



## Legislation Text

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File #: [18-0125], Version: 1

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### **Approve a Tentative Affordable Housing Bond Referendum Plan and Proposed Schedule of Actions.**

#### **Staff:**

Loryn B. Clark, Executive Director  
Kenneth C. Pennoyer, Director

#### **Department:**

Housing and Community  
Business Management

**Overview:** During a Council Work Session on [February 7, 2018](https://chapelhill.legistar.com/LegislationDetail.aspx?ID=3335617&GUID=E66DA221-3910-49E3-86C9-ACAA04274597&Options=&Search=>) [<https://chapelhill.legistar.com/LegislationDetail.aspx?ID=3335617&GUID=E66DA221-3910-49E3-86C9-ACAA04274597&Options=&Search=>](https://chapelhill.legistar.com/LegislationDetail.aspx?ID=3335617&GUID=E66DA221-3910-49E3-86C9-ACAA04274597&Options=&Search=>), the Council discussed creating an affordable housing investment plan including potential uses and priorities for Town resources. We identified affordable housing general obligation (GO) bonds as the appropriate funding vehicle for an affordable housing investment plan. We also shared information on the GO bond referendum process including a preliminary schedule of actions required to meet the statutory requirements for a November 6, 2018 affordable housing bond referendum. Tonight we ask that the Council approve a tentative referendum plan consistent with the work session discussion and a proposed schedule of actions.

If the Council chooses to pursue an affordable housing bond referendum in November, the first step is establishing a tentative referendum plan. The purpose of the plan is to provide preliminary guidance on use of bond funds and to establish the amount of bond issuance authority that will be requested through the referendum.

Adoption of the resolution would confirm Council's intent to pursue an affordable housing GO bond referendum in November of 2018 and allow us to begin discussions with the Local Government Commission staff. The Council would have additional opportunities to discuss, modify and finalize the plan during discussions this spring.



#### **Recommendation(s):**

That the Council adopt the resolution to establish a tentative affordable housing bond referendum plan, including a preliminary schedule, to meet the statutory requirements associated with a GO bond referendum for November 6, 2018.

**Discussion:** As discussed in the Council Work Session on February 7, 2018, we propose the following framework for an affordable housing investment plan consistent with the guidelines of the Affordable Housing Development Reserve (AHDR):

#### Proposed Eligible Activities

We propose that the Council consider the following eligible activities for affordable housing bond funds serving households up to 120% of the Area Median Income (AMI), which would allow the Town to support a range of below market rate rental and homeownership programs in the community:

- Acquisition of property;
- Home repairs/Comprehensive Rehabilitation;

- Construction of new affordable housing units.

Proposed Priorities:

- Rental housing serving households less than 60% AMI
- Rental housing serving vulnerable populations (i.e. disabled, homeless, elderly)
- Long-term affordability (99 years for homeownership, 20 years for rental development)
- Located near transit services
- High leverage from other sources







Funding

- Our recommendation is that the Council pursue authority to issue up to \$10 million of affordable housing GO bonds through the referendum process. This amount is based roughly on historical uses of Town funds to subsidize affordable housing projects and targets established for production of affordable units over the next five years, including two Town-initiated affordable housing projects. The amount is also consistent with five-year housing production projections shared by our affordable housing development partners.
- Support of a \$10 million affordable housing bond would require an increase of about one penny on the property tax rate. The duration of the rate increase would be roughly the same as the term of the bonds which is expected to be 20 years.
- One penny on tax rate would be \$35 per year for a home with a \$350,000 assessed valuation.

**Next Steps**

If the Council approves the resolution, we would begin discussions with the Local Government Commission staff. We would return on March 21, 2018 requesting that the Council adopt a preliminary resolution explaining the purpose for the bond issue, setting a maximum amount of bonds to be proposed to the voters (which Council could reduce as the process continues), and authorizing publication of a notice of intent to file a Local Government Commission application.

**Council Goals:**

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



**Attachments:**

- Resolution

**A RESOLUTION APPROVING A TENTATIVE AFFORDABLE HOUSING BOND REFERENDUM PLAN AND PRELIMINARY SCHEDULE FOR ADOPTION OF AN AFFORDABLE HOUSING GENERAL OBLIGATION BOND REFERENDUM IN NOVEMBER 2018 (2018-02-21/R-2)**

WHEREAS, on February 7, 2018, the Council received a staff report regarding development of an affordable housing investment plan; and

WHEREAS, affordable housing general obligation bonds were identified as the appropriate source of funds to support the affordable housing investment plan to meet the Town's affordable housing goals.

NOW, THEREFORE, BE IT RESOLVED by the Council of the Town of Chapel Hill that the Council adopts a tentative affordable housing bond referendum plan to pursue authority to issue up to \$10 million of affordable housing GO bonds to include the following eligible activities and priorities:

Proposed Eligible Activities (serving households up to 120% of the Area Median Income):

- Acquisition of property;
- Home repairs/ Comprehensive Rehabilitation;
- Construction of new affordable housing units.

Proposed Priorities:

- Rental housing serving households less than 60% AMI
- Rental housing serving vulnerable populations (i.e. disabled, homeless, elderly)
- Long-term affordability (at least 99 years for homeownership, 20 years for rental development)
- Located near transit services
- High leverage from other sources

BE IT FURTHER RESOLVED that the Council approves the following preliminary schedule to meet statutory requirements associated with development of an affordable housing general obligation bond referendum for November, 2018:

	<b><u>Event</u></b>	<b><u>Date</u></b>
1.	Council adopts a tentative affordable housing bond referendum plan	February 21
2.	Council adopts preliminary resolution explaining purpose for issue and authorizing publication of notice of intent to file LGC application	March 21
3.	Publish notice of intent to file application	As soon as possible after event 3 and in any case by April 14
4.	Give informal notice to County Board of Elections	Promptly after March 21 meeting
5.	Prepare statement of debt and statement of estimated interest	Promptly after March 21 meeting

6.	File LGC application	At least 10 days after event 4 and then prior to event 9
7.	Council introduces bond order and schedules public hearing	April 25
8.	Hold public hearing; Adopt bond order; formally set ballot question and referendum date.	May 9
9.	Referendum occurs	November 6

This the 21<sup>st</sup> day of February, 2018.

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

By adopting the resolution, the Council establishes a tentative plan, including a preliminary schedule to meet the statutory requirements associated with an affordable housing general obligation bond referendum as discussed at the Council Work Session on February 7, 2018.