

MEMORANDUM

TO: Roger L. Stancil, Town Manager

FROM: Kenneth C. Pennoyer, Director of Business Management
J.B. Culpepper, Planning Director
Loryn Clark, Housing and Neighborhood Services Manager

SUBJECT: Budget Ordinance Amendment for the Affordable Housing Fund

DATE: June 8, 2009

PURPOSE

The purpose of this memorandum is to appropriate payments received in lieu of providing affordable housing. Enactment of the attached budget ordinance would budget \$205,000 to the revolving loan activity, rehabilitation and grants/deferred loans activities of the Affordable Housing Fund.

BACKGROUND

On March 26, 2007, the Council adopted a resolution to: (1) change the name of the fund to the Affordable Housing Fund; (2) allow the Fund to be used for the acquisition of properties, renovation of properties, and to reduce the cost of housing to create affordable homeownership opportunities; and (3) require Council approval prior to providing grants of over \$40,000 for renovation or homeownership assistance expenses.

On January 26, 2009, the Council endorsed an \$85,000 one-time payment to the Town's Affordable Housing Fund as a payment-in-lieu of providing a single unit on site at the Marriott Residence Inn located on Erwin Road as a minor change to the existing affordable housing stipulation in the Special Use Permit.

On May 21, 2007, the Council approved a Special Use Permit for the Chapel Watch Village project that included a stipulation that the applicant provide a \$300,000 payment to the Town of Chapel Hill Affordable Housing Fund. The stipulation further states that the payment would be made in five installments of \$60,000, with the first payment to be provided to the Town's Affordable Housing Fund within 6 months of the issuance of a Zoning Compliance Permit, and the remaining five payments shall be made every six months thereafter. The Zoning Compliance Permit was approved in July 2008.

DISCUSSION

The Town has received \$85,000 from the applicant of the Marriott Residence Inn. We expect to receive \$120,000 from the Chapel Watch Village applicant for its first two payments by June 30, 2009.

Before using the funds received for payments-in-lieu of providing affordable housing, the funds must be appropriated in the Annual Budget by the Council. Based on how the Land Trust has

used the fund in the past, and anticipated uses of the fund, we recommend allocating the payments received as follows: grants/deferred loans - \$55,000; rehabilitation - \$50,000; and revolving loan for property acquisition - \$100,000.

RECOMMENDATION

We recommend that the Council enact the attached budget ordinance budgeting \$205,000 of funds received for payments-in-lieu of providing affordable housing in the Affordable Housing Fund as follows: grants/deferred loans - \$55,000; rehabilitation - \$50,000; and revolving loan for property acquisition - \$100,000.