

AFFORDABLE HOUSING QUARTERLY REPORT



Fiscal Year 2024 Quarter 1 (July 1 - September 30, 2023)



Community Indicators

\$7,406,584

Town Budget for Affordable Housing Strategies



\$116,200

Median Household Income



\$651,375

Average Home Sales Price



60%

of Renters spend more than 30% of income on Housing



17%

of Homeowners spend more than 30% of income on Housing

28%

of Housing Units affordable to households with income at 80% AMI*



12%

of Units Approved by Council that are affordable FY19-FY23

1,900

Supply Gap for Renters Earning less than \$50,000 per year

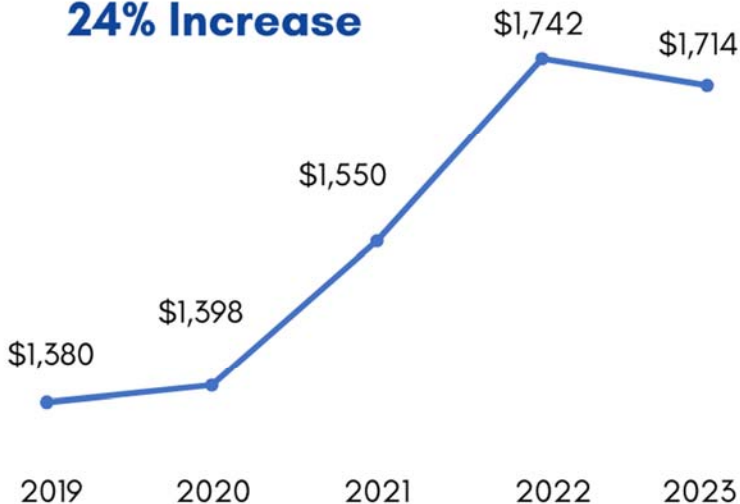


Housing costs have risen dramatically in Chapel Hill over the last several years, particularly since 2020.

