



Agenda

Board of Commissioners Special Meeting - Affordable Housing Workshop

5:00 PM July 15, 2024

Board Meeting Room, Town Hall Annex, 105 E. Corbin St.

This meeting will be live streamed on the
[Town of Hillsborough YouTube channel](#)

1. **Opening of the special meeting - welcome and purpose**
2. **Introductions (5:05 - 5:15 p.m.)**
 - A. Mayor and Board of Commissioners
 - B. [Partner representatives](#)
3. **Town and partner sharing (5:15 - 5:45 p.m.)**
 - A. [Brief update on town affordable housing efforts and projects](#)
 - B. Brief description of organization's mission and experience, any ongoing or upcoming work in Hillsborough
4. **Break (5:45 - 6 p.m.)**
5. **Partner Q&A (6 - 7 p.m.)**
 - A. Moderator-facilitated questions to partners
6. **Break (7 - 7:10 p.m.)**
7. **Open discussion - board and partners (7:10 - 8 p.m.)**
 - A. Moderator-facilitated discussion between board, town staff, and partners to explore affordable housing ideas and strategies for Hillsborough
8. **Final thoughts (8 - 8:30 p.m.)**
9. **Adjournment (8:30 p.m.)**

Interpreter services or special sound equipment for compliance with the Americans with Disabilities Act is available on request. If you are disabled and need assistance with reasonable accommodations, call the Town Clerk's Office at 919-296-9443 a minimum of one business day in advance of the meeting.

101 E. Orange St., PO Box 429, Hillsborough, NC 27278
919-732-1270 | www.hillsboroughnc.gov | @HillsboroughGov



Agenda Abstract

BOARD OF COMMISSIONERS

Meeting Date: July 15, 2024
Department: Community Services
Agenda Section: Regular
Public hearing: No
Date of public hearing: N/A

PRESENTER/INFORMATION CONTACT

Asst. Town Manager/Community Services Director Matt Efird

ITEM TO BE CONSIDERED

Subject: Partner representatives

Attachments:

None

Summary:

Confirmed partner attendees:

- CASA – Amanda Barbee, Real Estate Developer
- Central Pines Regional Council – Hunter Fillers, Housing Program Manager
- Community Home Trust (written responses) – Kimberly Sanchez, Executive Director
- EMPOWERment – Delores Bailey, Executive Director
- Habitat for Humanity of Orange County – Jennifer Player, President and CEO
- Orange County Home Preservation Coalition – Ryan Lavalley, Ph.D, Coalition Coordinator

Financial impacts:

N/A

Staff recommendation and comments:

N/A

Action requested:

Introductions only.



Affordable Housing Special Workshop – Background Information

1. Introduction to Partner Agencies

- a. CASA
- b. Central Pines Regional Council (CPRC)
- c. EMPOWERment, Inc.
- d. Habitat for Humanity of Orange County
- e. Orange County Home Preservation Coalition

2. Town of Hillsborough Affordable Housing Activity

- a. Funding & Financial Assistance
- b. Policy
- c. Coordination & Collaboration

3. Data of Interest

- a. Apartment Rental Units
- b. Income Data
- c. Homes for Sale

The following information is being provided as background in preparation for a panel discussion with Subject Matter Experts (SMEs) in the field of affordable housing at the special workshop on July 15th. The partner agencies represent an array of non-profit housing developers and service providers serving primarily low- to moderate-income households in Orange County. A future worksession will expand the discussion to market-rate developers and other providers. In order to maximize time with the SMEs, only a brief discussion of current/past town activities will occur at the worksession, but the board should feel free to reach out with questions or clarifications. Finally, a brief snapshot of data from various public sources is provided as context for the board's discussion. This data should not be considered definitive, as some of the public sources may contain inaccurate information, and the calculations provided are illustrative due to the specific assumptions made for the examples. Staff is working to identify and catalog the various data sources to provide a clearer picture of status and needs.

