

INCREASING AFFORDABLE HOME OWNERSHIP IN TODAY'S MARKETS



Housing Works Conference
September 8, 2022



Agenda

1. Context

2. Our Affordable Housing Strategy

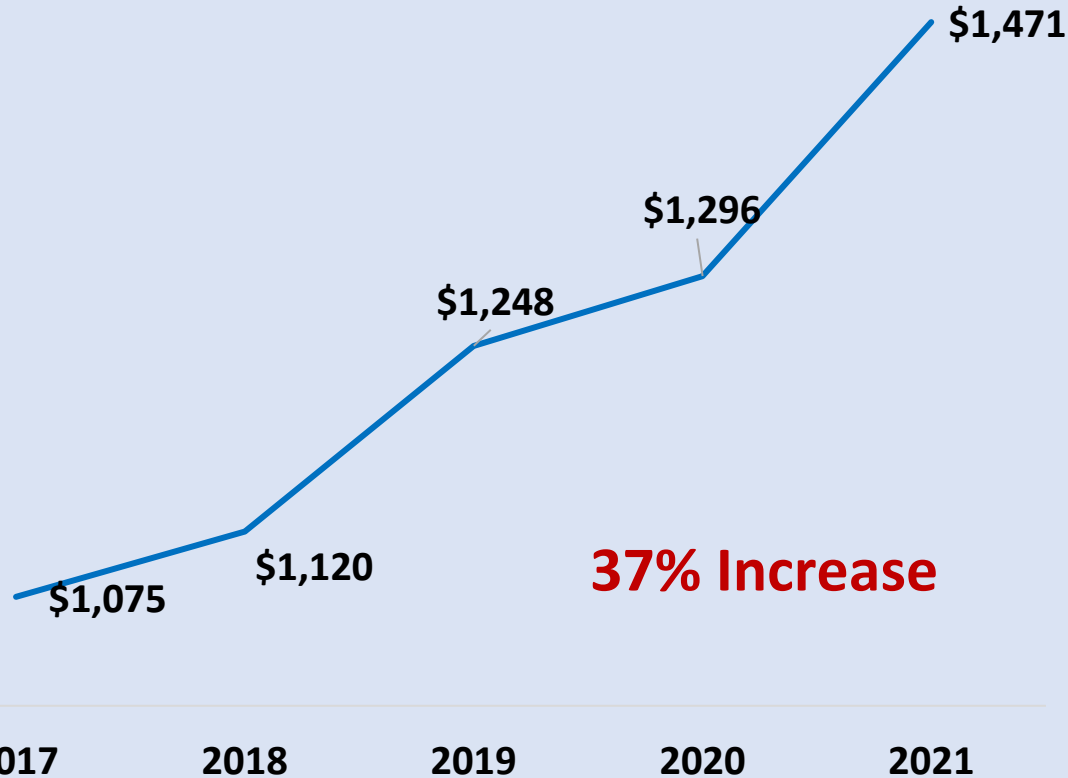
3. Project Profile

4. Questions and Discussion