Rise in Rental Rates

Average Rent

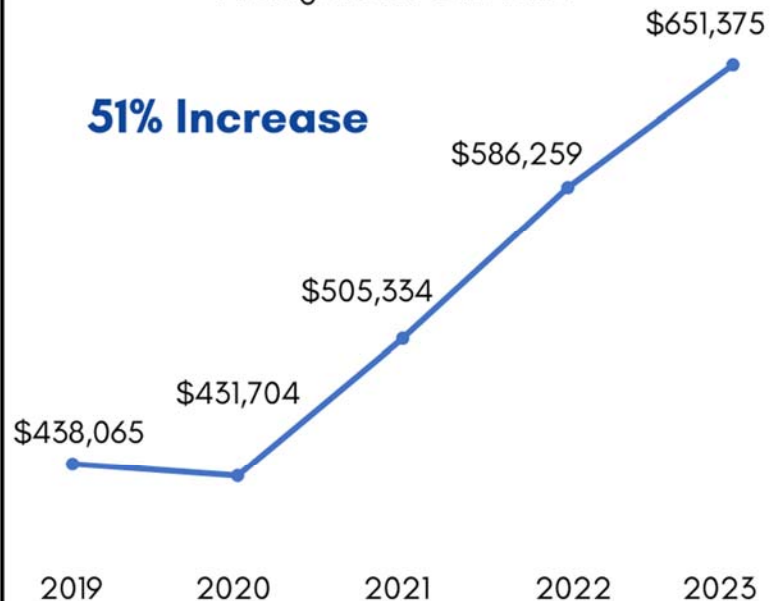
24% Increase



Rise in Home Values

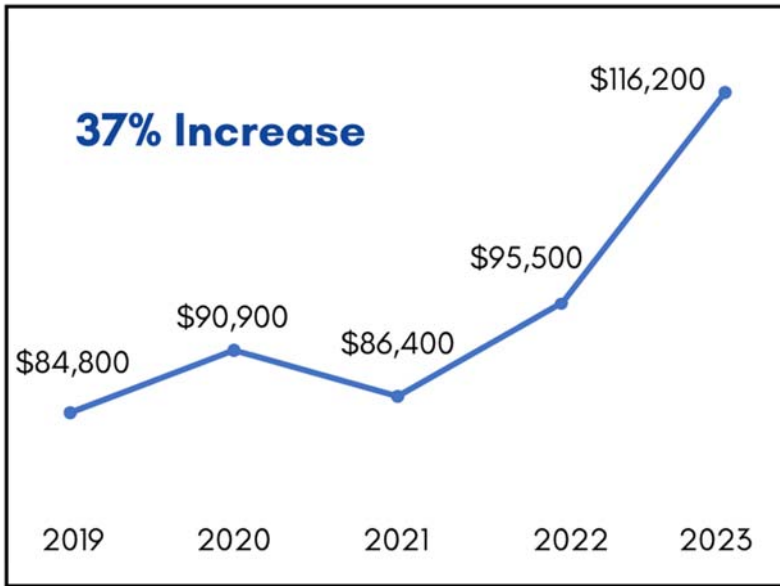
Average Home Sale Price

51% Increase

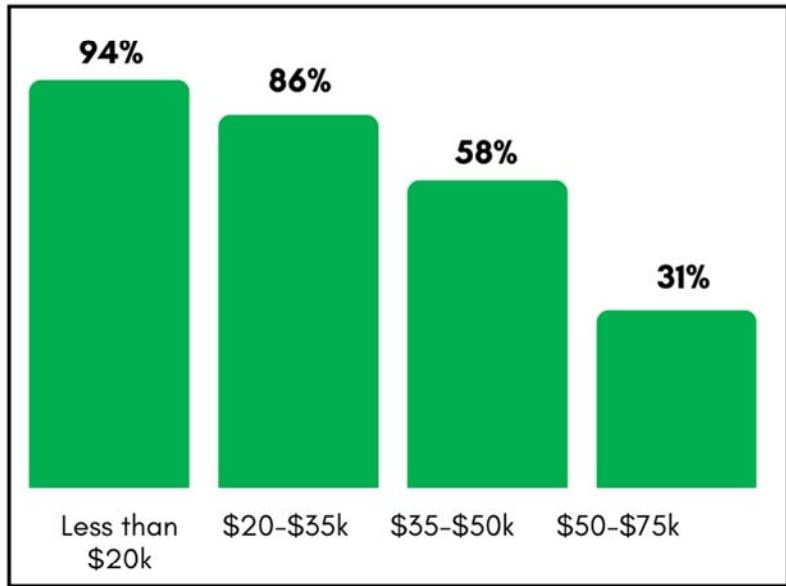


While incomes are rising locally, the increase in housing costs are burdening lower income households.

