

Chatham County Affordable Housing Advisory Committee

Draft Meeting Minutes

January 6, 2022 | 6:00pm-8:00pm | Via ZOOM

Committee Members: Anita Badrock, Carolyn Huggins, Susan Levy, Alirio Estevez, Pamela Baldwin, Richard Poole, Kyle Shipp, Chip Price

Committee Members Absent: Bob Schmidt, Linette Tyson

Others: Stephanie Watkins-Cruz (County), Darrell Butts (Budget Director – Chatham County), Erika Brown (TJCOG), Bryan Thompson (County), Roy Lynch (Siler City)

1. Welcome and Ice Breaker

Susan Levy welcomed those present.

2. Public Comment

There were no members of the public present.

3. Adopt Meeting Minutes

Kyle motioned to approve with changes, Richard seconded. Approved minutes from December 2 unanimously.

4. Article 46 Sales Tax – Affordable Housing Funding

In March 2020, Chatham County residents approved a quarter-cent sales tax increase. Commissioners expressed interest in four specific areas for the funds, affordable housing, agriculture and conservation, education, parks and rec. October 2020 went into effect. Education will receive \$1m per year, any revenue collected beyond \$1 million divided into three remaining areas: affordable housing, agriculture and conservation, and parks and rec.

Current status is that there is \$200,000 budgeted for affordable housing – meaning \$1.6 million was collected overall from sales tax revenue in FY2022 so far. In future years, the budget could be less than \$200,000, so close monitoring is crucial. Budget year ends on June 30, 2021, we have a natural cutoff point for collecting those funds to be used for the existing fiscal year. Sales tax collections and date are on a three-month delay – two points in the year where the revenue available and the trajectory is clearer. In the Fall (Oct – Nov) and Spring (Feb-March). Both points in the year allow us to have 4-6 months of actual sales tax collection data, giving a more accurate view of revenue funds available.

Funds could be used for existing projects. It can be used for shortfalls in future years. Currently, all three programs have an existing fund balance – not starting from zero funds. Funding from year to year is based on consumer behavior – so we do not know exactly how much at the beginning of each budget

cycle that will be received in the following year. In the event of a shortfall for a future year, it would be taken from the existing fund balance of \$200,000.

Anita Badrock asked - how does sales tax compare year over year? From FY20 to FY21, there is about a 15% increase in the funding. Chip Price wondered how much the Town was contributing to the County for affordable housing. The Town has not been contributing since FY19-20, as the County has covered the entirety of the COG contract.

Stephanie Watkins-Cruz proposed a process for utilizing the Article 46 Sales Tax in a short and long-term plan. FY22 Short Term Proposal: January AHAC 2022 Meeting to discuss this small request from an affordable housing developer. A deeper discussion around the process by which to allocate these funds for FY23 and beyond could be discussed at the February, March, and April AHAC meetings.

- Proposed process includes us discussing priority areas for strategic investment (starting FY22-23): Staff bring proposed projects 2x per year (rather than 1x like HTF application cycle). AHAC discuss and vote on budgets and projects. Staff brings recommended projects for Article 46 revenue to BOC, similar to HTF (should AHAC chairs be involved?). Project proposals may continue throughout the year within the approved budget. Continue to iteratively revise and improve the process continuously.
- Potential funding categories could be pre-development (land or unit acquisition), reimbursement grants as development incentives, construction rehab (infrastructure or building materials/hard costs), subsidy (funding to serve as permanent affordability subsidy gap), supplement emergency housing fund and trust fund to increase total available for coming budget year.
- Proposed process/review for FY21-22 request: Third Wave Housing has had a discrepancy between the amount of tax reimbursement they were allowed to receive and what they needed. The discrepancy is \$7,100. This is being brought to AHAC to determine if they want to vote on the Article 46 sales tax funds at this meeting.
 - o This is a one time request from Third Wave Housing for Siler City School in the amount of \$7,100 (likely). Thought it is possible that FY22 proposed uses could include Retreat at Pittsboro affordable value adjustment (which could be around the same amount but we do not know right now). It represents the difference in the taxes modeled in their original LIHTC application and the adjusted value on their official tax bill.
 - o Also potential FY22 proposed use could be for hard costs for infrastructure for the Wallick Communities Oak View at Siler City, 72 units coming online at 2023. It would be in the amount of \$175,000 (the remaining amount from the HTF 2021 request, a total of \$200,000 originally).
 - o Some concern about requests for funding continuously coming for this specific issue. Chip Price and Carolyn Huggins also mentioned the important of possibly using some of the HTF or Article 46 funds as a reserve to have funding for issues like this when they pop up in the future. Anita Badrock shared that she appreciates the transparency from the County and there is clearly a conversation about how it shouldn't happen again in the future. If there is some kind of wrap up, Anita requested to have staff come back and share that update with AHAC in the future

There was a recommendation for a motion to approve a grant for Third Wave Housing for the affordable value adjustment up to \$7,100 for FY22 for the Siler School Square property. Richard motioned, Anita seconded the motion. The motion was approved unanimously.

