



TOWN OF CHAPEL HILL

Town Hall
405 Martin Luther King Jr.
Boulevard
Chapel Hill, NC 27514

Legislation Text

File #: [19-0206], Version: 1

Consider Approving Habitat for Humanity's December 2018 Funding Request for the Affordable Housing Development Reserve as Recommended by the Housing Advisory Board.

Staff:

Loryn Clark, Executive Director
Sarah Osmer Viñas, Assistant Director

Department:

Housing and Community

Overview: The purpose of this memorandum is to respond to the Council's request to discuss Habitat for Humanity's \$375,000 funding application from the Affordable Housing Development Reserve for the Sunrise Road project. The Housing Advisory Board recommended fully funding Habitat's request.



Recommendation(s):

That the Council approve Habitat for Humanity's December 2018 funding request for the AHDR as recommended by the Housing Advisory Board.

Affordable Housing Development Reserve (AHDR) Overview:

- On [March 23, 2015 <http://chapelhill.granicus.com/MetaViewer.php?view_id=7&clip_id=2346&meta_id=102236>](http://chapelhill.granicus.com/MetaViewer.php?view_id=7&clip_id=2346&meta_id=102236), the Town Council approved recommendations by staff and the HAB to use the affordable housing funds in the FY15 budget to establish an [Affordable Housing Development Reserve <http://www.townofchapelhill.org/town-hall/departments-services/housing-and-community/funding/affordable-housing-development-reserve>](http://www.townofchapelhill.org/town-hall/departments-services/housing-and-community/funding/affordable-housing-development-reserve).
- The AHDR is dedicated exclusively to the development and preservation of affordable housing and focuses on four priority project areas: 1) land bank and land acquisition, 2) rental subsidy and development, 3) homeownership development and assistance, and 4) future development planning.
- Since its creation in 2015, the AHDR has supported the development of over 100 units and the preservation of five affordable housing units in Chapel Hill. Please see the attached list of AHDR allocations to date.

AHDR FY19 Second Cycle Funding Requests:

- Staff announced the second FY19 AHDR Request for Proposals (RFP) in October 2018 via the Town website, a news release, and email notification of local affordable housing developers. We received three applications by the December 21st deadline:

| AHDR Request | Priority Project Area | # of Units | AMI Served | % Funded by AHDR | Cost Per Unit | Amount of Request | Housing Advisory Board Recommendation | Council Approval |
|--|--|------------|---|------------------|---------------|-------------------|---|----------------------------------|
| Community Home Trust - Master Lease | Rental Subsidy & Development | 5 | <30% AMI | 73% | \$19,464 | \$97,324 | \$97,324 | Yes 2/13/19 |
| Community Home Trust - Chandler Woods | Homeownership Development & Assistance | 6 | 3 units at 65-80% AMI; 3 units at 80-115% AMI | 10% | \$15,000 | \$90,000 | \$90,000 | Yes 2/13/19 |
| Habitat for Humanity - Sunrise Project | Homeownership Development & Assistance | 95 | 31-80% AMI | 1% | \$3,947 | \$375,000 | \$375,000 (\$266,797 from AHDR; \$108,203 from AHF) | Under Consideration 3/6/19 |
| TOTAL | | | | | | \$562,324 | \$562,324 | |

- On [January 8, 2019](https://chapelhill.legistar.com/MeetingDetail.aspx?ID=652519&GUID=1A7EDADA-283B-4B99-A414-4323ACA4B3CF&Options=info&Search=>) <<https://chapelhill.legistar.com/MeetingDetail.aspx?ID=652519&GUID=1A7EDADA-283B-4B99-A414-4323ACA4B3CF&Options=info&Search=>>>, the Housing Advisory Board unanimously recommended funding all three requests received in the second cycle of this fiscal year:
 - Fully funding the Community Home Trust’s two requests from the AHDR
 - Fully funding Habitat’s request, allocating the remainder of AHDR funding currently available (\$266,797) and the balance from the Town’s [Affordable Housing Fund](https://www.townofchapelhill.org/town-hall/departments-services/housing-and-) <<https://www.townofchapelhill.org/town-hall/departments-services/housing-and->> (AHF) (\$108,203).
- On [February 13, 2019](https://chapelhill.legistar.com/LegislationDetail.aspx?ID=3855129&GUID=A768F71B-3410-4C35-B478-708EAC36C01D&Options=&Search=>) <<https://chapelhill.legistar.com/LegislationDetail.aspx?ID=3855129&GUID=A768F71B-3410-4C35-B478-708EAC36C01D&Options=&Search=>>> the Town Council unanimously approved Community Home Trust’s two AHDR requests for the Master Lease Program (\$97,324) and Chandler Woods (\$90,000). The Council requested the opportunity to discuss Habitat’s funding request at the March 6th Council Business Meeting.