1. Introduction to Partner Agencies

The information below is provided as a brief introduction to the partner agencies that will be participating in the workshop as SMEs. More information is available at their respective websites, and the panelists will provide more detailed information at the workshop.

a. CASA (www.casanc.org)

- i. Founded as "Community Alternatives for Supportive Abodes" in Wake County in 1992
- ii. First project (acquisition of 13 units across 4 properties) in 1993
- iii. First new construction project (7 units of supportive housing) in 2003
- iv. Expanded to Orange County in 2008 (10 units on Pritchard Ave.)
- v. Currently provides 570 units of affordable housing, with 250 additional units under development (including Cedar Village in Collins Ridge – 72 units)
- vi. Representative – Amanda Barbee, Real Estate Developer
 - Amanda joined CASA in June of 2022 as a member of the Real Estate Development team. With six years of affordable housing experience across two states, she is excited to help CASA expand the reach of its mission through project managing new developments, acquisitions, and rehabs.

b. Central Pines Regional Council (www.centralpinesnc.gov/housing)

- i. Formerly known as Triangle J Council of Governments, Central Pines Regional Council provides policy support, collaboration and technical assistance for nearly 50 local governments in a seven-county region.
- ii. Housing is one of the Council's six focus areas, and the Housing program works directly with government, developers and non-profits to preserve and create

affordable housing while supporting a regional approach that includes everything from homelessness to homeownership.

- iii. Representative – Hunter Fillers, Housing Program Manager
 - Hunter joined Central Pines in June 2023 and has worked in the affordable housing field since 2016 in Virginia, Mississippi and North Carolina.

c. **EMPOWERment, Inc. (www.Empowermentinc.org)**

- i. EMPOWERment has provided services in the areas of community organizing, economic development and affordable housing in Orange County since 1996.
- ii. Currently provide 65 units of affordable rental housing in Orange County and performs home renovation projects to keep existing tenants in affordable units.
- iii. Operates the Midway Business Center, a small business incubator with 6,000 square feet of affordable office and retail space.
- iv. Provides youth summer employment opportunities for minority and low-income teens.
- v. Offers free housing counseling services to prepare future homeowners for finding and keeping safe and affordable housing.
- vi. Pine Knolls Empowerment Affordable Community Housing (PEACH) Apartments under development in historic Pine Knolls neighborhood – providing 10 units at 30% - 60% Area Median Income (AMI)
- vii. Representative – Delores Bailey, Executive Director
 - Delores has been with EMPOWERment since 2002 and has served as a community organizer, co-director and Executive Director. For her efforts as a community organizer and leader, Ms. Bailey has received the NC NAACP Lorie L. Graham Award, the Chapel Hill - Carrboro NAACP MLK award and has been recognized as a WCHL “Hometown Hero”.

d. **Habitat for Humanity of Orange County (www.orangehabitat.org)**

- i. Habitat for Humanity of Orange County was incorporated in 1984 and is celebrating their 40th anniversary.
- ii. First project – relocation and rehabilitation of donated home in Chestnut Oaks neighborhood of Chapel Hill
- iii. 1997 – celebrated construction of 50th new home
- iv. 2018 – construction of 24-unit senior living community Crescent Magnolia in Hillsborough
- v. 2021 – construction of 300th home

- vi. 2023 – completion of 24-home neighborhood in Fairview community in Hillsborough
 - vii. Habitat also operates a home repair program, and is part of the Orange County Home Preservation Coalition
 - viii. Representative – Jennifer Player, President & CEO
 - Jennifer has been with Habitat of Orange County since 2014, serving as Director of Development and Administration, Associate Executive Director and as President & CEO since 2019.
- e. **Orange County Home Preservation Coalition (www.orangecountync.gov/2465/Home-Preservation-Coalition)**
- i. Created as an outcome of the 2017-2022 Orange County Master Aging Plan, the Coalition was formed to address gaps and efficiencies in home repair services for older adults.
 - ii. The Coalition provides a uniform intake and assessment process for residents in need, manages a database to track case history and project status, coordinates information among participating providers, identifies gaps in services and supports advocacy by providing data and information on community impact.
 - iii. Representative – Ryan Lavalley, PhD
 - Dr. Lavalley is the founder and leader of the Community Practice Lab at the UNC School of Medicine, serves as director of UNC’s Partnerships in Aging program, and is a licensed Occupational Therapist. He is a recipient of the UNC-CH Office of the Provost Engaged Scholarship Award for partnerships.

2. **Town of Hillsborough Affordable Housing Activities**

This section is intended to provide a brief summary of activities performed by Town of Hillsborough staff in furtherance of the Board’s affordable housing goals. As the board is aware, the town does not have any staff fully dedicated to affordable housing, and the FY25-FY27 financial plan does not include any capacity to add general fund staff to take on the responsibilities. Coordination is primarily done by the Assistant Town Manager, with assistance from the Planning & Economic Development division. Due to other priorities, no more than 25% of that position’s capacity can be available for affordable housing activities.

a. **Funding & Financial Assistance**

- i. From FY22 to FY25, the town increased dedicated funding for Affordable Housing by nearly 700% - from under \$25,000 to \$175,000, and the Board has committed to a plan to increase the annual funding to \$326,000 by FY27.