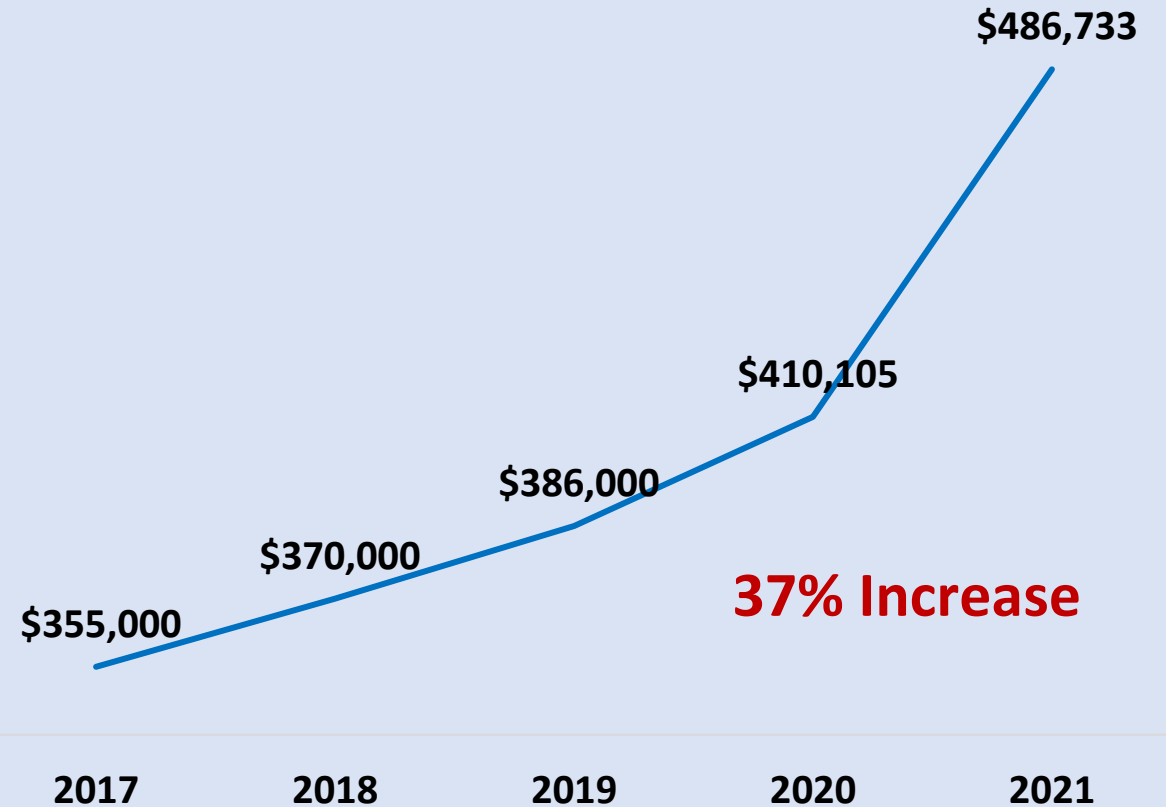


Dramatic Price Increases in the Housing Market

Chapel Hill Average Rent

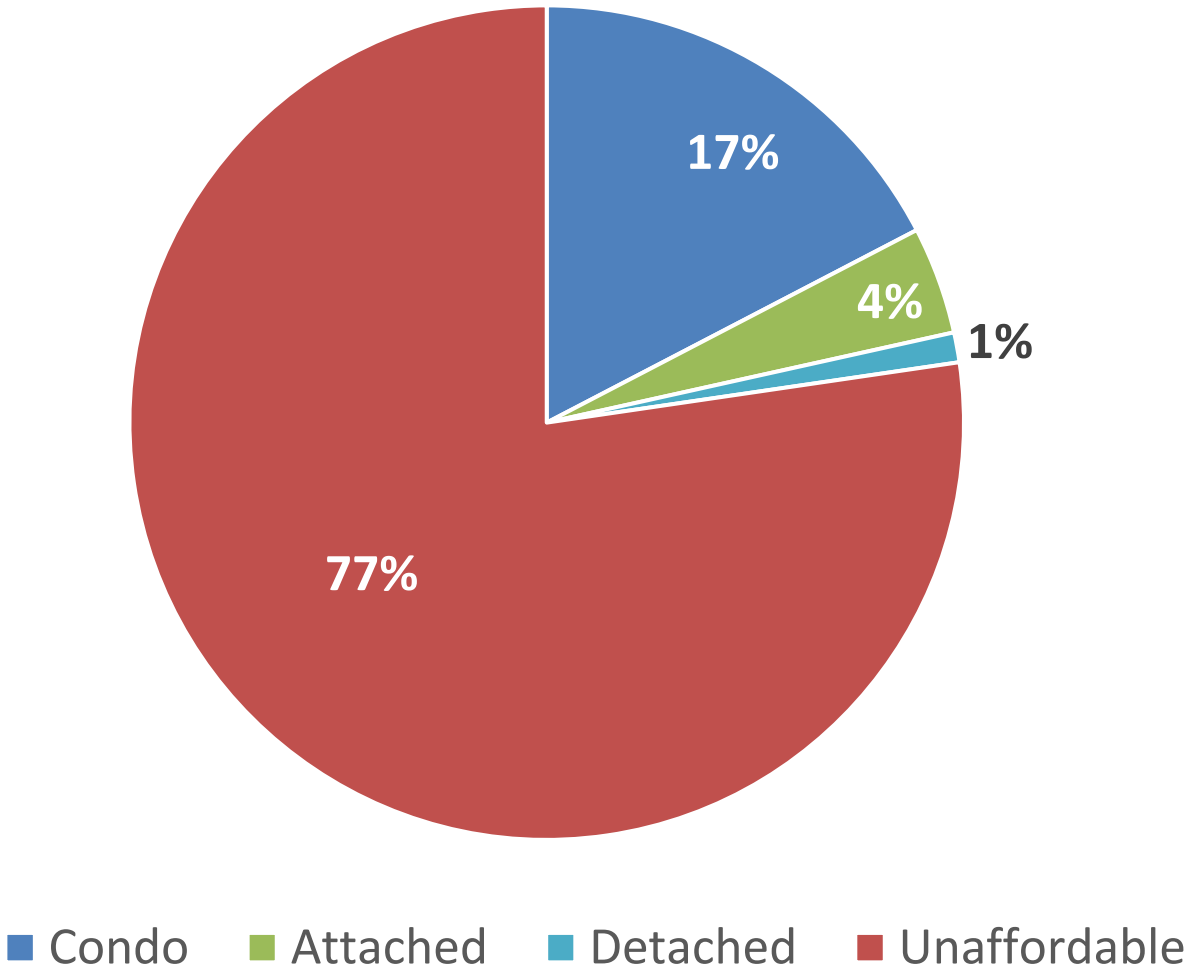


Chapel Hill Home Value Index



Housing Unaffordable to Residents with Moderate Incomes