Median Household Income

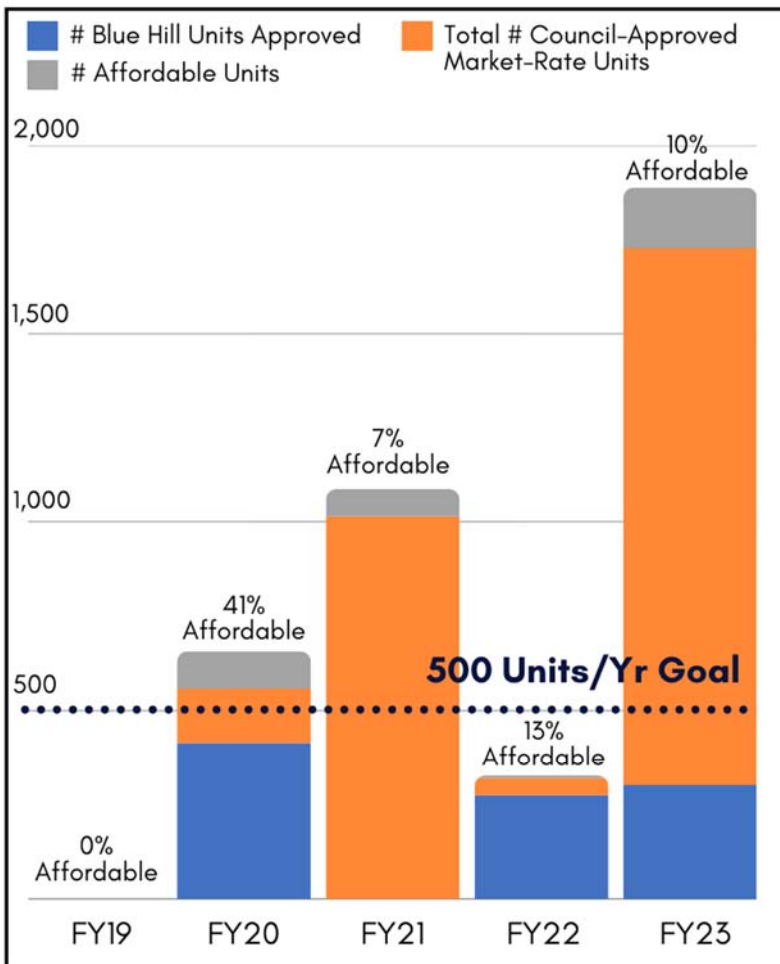


Number and Percent of Households that are Cost-Burdened by Income Level

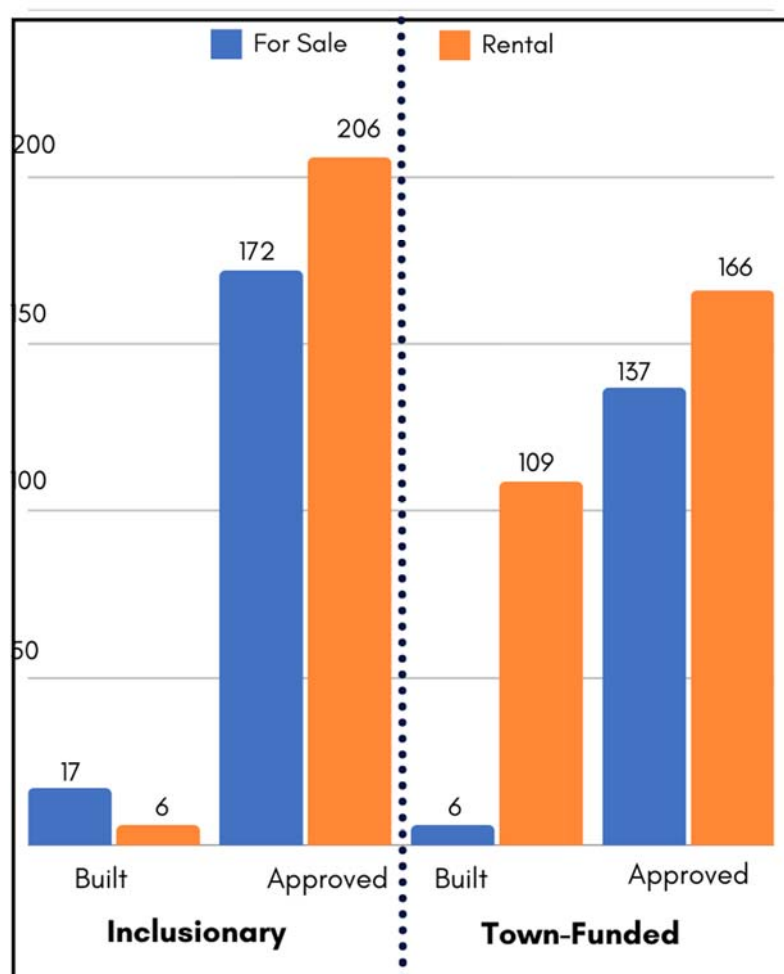


Housing production historically has not met demand but the Town is prioritizing housing production, especially of affordable housing.