- ii. The town utilized \$600,000 in Community Development Block Grant – Coronavirus (CDBG-CV) funds to support a consolidated Orange County Emergency Housing Assistance (EHA) program to provide rent and utility billing relief to low-income residents of Hillsborough. As of June 2024, all program funds have been expended and the grant is in the closeout process.
- iii. The Town offers a Water Assistance Program (WAP) administered by Orange Congregations in Mission (OCIM) to allow customer donations to provide assistance to customers in need. For FY25, the Town also appropriated \$10,000 in Community Reinvestment Funds to augment the WAP proceeds and allow OCIM to serve additional customers.
- iv. 65% of the Town’s CARES¹ act allocations were allocated to housing needs - \$64,000 for EHA and \$43,000 for OCIM-WAP.
- v. Fee-in-lieu funds collected from more recent developments have been allocated to support Habitat projects (\$85,000 for Odie St., \$125,000 for Crescent Magnolia), \$8,500 for Community Empowerment Fund EHA, and \$20,000 for Orange County EHA.

b. Policy

- i. The Board adopted “Guiding Principles for Affordable Housing” in 2022.²
- ii. The [FY24-26 Strategic Plan](#) includes two objectives and six initiatives related to affordable housing efforts.
- iii. The [Comprehensive Sustainability Plan](#) includes an entire chapter on Housing & Affordability, that includes eight strategies and 51 recommended actions to support the Board’s goals.
- iv. Density Bonuses – the Unified Development Ordinance (UDO) allows 60% increased density (40 units per acre versus 25 units per acre) for the provision of units serving residents at 80% AMI or less.³
- v. Reduced Parking – the UDO allows for reduced parking requirements for developments providing 100% of units to households at 80% AMI or less⁴
- vi. The Town permits Accessory Dwelling Units (ADUs) in all regular residential zoning districts. A recent UDO text amendment increased the allowable size to up to 1,000 square feet or 50% of the primary dwelling’s gross floor area, whichever is greater to facilitate additional opportunities.⁵

¹ Coronavirus Aid, Relief, and Economic Security Act of 2020

² Staff is working to post an adopted version of the principles on the new website

³ 5.2.391.1.e Density Allowances

⁴ 6.13.3.4 Minimum Parking Spaces Required

⁵ Section 5.2.8 Dwelling, Accessory

- vii. When feasible, the town has negotiated affordable housing concessions in large developments – Waterstone (\$120,000 + 2.5 acres), Forest Ridge (\$240,000) and Collins Ridge (3.5 acres)
- viii. The Board has set a goal that 75% of the space at the [Hillsborough Station](#) property adjacent to the future train station be reserved for affordable housing.

c. Coordination and Collaboration

- i. Town elected officials and/or staff serve on and engage with various boards and committees providing regional coordination of affordable housing activities
 - Local Government Affordable Housing Collaborative (f/k/a HOME Consortium)⁶
 - [Orange County Affordable Housing Coalition](#)
 - Orange County Home Repair Consortium
 - [Orange County Partnership to End Homelessness](#)
 - Community Home Trust
 - Orange County Housing Directors Group

3. Data of Interest

a. Apartment Rental Units

- i. There are approximately 1,200 multi-family apartment units in 10 organized apartment complexes in town (six market rate, four income-restricted)
 - 968, or 81% are market-rate units, 231, or 19% are income-restricted
 - a. 64 units are limited to 30% AMI, 76 are limited to 60% AMI, 48 are available for 30%-60% AMI, and 43 are limited to rents of \$500-750 per month rather than a specific income limit.
- ii. The American Community Survey (ACS) estimate for total housing units in Hillsborough is 4,331, meaning that apartments represent about 28% of the total units in town.
- iii. As of July 8th 2024⁷, there are 47 advertised vacancies (current or upcoming) for the market rate units, a vacancy rate of 4.9%
 - 8 advertised vacancies are 1-bedroom units, 28 are 2-bedroom and 11 are 3-bedroom.

⁶ The Local Government Affordable Housing Collaborative, comprised of elected officials from the Towns of Chapel Hill, Carrboro, Hillsborough, and Orange County, reviews applications and creates a funding recommendation for federal Home Investment Partnerships Program (HOME) funds that goes before the governing boards of each jurisdiction for review and approval annually each spring.