Affordable Home Ownership by Housing Type



Renter Households are Cost Burdened

RENTER HOUSEHOLDS



58%

Renter Households
Cost-Burdened

HOUSEHOLDS EARNING <\$35K



89%

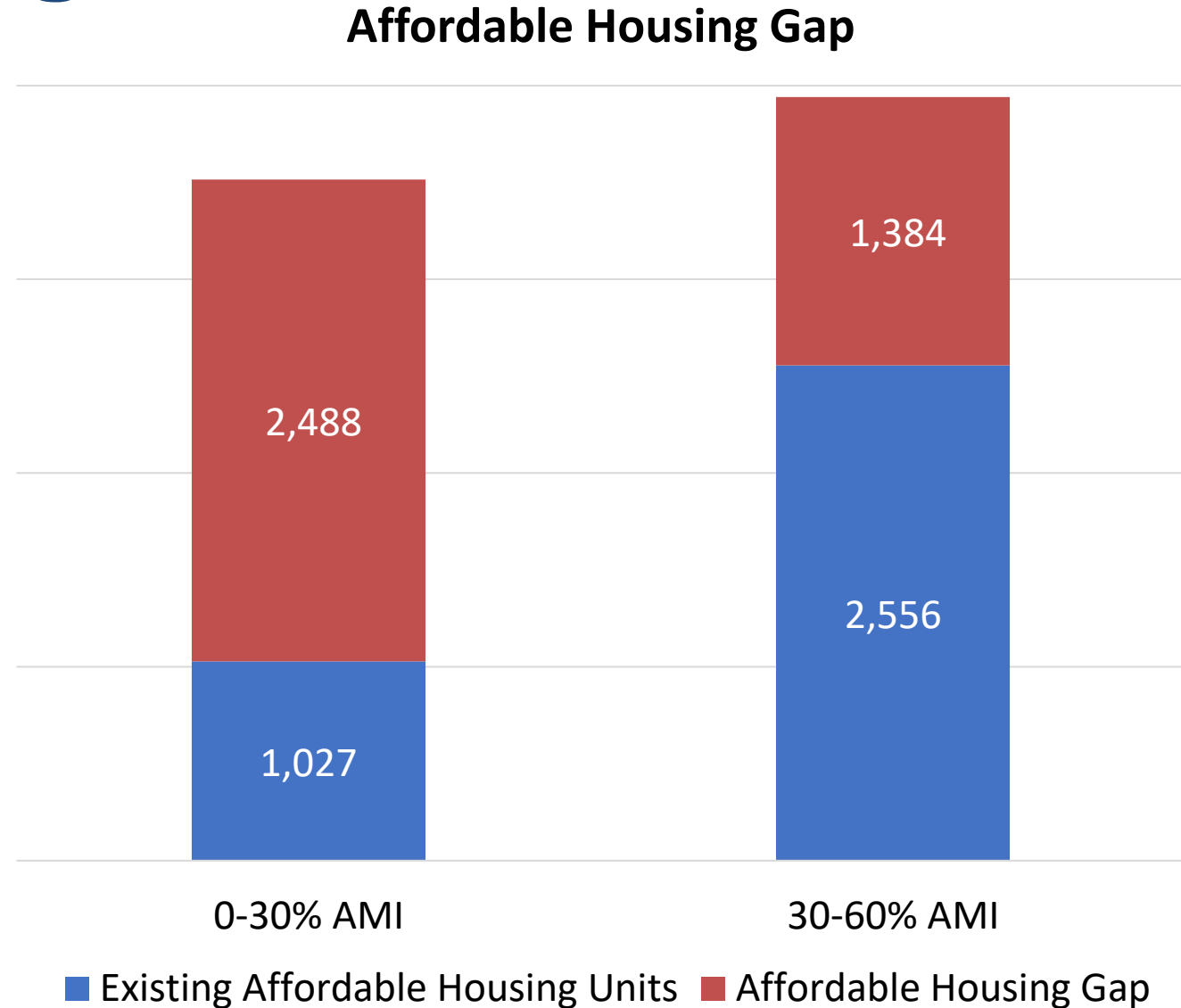
Households
Cost-Burdened

Source: ACS 2020 5-Year Estimates, Esri, SB Friedman