Units Approved by Type and Year

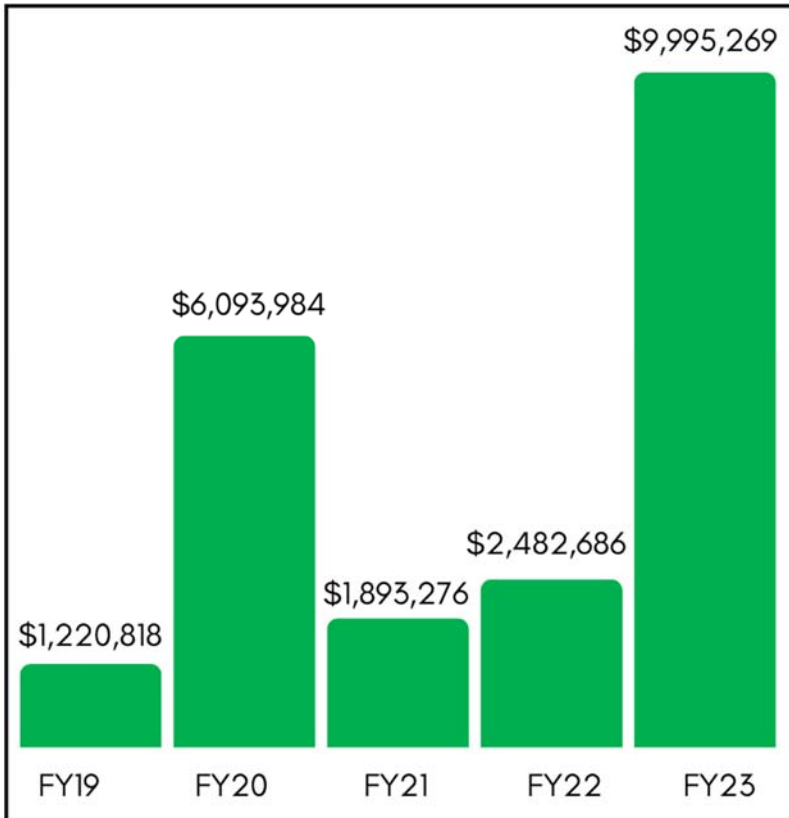


Affordable Units Built and Approved, FY19-FY23

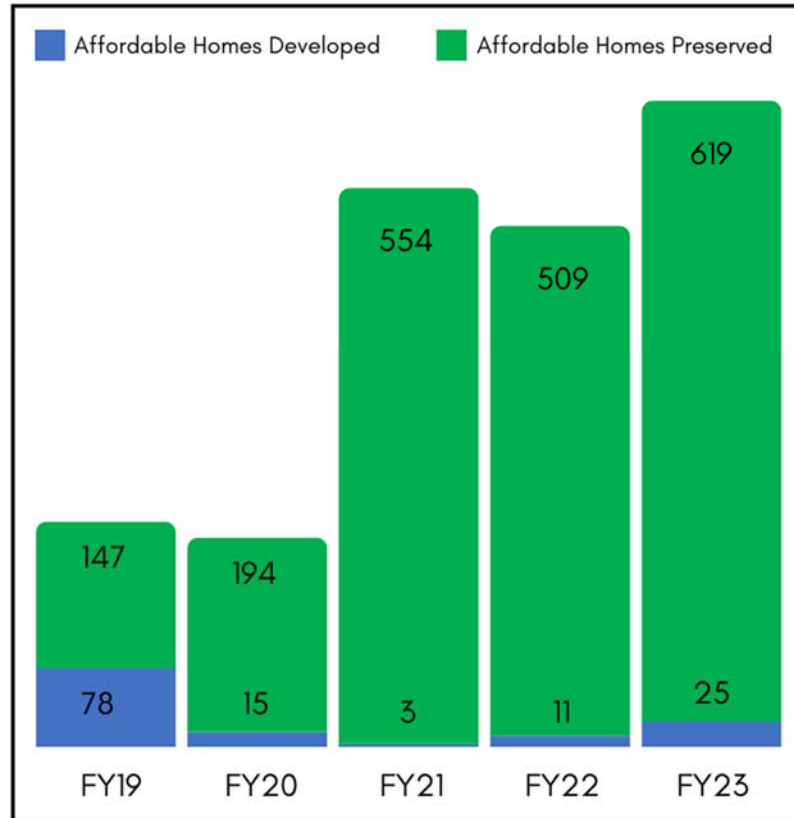


The Town has increased its support for affordable housing to address housing needs:

Affordable Housing Funding Allocated to Projects

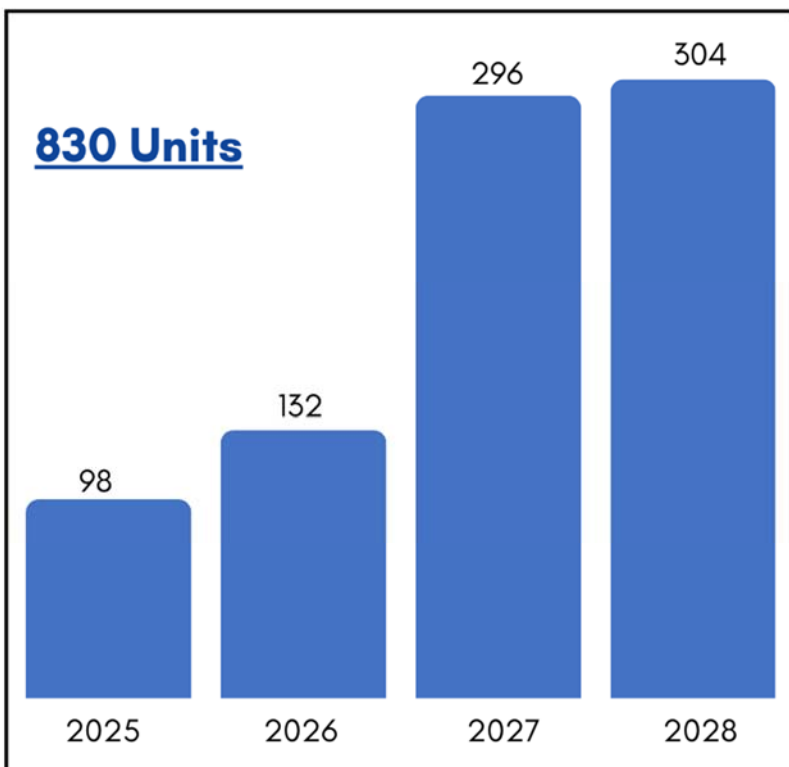


Development and Preservation Units Completed

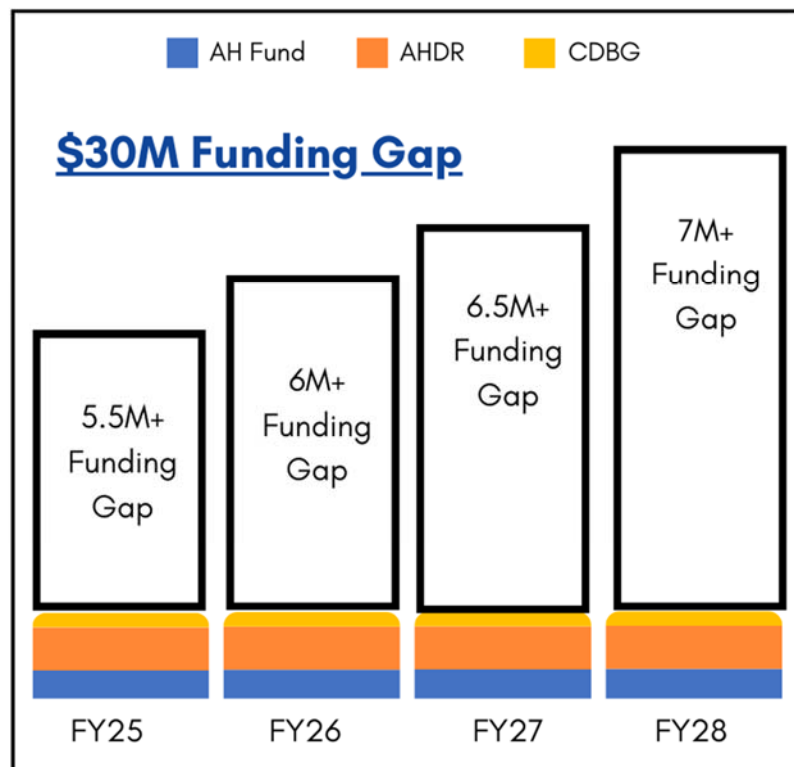


More resources are needed to support the strong pipeline of affordable housing and make progress towards addressing the affordable housing gap.

Affordable Housing Development Pipeline



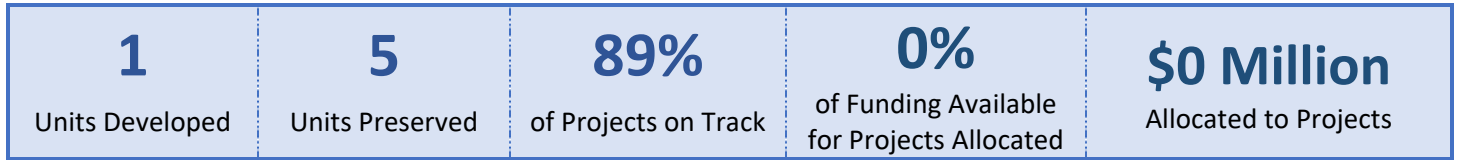
Funding Needed to Sustain Affordable Housing Activities and Projects