⁷ Data from apartments.com and individual complex websites

- There are no advertised vacancies for the income-restricted units, and several of the complexes reported a waiting list.
- iv. The average advertised rent for market-rate units is \$1,502⁸ monthly. The lowest advertised market-rate rent is \$1,030 monthly.
- v. Average advertised rents for 1-bedroom units is \$1,271 monthly. For 2-bedroom units it is \$1,474 monthly, and 3 bedroom units are \$1,744 monthly.
- vi. The income required to afford the lowest advertised rent is approximately \$49,200⁹. The income required for the average advertised rent is about \$68,073.

Complex	Min Advertised Rent	Max Advertised Rent	Avg Advertised Rent	Income for Avg Rent
Bellevue Mill	\$1,030	\$1,800	\$1,530	\$69,200
Cadence at Cates Creek	\$1,250	\$1,875	\$1,520	\$68,800
Heritage Apartments	\$1,365	\$1,370	\$1,368	\$62,700
Patriots Pointe	\$1,377	\$1,890	\$1,570	\$70,800
Pinewood Station	\$1,199	\$1,615	\$1,422	\$64,880
West Village	-	-	\$1,170	\$54,800

b. Income Data

- i. According to Census data, 24% of the town's population has a household income of less than \$50,000, and 45% earn less than \$75,000¹⁰ – the income levels closest to the minimum required to rent the lowest-priced and average-priced units respectively.
- ii. The town's median household income per Census data is \$86,250, however the [HUD AMI](#) for the metro area is \$105,900. This is an important distinction when it comes to defining affordable housing programs.
 - 80% AMI for the metro area is \$84,700 – for the town it would be \$69,000. For the purposes of determining affordable rent, that is the difference between “affordable” being set at \$1,917 per month instead of \$1,525.

⁸ Median advertised rent is \$1,485

⁹ For all affordable rent calculations – ((Rent + \$200 utility allowance)/30%)*12 = required income

¹⁰ Census Explorer B19001i – Household Income in Past 12 Months (2022 inflation-adjusted dollars)

Income Level	Town	Town Affordable Rent	Durham-Chapel Hill Metro	Metro Affordable Rent
Median	\$86,250	\$1,956	\$105,900	\$2,447
80% AMI (Workforce)	\$69,000	\$1,525	\$84,720	\$1,918
60% AMI (Affordable)	\$51,750	\$1,094	\$63,540	\$1,389
30% AMI (Low Income)	\$25,875	\$447	\$31,770	\$594

- iii. The median income distinction also applies to home buyers. A buyer at 100% of the town's median income has an estimated purchasing power of \$430,000¹¹, where a buyer at the AMI for the metro could afford up to about \$545,000.
- At 80% AMI, the affordability level falls to \$330,000 using town income levels, compared to \$422,000 for metro income.
- iv. Median income is also not distributed equitably along racial lines. This is another concern when it comes to defining affordability – there is a clear difference in median income by race and what is “affordable” to a white or Asian household is out of reach for a Black or Hispanic household

Race/Ethnicity	Median Income ¹²	Affordable Rent	Affordable Purchase
All	\$86,250	\$1,956	\$431,253
Asian	\$140,563	\$3,314	\$745,270
Black	\$32,054	\$601	\$117,862
Hispanic/Latino	\$66,660	\$1,466	\$317,955
Two or More Races	\$32,177	\$604	\$118,556
White	\$104,811	\$2,420	\$538,515

¹¹ For all home purchase calculations, the assumption is 20% down, 6.75% conventional 30-year mortgage including taxes & insurance, assumes no other obligations

¹² Census Explorer B190131 Median Household Income in the Past 12 Months (2022 Inflation-Adjusted dollars), filtered for race/ethnicity

c. Homes for Sale

- i. As of 7/8/24, there were 21 homes for sale listed in town limits (about 0.6% of total units)¹³
- ii. The minimum list price was \$275,000, the maximum was \$1.66 million. The maximum value is a significant outlier, so excluding that listing, the average list price was about \$525,000¹⁴.
- iii. There were 8 total listings affordable to someone earning 100% of the town's median income, and 4 that are affordable to someone at 80% AMI. None are affordable at 60% AMI.
- iv. To afford a home at the average list price, a buyer would need to earn about \$105,000, or 122% of the town's median income.