Next steps are to receive an update regarding Wallick infrastructure total and estimated adjustment grant for the Retreat at Pittsboro in February. Receive an update on ideas for Article 46 usage FY23 and beyond at subsequent Spring 2022 AHAC meetings.

5. Annual Report to Board of Commissioners Input

This report is done each year for our commissioners as a responsibility of AHAC. Data is still being updated based on availability of sources. Susan Levy, Chair, will be presenting at the January 18, 2022, Board Meeting. The presentation covers our mission and responsibilities, as well as our goals from the strategy toolbox published in 2017.

The presentation covered 2021 Activities & Accomplishments such as updates to the Housing Trust Fund Application and engagement with and education from developers. Additional research was conducted, and new partnership crafted with new affordable housing models for County. Richard Poole suggested being more specific about new funding sources.

The 2021 Data Update on need is based on cost burdened household. The gap is 2,325, up from about 2,250. Richard Poole asked if we need to be clear on if the gap is growing or shrinking. And asked about if Section 8 Housing Choice Vouchers are occupying NOAH. Staff have asked for data from them and have not received it yet. This can be updated upon receipt of that data or removed and changed to a note.

The county is growing, and data shows that since 2019 there has been a 25% in low-income renter households between 2019-2021 which still presents challenges.

Richard Poole asked for clarity on the 25% increase in low-income renter households data point. He asked about what percentage of the low-income renter households are we housing. Erika Brown stated the clearest gap number is often gathered from the cost-burdened data point, however we can speak briefly about the difference in affordable units vs. low-income households.

Carolyn Huggins asked why the number of low-income renter households only went up by 4 households. Erika clarified that there are some data limitations due to these being based on 5-year estimates. The data is always a couple years behind. However, 5 years is still better than 1 year which is often estimates. Carolyn suggested that Susan mentions the conditions are worse and data only captures a part of it.

Alirio Estevez suggested adding language that says these are estimates to ensure that these highlights are communicated accurately. Susan Levy mentioned that even if the ratio of median incomes gap between Black and Latinx households is shrinking it is still significantly large. Additional data still working through – Code enforcement, as well as additional analysis on Housing Trust Fund investments over the years.

Erika Brown reviewed what we hope to do this coming year in 2022 – updating the 2017 affordable rental housing toolbox, turning the toolbox into an action plan, developing an article 46 process, as well as participating in the UDO.

Stephanie Watkins-Cruz provided context about reconnecting with commissioners using the Feedback for the Future slide. Susan Levy suggested inviting Mike Dasher, the AHAC liaison, to a future AHAC meeting. Richard inquired about the deadline for feedback, which is the end of the week, or Monday the 10th at the latest.

6. Feedback on HTF 2021-2022 Process

Future review of applications, did they include a contingency fee to deal with issues like the affordable housing adjustment challenge, or others. Move the Feedback to next month (February 3).

7. AHAC Elections 2022-2023

The Committee decided to move the elections for 2022-2023 to the next meeting to be held on February 3, 2022.

8. Updates + Around the Table

a. Towns

- i. No updates from Pittsboro. Roy Lynch noted that Siler City is continuing to grow downtown and there are many inquiries to develop housing generally (not all necessarily affordable). Planning is looking into how to support the developments in the future.

b. Staff

- i. Stephanie Watkins-Cruz noted that the County received another request for a development under the compact community ordinance coming to the BOCC in February (could mean another development agreement for affordable housing, proposing a fee-in-lieu rather than Vickers Bennett development where affordable units are being built as part of the development).
- ii. Staff will send out calendar meeting schedule, goal to have no meeting in May, June, and July.

Richard Poole motions to adjourn the meeting, Carolyn Huggins seconded. Unanimous approval to adjourn at 7:52PM.

Next AHAC Meeting: February 3, 2022, via ZOOM

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