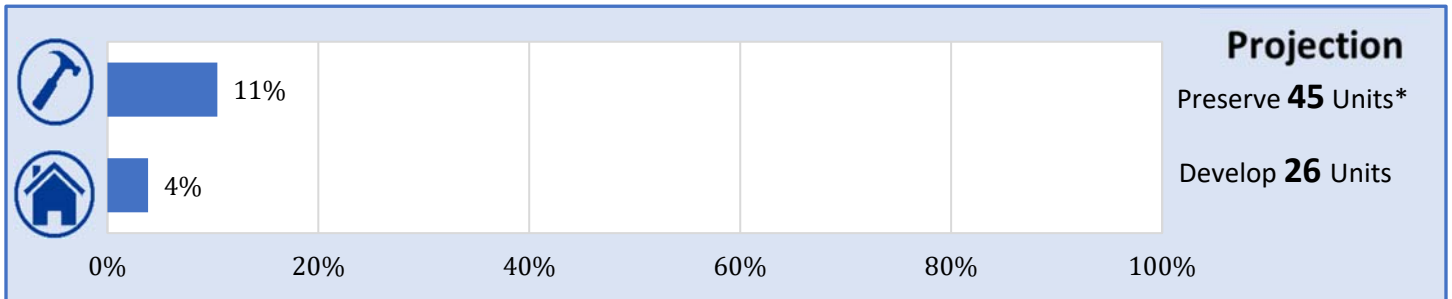
Fiscal Year 2024 First Quarter Highlights

- In FY24 Q1, Council approved between 615 and 700 units in two projects that will include about 130 units of affordable housing (~20% of total units).
- Town Council unanimously approved a Comprehensive Affordable Housing Plan and Investment Strategy. The plan maps out the Town’s affordable housing work over the next five years and calls for the dedication of \$30-\$50 million to support the development of as many as 900 new affordable homes and the preservation of as many as 400 affordable homes.
- Tanyard Branch Trace received a 9% Low Income Housing Tax Credit award for the development of 48 rental housing units on Town-owned land on Jay Street.
- Community Home Trust helped a low-income first time homebuyer purchase a home at 223 Graham Street out of the Northside Neighborhood Initiative land bank.
- Local partners managed the rehabilitation of five affordable housing units.
- In FY24 Q1, 156 Chapel Hill households received assistance through the County-wide Emergency Housing Assistance Program, totaling \$502,228.

Fiscal Year 2024 Progress to Date

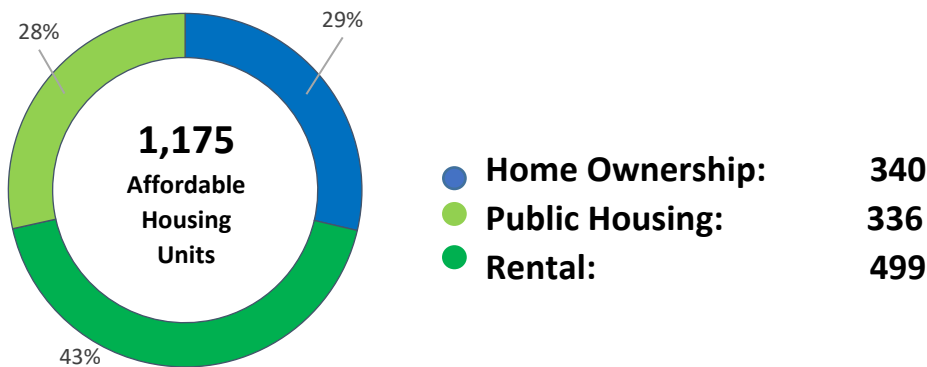


Progress Towards Fiscal Year 2024 Projection



























*Preservation projection no longer includes Emergency Housing Assistance.






Number of Subsidized Units in Town



Affordable Housing Projects Underway Supported by the Town

Project Type	Provider	Project Name	Number of Units	Projected Completion	Status
	Self-Help/Community Home Trust	223 N. Graham	1	FY24 Q1	✓
	Town of Chapel Hill	Transitional Housing Renovations	2	FY24 Q2	
	Community Empowerment Fund	Down Payment Assistance	5	FY24 Q2	
	Habitat for Humanity	Gattis Court	4	FY24 Q3	
	Self-Help	Northside Housing Rehab	10	FY23 Q4	
	Self-Help	Northside Acquisition and Development	7	FY23 Q4	
	Community Home Trust	Homebuyer Subsidy	1	FY24 Q4	
	Town of Chapel Hill	Employee Housing Program	5	FY23 Q4	
	Orange County	Emergency Housing Assistance	156	FY23 Q4	
	Orange County Preservation Coalition	Homeowner Rehabilitation	8	FY24 Q4	
	Community Home Trust	Legion Rd Townhomes Crawl Space Renovation	14	FY24 Q4	
	Self-Help/Community Home Trust	204 Carver St	1	FY24 Q4	
	EmPOWERment, Inc.	104 Grant St.	1	FY24 Q4	
	Town of Chapel Hill	Trinity Court	54	FY25 Q2	
	EmPOWERment, Inc.	PEACH Apartments	10	FY25 Q4	
	Town of Chapel Hill	Homestead Gardens	87	FY26 Q2	
	Town of Chapel Hill	Jay Street	48	FY26 Q2	
	Habitat for Humanity	Weavers Grove	102	FY28 Q2	