¹³ Data compiled using Zillow.com

¹⁴ Median list price \$502,000

Affordable Housing Workshop #1

Partner Input

July 15, 2024



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Housekeeping

- We have a full agenda, so the moderator will be keeping time to make sure we get through all topics
- Notes will be taken and shared, and official minutes will be prepared
- Breaks are at 5:45 (dinner) and 7:00
- There are remote participants, so be mindful to speak up to be heard

Topics

- Introductions
- Level Setting – Town activities, Partner updates
- Q&A – moderator- facilitated questions to Partners
- Open Discussion – Board and Partners
- Final Thoughts and Next Steps

Town Activities

- Funding & Financial Assistance
 - CARES and CDBG funding used for Emergency Housing Assistance
 - FILO and land donations - \$360,000 and 6 acres so far
 - Increased dedicated funding from \$20,000 to \$175,000 – commitment for \$326,000 by FY27
- Policy
 - Guiding Principles, Strategic Plan, Comprehensive Sustainability Plan
 - Unified Development Ordinance – Accessory Dwelling Units, Density Bonuses, lowered parking requirements
 - Property in future Hillsborough Station project set aside for affordable housing
- Coordination & Collaboration
 - Local Government Affordable Housing Collaborative, OC Partnership to End Homelessness, OC Home Repair Consortium, OC Affordable Housing Coalition, Community Home Trust

Q & A #1

- What do you see as the biggest need for affordable housing in the Town of Hillsborough? Income level, demographics, physical location, housing type?

Q & A #2

- What specific challenges are you aware of for development of affordable housing in Hillsborough? Market forces, labor/materials access, regulations?

Q & A #3

- Are there specific actions that the town board or staff could perform to better facilitate the generation or preservation of affordable housing in town?

Q & A #4

- The Town of Hillsborough has a constrained budget and limited financial capacity for new initiatives, although the board has committed to providing the equivalent of 2 cents on the tax rate to support affordable housing (about \$325,000 per year). What are your ideas to leverage those funds to generate new units or sustain current affordable units?

Q & A #5

- What other approaches or strategies might be of interest to the town to better support affordable housing?