SB Friedman Development Advisors

Gap in Affordable Housing

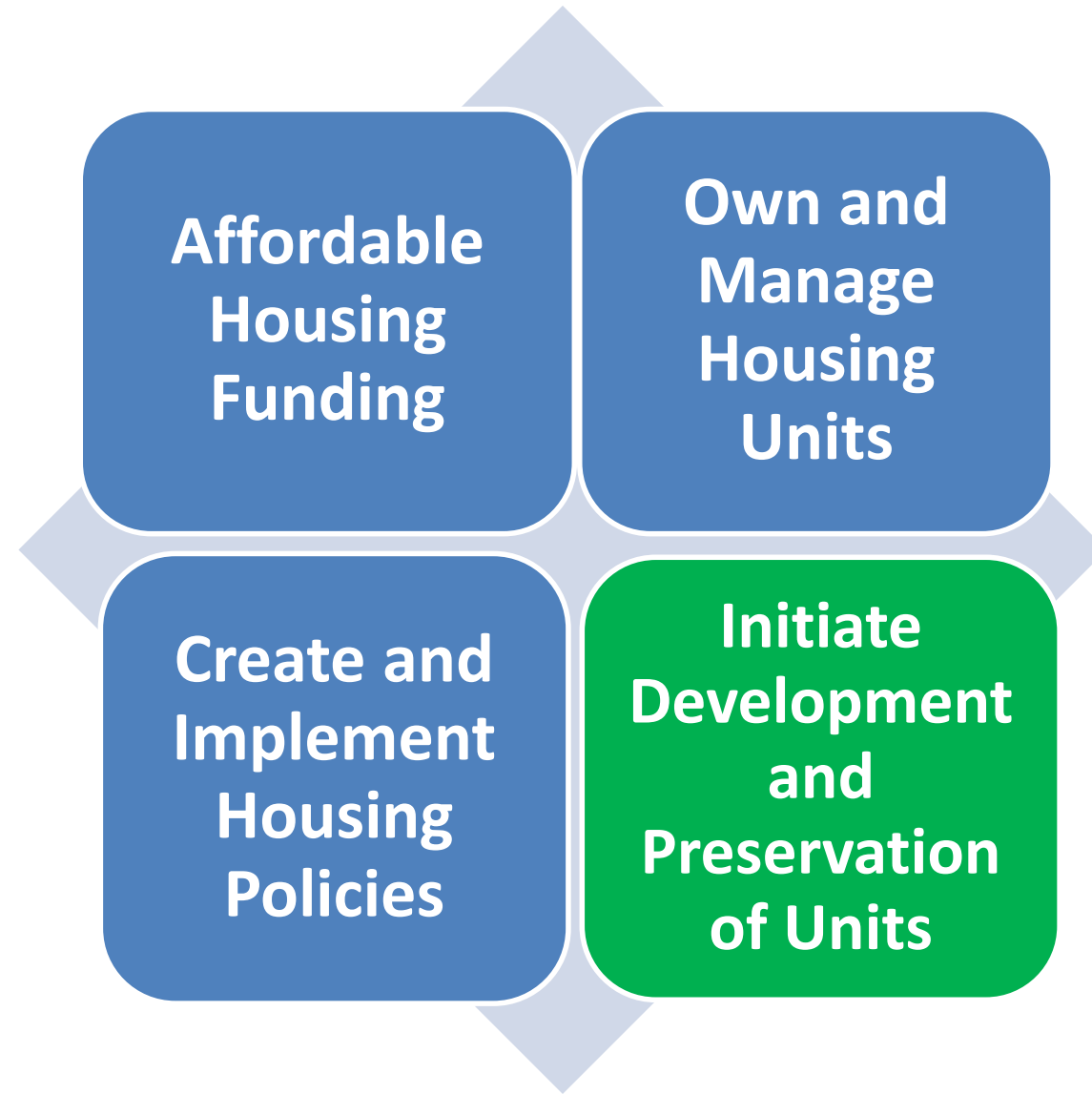
- 3,800 more homes needed for households making less than \$52,000 per year
- Need to double our existing inventory to close the gap