Legend:

- ✓: The project has been completed
- : The project is on track to meet its project scope and schedule
- : The project has been delayed in meeting its previous quarter project scope and schedule
- : The project has stalled and may not be completed
- : Development Project
- : Preservation Project

Affordable Housing Work Plan Highlights

Project	Progress Update
INITIATE DEVELOPMENT AND PRESERVATION PROJECTS	
DEVELOPMENT	
Trinity Court	<ul style="list-style-type: none"> The project’s Zoning Compliance Permit application was approved by Planning. Staff are working with outside counsel to gather and finalize documents required for closings on RAD, LIHTC, and Town funding and to finalize the development contract and ground lease between the Town and Community Housing Partners.
Homestead Gardens	<ul style="list-style-type: none"> The development team finalized their application for a major modification to their conditional zoning approval to accommodate proposed changes to the site plan for Council review in the fall.
Tanyard Branch Trace (Jay Street)	<ul style="list-style-type: none"> The North Carolina Housing Finance Agency announced that the project received a 2023 LIHTC award, which will bring more than \$10 million in subsidy to the project.
Plant Road	<ul style="list-style-type: none"> Staff have received a finalized site drawings illustrating two feasible development scenarios for the site and preliminary cost estimates for each. Both scenarios are competitive for a 9% LIHTC award based on the most recent program scoring rules. Potential unit counts range from 60 to 75. Staff are monitoring plans for the potential relocation of the Parks & Recreation offices from the Plant Road property, to determine if and when the land might become available for development.
Legion Road	<ul style="list-style-type: none"> Affordable housing staff served on the evaluation committee for the RFP for engineering services and regulatory support for the Legion Road Pond. The Town received 8 responses to its Request For Qualifications for affordable housing development services for the 8-9 acres dedicated for affordable housing on the Legion site. An interdepartmental review team has evaluated the reponses, conducted interviews, and is in the process of finalizing a recommendation for a development partner by the end of November.
Redevelopment of Fire Station #4	<ul style="list-style-type: none"> Staff are working with the Fire Department to plan for a joint redevelopment effort of Fire Station #4, that could include affordable or mixed income housing in addition to a new station. Staff assisted in the drafting of a Request for Qualifications for Facility Design Services. The team hopes to release the RFQ in October and select a design team in early 2024.
PRESERVATION	
Implement Manufactured Home Communities Strategy	<ul style="list-style-type: none"> Community Connections staff are further developing the scope for developing a resident leadership team among manufactured housing residents.
Preservation Strategy Framework	<ul style="list-style-type: none"> Staff are working with GIS staff to create a draft early warning system.
Property Tax Assistance	<ul style="list-style-type: none"> Staff explored options for utilizing the \$100,000 Council set aside for property tax assistance in the FY2024 budget. Staff are working with the Jackson Center and Orange County to adminster the Town funding wthihin their existing property tax assistance programs.
CREATE & IMPLEMENT POLICIES	
Affordable Housing Plan	<ul style="list-style-type: none"> In September Council approved the Affordable Housing Plan and Investment Strategy. In August, the Housing Advisory Board voted unanimously to recommend Council approve the Affordable Housing Plan, with the condition that the investment plan include a \$50 million affordable housing bond. Staff have started to incorporate the Plan’s recommendations into its Affordable Housing Workplan.
Employee Housing Program	<ul style="list-style-type: none"> Staff are continuing to see interest from employees for rental assistance and are helping employees connect with resources for program approval and locating housing in Chapel Hill. One transit employee moved into their new home closer to work in October, and 2 more employees qualified for the program and are searching for apartments so they can the utilize Town’s rental assistance before the end of the year.