- Open Discussion

Affordable Housing Workshop #1

Partner Input

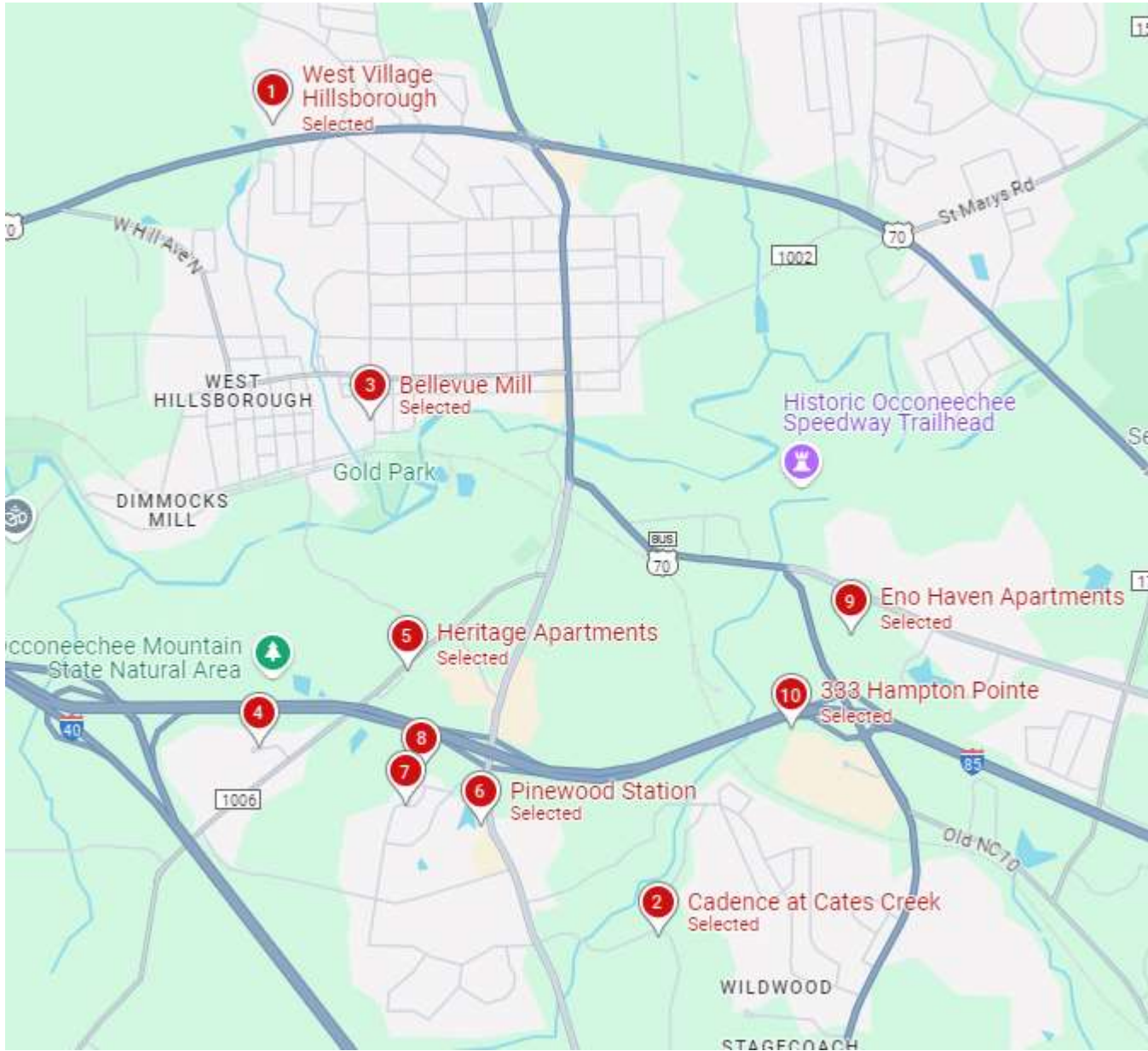
July 15, 2024



TOWN OF
HILLSBOROUGH

Summary of Background Data

- Apartments
 - Approximately 1,200 units in 10 complexes
 - 6 market-rate (968/81% of units)
 - 4 income-restricted (231/19% of units)
 - Represents 28% of housing units in town
 - Current advertised vacancies – 47 (4.9% of market-rate units)
 - No reported vacancies at income-restricted units
 - Average rent - \$1,502/month (income required \$68,073)
 - Minimum rent - \$1,030/month (income required \$49,200)



Complex	Min Rent	Max Rent	Avg Rent
West Village	-	-	\$1,170
Cadence	\$1,250	\$1,890	\$1,570
Bellevue Mill	\$1,030	\$1,800	\$1,530
Patriots Pointe	\$1,377	\$1,890	\$1,570
Heritage	\$1,365	\$1,370	\$1,368
Pinewood Station	\$1,199	\$1,615	\$1,422
Coachwood			*Income limited - \$500-\$750
Gateway Village			* 30% AMI Limited
Eno Haven			* 55+, 60% AMI Limited
Hampton Pointe			* 60% AMI Limited, rents \$450-\$680

Summary of Background Data

- Income

- Town Median Household Income - \$86,250
 - 24% below \$50k, 45% below \$75k
- Metro Area Median Income - \$105,900
 - Metric used for most government housing programs
- Affordable Rent @ Town MHI - \$1,956, @ Metro AMI - \$2,447
 - @80% (threshold for most programs) – Town affordable rent \$1,525, Metro \$1,918
- Home Purchasing Power
 - @ Town MHI - \$430k, @ Metro AMI - \$545k
 - @ 80% Town MHI - \$330k, @ 80% Metro AMI - \$422k

Summary of Background Data

- Median Income differs significantly based on race

Race/Ethnicity	Median Income	Affordable Rent	Affordable Purchase
All	\$86,250	\$1,956	\$431,253
Asian	\$140,563	\$3,314	\$745,270
Black	\$32,054	\$601	\$117,862
Hispanic/Latino	\$66,660	\$1,466	\$317,955
Two or More Races	\$32,177	\$604	\$118,556
White	\$104,811	\$2,420	\$538,515

[\[1\]](#) Census Explorer B19013I Median Household Income in the Past 12 Months (2022 Inflation-Adjusted dollars), filtered for race/ethnicity

Summary of Background Data

- Homes for Sale
 - As of 7/8/24 – 21 homes for sale in Town limits (0.6% of units)
 - Range from \$275k - \$1.66m
 - Average excluding high outlier - \$525,000
 - 8 listings affordable @ 100% Town MHI
 - 4 affordable @ 80% Town MHI
 - To afford average list price, buyer needs income of \$105k, 122% of Town MHI