Timing of AHDR Awards:

- Nonprofit affordable housing developers often request local government funding commitments in the early phase of the proposed project to acquire land, complete predevelopment activities, and pursue Low Income Housing Tax Credit and other funding approvals.
- For projects awarded funding prior to receiving planning or permitting approvals, the Town includes language in the performance agreement with the organization stipulating that the funding must be returned to the Town if the project is not approved or does not proceed as planned for any other reason.
- The Council has a history of approving funding for projects prior to approving development applications. Recent examples include:
 - DHIC Greenfield - \$450,000
 - CASA Merritt Mill - \$330,810







Fiscal Impact/Resources:

- The Town’s total FY19 budget for affordable housing projects is \$1.43 million. The Affordable Housing Development Reserve is \$754,121 of that FY19 total. It is made up of \$688,395 in new FY19 funding and \$65,726 that was not allocated in FY18.
- In fiscal year 2019, the Town committed from the AHDR:
 - \$150,000 to Self Help for the Northside Neighborhood Initiative
 - \$150,000 for future development planning on Town-owned land
 - \$97,324 for Community Home Trust’s Master Lease Program
 - \$90,000 for Community Home Trust’s Chandler Woods project
- The current available balance of the Affordable Housing Development Reserve is \$266,797. If

Council approves the HAB funding recommendation for Habitat for Humanity, the AHDR will be exhausted for this fiscal year.

- The current balance of the Affordable Housing Fund (AHF) is \$157,063. The AHF is funded through payment in lieu contributions received from developers. The Manager has the discretion to approve requests for funding that satisfy the eligibility criteria outlined [here](https://www.townofchapelhill.org/home/showdocument?id=28455) <https://www.townofchapelhill.org/home/showdocument?id=28455>. If the Manager approves the HAB funding recommendation, the AHF will have a remaining balance of approximately \$48,000.

Council Goals:

| | | | | | |
|-------------------------------------|---|------------------------------|-------------------------------------|---|----------------------------------|
| <input checked="" type="checkbox"/> |  | Create a Place for Everyone | <input checked="" type="checkbox"/> |  | Develop Good Places, New Spaces |
| <input type="checkbox"/> |  | Support Community Prosperity | <input checked="" type="checkbox"/> |  | Nurture Our Community |
| <input type="checkbox"/> |  | Facilitate Getting Around | <input type="checkbox"/> |  | Grow Town and Gown Collaboration |



Attachments:

- Resolution
- Draft Staff Presentation
- Affordable Housing Development Reserve Allocation Strategy
- Affordable Housing Development Reserve Funding Summary
- AHDR Application - Habitat for Humanity Sunrise Road Project

A RESOLUTION APPROVING FUNDING FROM THE AFFORDABLE HOUSING DEVELOPMENT RESERVE (AHDR) (2019-03-06/R-3)

WHEREAS, in Fiscal Year 2015 the Council approved the establishment of an Affordable Housing Development Reserve (AHDR), which established the processes and parameters for dispersal of this affordable housing funding; and

WHEREAS, in Fiscal Year 2019 the Council allocated \$688,395 in new funding for to the AHDR.

NOW, THEREFORE, BE IT RESOLVED by the Council of the Town of Chapel Hill that the Council approves the Housing Advisory Board's recommended funding plan for the AHDR December 2018 funding cycle:

1. Habitat for Humanity Sunrise Road Project - \$266,797

This the 6th day of March, 2019.

The Agenda will reflect the text below and/or the motion text will be used during the meeting.

PRESENTER: Sarah Osmer Viñas, Assistant Director Housing and Community

RECOMMENDATION: That the Council approve Habitat for Humanity's December 2018 funding request for the AHDR as recommended by the Housing Advisory Board.