Inclusionary Housing	<ul style="list-style-type: none"> • Staff are working with development teams from the South Creek, 710 North Estes, Barbee Chapel, 2217 Homestead, and the Columbia Street Annex projects to draft and finalize affordable housing performance agreements prior to the Town issuing their final plans approval. • Staff worked with development teams for Chapel Hill Crossing, Hillmont, Gateway, St. Paul Village, and 157 E. Rosemary to clarify their affordable housing plans and finalize the affordable housing conditions prior to Council review. • Staff estimate that by the end of FY24 Q2 as many as 1,300 residential units could be approved, including as many as 250 affordable units (about 20 percent).
Source of Income Protections	<ul style="list-style-type: none"> • Staff have begun implementing the policy that Council approved in May.
Expedited Review	<ul style="list-style-type: none"> • Affordable housing staff continue to work with Planning staff to implement the Community Priority Process for Affordable Housing Development Review (CPP-AHDR). • Planning has received one eligible application for CPP-AHDR, offering 25% of its for sale units at 80% AMI or below, which Council will review in November.
Affordable Housing Incentives	<ul style="list-style-type: none"> • Affordable housing staff are working with Planning to provide feedback on an analysis that explores how various tools and strategies (e.g., density bonus) might incentivize affordable housing locally.
Missing Middle Housing	<ul style="list-style-type: none"> • Affordable housing staff are working with Planning to research possible strategies to encourage and support affordability in small-scale development related to the Housing Choices for a Complete Community Text Amendment.
FUND AFFORDABLE HOUSING PROJECTS	
Implement Investment Plan for Affordable Housing	<ul style="list-style-type: none"> • Council adopted the Affordable Housing Plan and Investment Strategy in September which calls for \$50 million to be committed to the Town's affordable housing strategies over 5 years.
Affordable Housing Loan Fund	<ul style="list-style-type: none"> • Staff posted a request for proposals for a Loan Fund Administrator for an Affordable Housing Loan Fund (AHLF) that will be established using the \$5 million commitment from UNC Health that was included in their approval of the Eastowne Medical Office campus. • Staff will review the one response received and if desired, will begin negotiating terms of an agreement to establish the loan fund. • Staff will provide an update to Council on the AHLF in November.
Manage Funding Programs	<ul style="list-style-type: none"> • The Town received it's FY23-24 CDBG Annual Action Plan approval and Grant Agreement from HUD in July. Staff are working on completing Environmental Reviews and executing agreements with funded programs. • Council approved the CDBG Annual Action Plan for the current year to reallocate unused older grant funds to complete substantial rehabilitation of 1-2 town-owned transitional housing units. Staff are coordinating with the County to submit the amendment to HUD for approval so that the work can be completed during the second half of the year.
MANAGE TOWN-OWNED HOUSING	
Transitional Housing Program	<ul style="list-style-type: none"> • Our new Maintenance Mechanic started work in September and has addressed many maintenance issues. • Residents are participating in Educational Opportunities (budgeting, banking services, etc.) coordinated by the Compass Center. • Staff is working with Public Housing on recruitment of new families to fill vacancies at 5 of our units.

Notes & Citations

- The percentage of renters and homeowners that pay more than 30% of their income on Housing, the number and percentage of cost-burdened housing, and total occupied housing units in town data source is U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates
- HUD defines cost-burdened families as those who pay more than 30% of their income for all housing-related expenses and may have difficulty affording necessities such as food, clothing, transportation, and medical care.
- The median household income data source is the HUD 2023 Median Family Income Estimates based on American Community Survey data for the Durham-Chapel Hill Metropolitan Statistical Area.
- The average home sales price data source is Multiple Listing Service (MLS) and average rent rate is from Co-Star data.
- The total budget this fiscal year for affordable housing strategies captures all Town expenditures for affordable housing. This includes the Affordable Housing Fund, CDBG Funds, and operating funds, among others.
- The percentage of housing units that are affordable to households with income under 80% AMI includes naturally occurring affordable housing and units subsidized by the Town. The data source for this metric and corresponding chart is the commercial real-estate research firm Co-Star and the County-wide data inventory created through the Orange County Affordable Housing Coalition.
- The percent-of-budget allocated metric displays the percentage of the Town budget for affordable housing projects allocated as of the date of the quarterly report.
- The data source for the number of units subsidized by the Town is the County-wide Data Inventory created through the Orange County Affordable Housing Coalition.
- The data source for subsidized housing unit development projections is the County-wide data inventory created through the Orange County Affordable Housing Coalition.
- The data for households served with Emergency Housing Assistance is based on the most recently available data from Orange County.