Our Affordable Housing Strategy

Our Strategy to Addressing the Need



Strategy Results To Date - Homeownership

Northside Neighborhood Initiative

Land Bank

- 41 affordable units created or in process with 5 partners

Property Tax Relief

- 197 grants to low-income senior households over 6 years
- 170 property valuations appealed
- \$9 million in reduced assessed value

Home Repair

- 50+ emergency and critical repair projects completed



Strategy Results To Date - Homeownership

Inclusionary Housing Program

- 500 homes approved
- 280 homes built
- \$5.8 Million committed in PIL



Strategy Results To Date - Homeownership

Employee Housing

- Down payment assistance for employees

Transitional Housing Program

- Assist Public Housing residents take the step to homeownership
- 100% success rate

Expedited Review



What are the benefits of using public land for affordable housing?

- Decreases development costs by reducing cost of land
- Provides source of land where vacant land is scarce
- Brings staff and political support
- Increases Town's control to achieve project goals



Affordable Housing Development: Assembling the Pieces



Land



Funding



Partnerships



Community Support



Building Community Support

- Leading targeted engagement of those most impacted
- Building and then leveraging relationships with partners
- Creating an affordable housing strategy
- Developing communication and performance measurement tools
- Creating an Investment Plan to resource strategy implementation



Establishing Funding Sources

Affordable Housing Fund

- Established in 2002
- Repository for Payments in Lieu from market rate development
- Flexible funding

Affordable Housing Development Reserve

- Created in 2015 as penny on the tax rate
- Currently valued at \$688,395 per year
- For development and preservation of affordable housing

