counsel is here tonight if you have any legal questions

The Purpose of this Item

Consider adoption of a resolution stating the intent to proceed with a Affordable Housing Bond Referendum in an amount not to exceed \$10 million



Potential Subsidy Needs

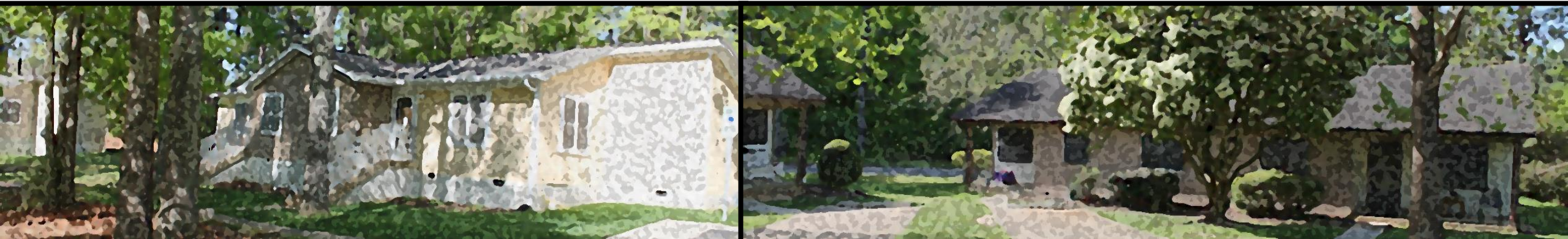
FIVE-YEAR AFFORDABLE HOUSING PROJECTIONS

Provider	Project Name	Units	Rental/ Ownership	Total Project Cost	Estimated Subsidy
Non-profits	(Various)	37	Rental	\$ 6,095,655	\$ 1,050,810
Non-profits	(Various)	154	Ownership	18,191,383	6,918,383
Town of Chapel Hill	2200 Homestead Road	130	Rental	16,345,185	5,000,000
Town of Chapel Hill	Northside – Public Hsg	80	Rental	7,272,000	1,813,000
Total		401		\$ 48,979,223	\$15,857,193
				Available Town 5yr Funding*	\$13,440,000

** Includes \$10 million bonds & \$688,000 current annual funding level*

Repayment of the Bonds

- The Town does not have sufficient capacity in its Debt Fund to implement its existing capital program with the current dedicated tax
- Issuance of \$10 million of Affordable Housing Bonds will require an increase in the Debt Fund tax rate at the time the bonds are issued



Alternatives

1. Move forward with the referendum for November 2018
2. Modify resolution to increase amount to \$15 million
3. Take no action – consider 2019 referendum
4. Take no action – and consider pay-go solution with a dedicated tax increase for Affordable Housing



Next Steps

- 1. Adopt Resolution stating intent to proceed with an Affordable Housing Referendum:**
 - a. Publication of a notice of intent to file an application with the LGC
 - a. Make Legislative Committee filing
 - b. File LGC application
 - c. Give notice to County Board of Elections

Next Steps

1. Council introduces Bond Orders, schedules public hearing and authorizes debt statement (**April 25, 2018**)
2. Council holds public hearing; adopts bond orders and sets ballot questions and referendum date (**May 23, 2018**)
3. Publish Bond Orders and notice of referendum (twice)
4. Referendum (**November 6, 2018**)

Recommendation

**Adopt Resolution R-4
Stating the intent to
proceed with a Affordable
Housing Bond Referendum
in an amount not to exceed
\$10 million**

