

Affordable Housing

**Current Town of Chapel Hill Policy**

It is the policy of the Chapel Hill Town Council to have all new residential development provide housing affordable to households with incomes at 80% of the area median. The amount of housing is targeted at fifteen percent (15% of the total amount of development).

**Inclusionary Zoning Task Force and Workforce/Affordable Housing**

A Town Council task force is currently working to provide recommendations to the Council about the possible adoption of an ordinance requiring Inclusionary affordable housing. To date no report has been provided to the Council.

**Rental Housing and Inclusionary Affordable Housing in Chapel Hill**

According to Town records, the only existing rental housing development with Inclusionary affordable housing units is the Chapel Ridge apartment development of 180 units. According to Orange Community Housing and Land Trust (OCHLT) staff, the inclusion of price (rent) restricted units in this development has not been successful.

**Applicants Proposed Affordable Housing Program**

The applicant originally proposed and continues to propose to comply with the current Town policy of providing Inclusionary affordable housing within The Residences at Chapel Hill North, unless the Town Council believes a different solution is appropriate for this application.

**The applicant proposes the following criteria for the Inclusionary rental housing program.**

Fifteen percent (15%) (rounded down) of the total dwelling units developed in The Residences at Chapel Hill North shall be restricted units.

The affordable units will be proportionately distributed as 1, 2, and 3 bedroom dwellings.

Marketing and leasing shall be the responsibility of the owner/management of The Residences at Chapel Hill North.

Qualifying Households shall be those that meet industry standard income and credit verification requirements.

- Monthly rental rates shall be based upon household incomes of 80% of median income for households sized appropriately for the type of dwelling unit by bedrooms.
  - 1 bedroom – household size 1 person – 80% median income
  - 2 bedroom – household size 2 persons – 80% median income
  - 3 bedroom – household size 3 persons – 80% median income

The applicant, Crosland Inc., has significant experience in the rental housing market as well as significant experience with housing for low and moderate income families. The deed restrictions as suggested by Stipulation #5 are in their view inappropriate for dealing with rental housing development. Typically, deed restrictions deal with specific dwelling units. If the deed restricted units do not rent readily – and given the experiences of Crosland and OCHLT this may well happen, the lost revenue jeopardizes the overall financial conditions of the entire development. Crosland proposes that the following rental and occupancy program be adopted:



## The Residences at Chapel Hill North

- During initial leasing for affordable housing units, they shall be advertised for three (3) weeks for qualifying households. Should there be an insufficient number of qualifying households, units not leased after the 3 weeks of public advertisement shall be released for rental at market rates and allowed to be leased for one (1) year only. At the end of the one (1) year lease, the unit shall again be advertised for a period of 3 weeks as an affordable housing unit. If not leased in that period, the unit shall again be released again to be leased for one (1) year as a market rate unit.

This process assures that all affordable units will be available each year for leasing by qualifying households. It also provides the owner/manager of The Residences at Chapel Hill North with a process that limits the number of vacant units – if there are not a sufficient number of qualifying households interested in leasing apartments in any one year.

- The owner/manager of The Residences at Chapel Hill North shall provide an annual report to the Town of Chapel Hill to certify that the owner/developer is following this program and to make recommendations for changes to the program.

The applicant proposes that any SUP stipulations adopted by the Council permit changes to the program to be approved by the Council upon its review of the bi-annual report (and advice from the Town Manager) without the need to apply for a Modification of the SUP.

- Stipulation #5 in the Staff Report is too broad brush to address the issues of a rental affordable housing. In addition, it assigns review and approval authority to the Orange Housing and Community Land Trust, a "contract" firm. The applicant does not believe the Town can assign its approval rights to this organization.
- The applicant proposes the following changes to Stipulations # 4 and 5 of the Staff Report.

4. Provision of Affordable Housing: Fifteen percent (15%) - rounded down to the nearest whole number - of the total number of dwelling units developed at The Residences at Chapel Hill North shall be restricted for occupancy by low and moderate households according to a Developer's Affordable Housing Program Agreement between the owner of the development and the Town of Chapel Hill. No Certificate of Occupancy for any dwelling unit shall be issued prior to approval of a Developers Affordable Housing Program by the Town Council and the Town Attorney. Changes to the program and Developers Agreement may be made only when approved by the Town Council. A proposal to change the Program and Developer's Agreement shall not be considered a Modification of a Special Use Permit and shall not be required to follow the procedures of *Section 4.5.4 Modifications of Special Use Permits*. ~~That the applicant shall provide 15% affordable units (19 units), distributed in size and location throughout the site.~~

~~5. Recordation of Affordable Housing Deed Restrictions: That the applicant shall record deed restrictions ensuring that the affordable units be permanently affordable to 3-person families earning less than 80% of median household income, and/or to Section 8 voucher holders. That the deed restrictions shall be approved by the Town Manager and Orange Community Housing and Land Trust, prior to the issuance of a Zoning Compliance Permit.~~