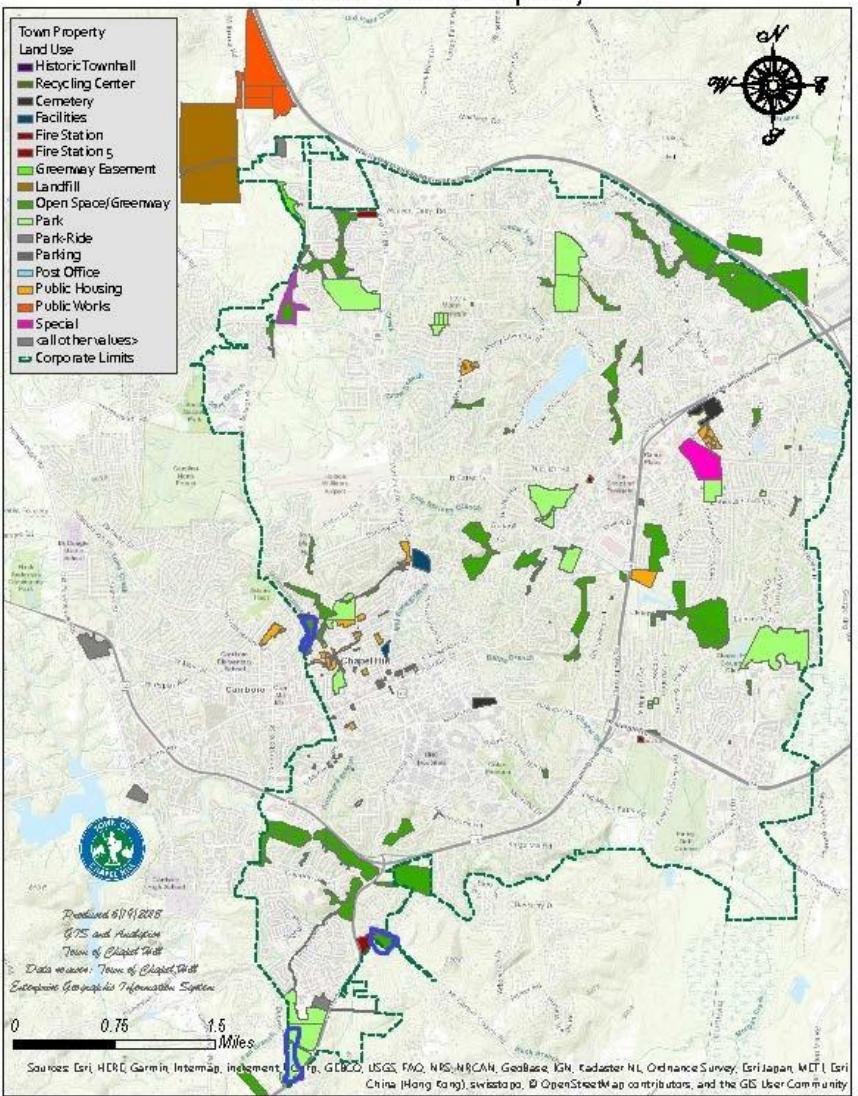
Affordable Housing Bond

- 2018 bond referendum
- \$10 million
- For large-scale development

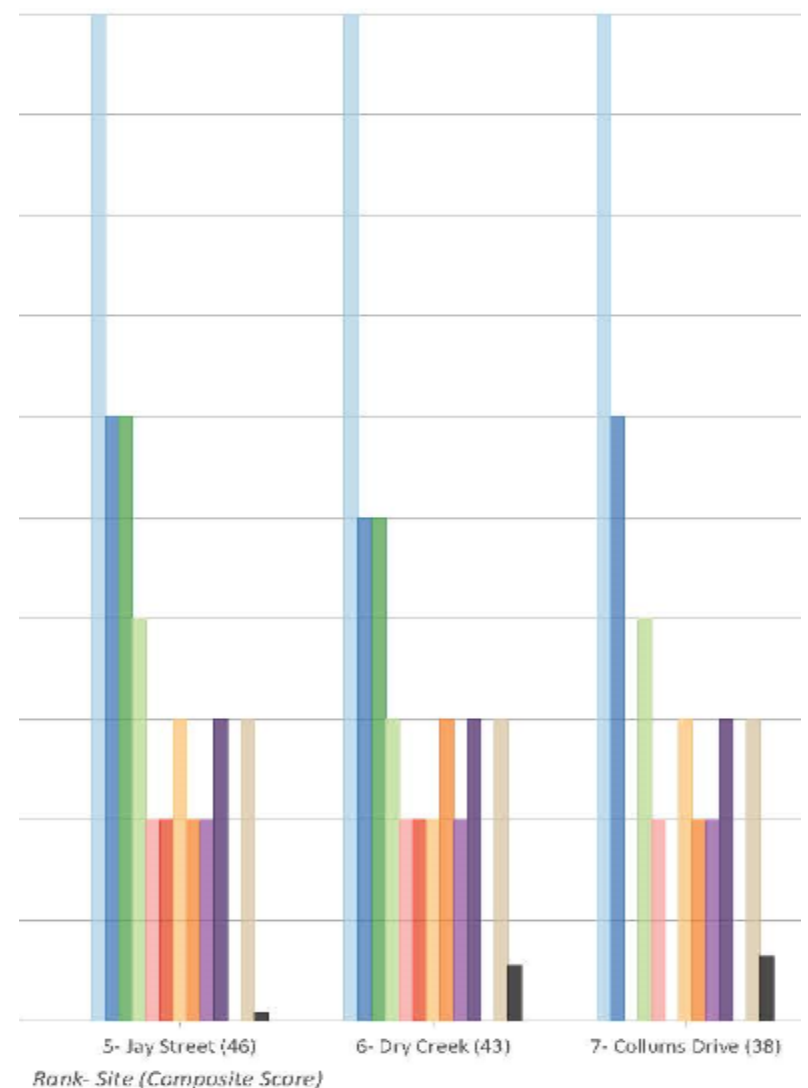


Identifying Development Sites

Town-owned Property



Affordable Housing Suitability Analysis





Assessing Town and Partner Roles

Options

- 1) Town creates development vision and then finds developer
- 2) Town procures developer who creates vision

Factors to Consider

- Project Size
- Project Impact
- Town Resources
- Anticipated Funding Sources
- Staff Capacity





Project Profile: Homestead Gardens

Project Goals

- Increase the availability of housing for households with a range of incomes up to middle income
- Provide rental housing to vulnerable populations
- Ensure long term affordability
- Locate housing near transit services
- Develop housing with high leverage from outside sources



Project Timeline



Council Dedicates Land for Mixed Income Affordable Housing

Council Review of Concept Plan

Create site plan, Engage stakeholders & Council for feedback

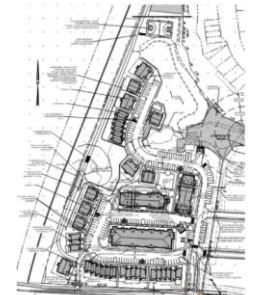
2017

2021

Initiate Concept Planning, Community Engagement

Identify Development Partner, Execute MOU

Conditional Zoning Application Approved



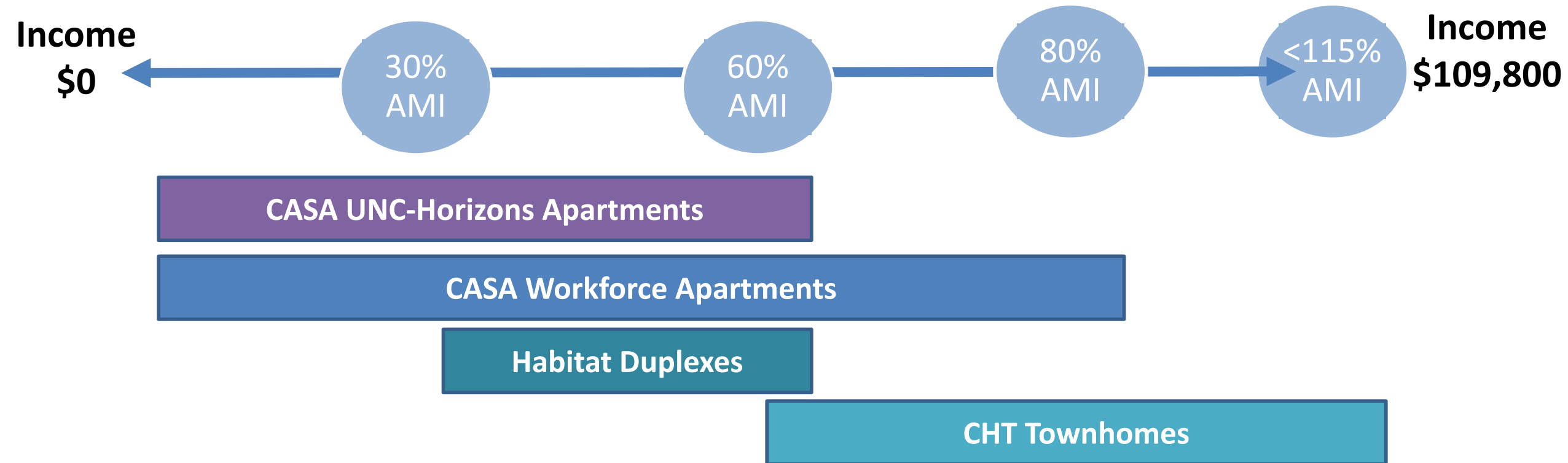
Unit Mix & Partners

- ~100 mixed income, mixed type units
 - Homeownership and rental
 - Apartments, townhomes, duplexes



Affordability

- Affordability ranges from 0-115% AMI
- Terms of land conveyance and funding agreements will implement protections to ensure long-term affordability



Funding

- Layers >8 different sources
- Includes local, federal, FHLB, philanthropy, NCHFA, private donations
- Availability of flexible local funding kickstarted fundraising efforts
- Early private funding commitment engaged anchor institution and locked in key element of vision.



Key Lessons Learned

1. Know your land
2. Build a project pipeline
3. Find development partners that combine relevant experience and local connections
4. Increase capacity of team with strong advisors
5. Emphasize comprehensive community engagement
6. Incorporate multiple community needs
7. Layer funding



Questions?

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