

# Chatham County Affordable Housing Advisory Committee Meeting

| May 5, 2022 6:00pm-8:00pm | Location TBD/ In Person Meeting with Virtual Option |

**Chatham County AG & Conference Center & ZOOM**

## **Meeting Minutes**

- 1. Welcome**
- 2. Public Comment**
- 3. Adopt Meeting Minutes** from April 7, 2022

Minutes were reviewed and a adopted was unanimously without changes.

#### **4. Receive Updates on Project Status & Needs from HTF Awardees**

##### **Tiny Homes Village – Farm at Penny Lane**

Thava Mahadevan, with UNC Center for Excellence in Community Mental Health and Executive Director of XDS, Inc. (developer of the Tiny Homes Village) provided an update on the Tiny Homes Village. Provided two \$50,000 grants from AHAC, first for infrastructure which provided water infrastructure from County water to village, residents, and farm. Next \$50K is for one of the tiny homes. Still have some additional needs – five more homes to build. Currently working with Vaya Health and Alliance Health, may be able to provide some funding for other homes. Partnered with NC State school of design that built an outdoor pavilion, and still waiting for funding to build a clubhouse facilitate. Worked with ATT to build broadband access all the way to the farm as well. Jamie Swaine, Project Coordinator, noted there were some challenges with getting the County water. extended to the project. Will likely need an easements and other construction challenges they are currently working through. Also, generally construction costs have increased, fees/permits are also very expensive. If there are any opportunities to reduce fees associated with permitting, that would assist.

Anna Tuell with Habitat for Humanity provided an update on two projects that have been funded. First, the townhomes project and intending to break ground on the first building in June, which will be a four-home building. Finished infrastructure recently, including extension of waterline. The second project was land acquisition in Goldston. County water will be extended their using CDBG funds to these units. The pre-construction meeting is scheduled for June. Habitat has an option on the property until August. Both projects are moving along in a way more quickly than expected. Anna noted that due to cost of construction being very high, the Siler City project has one of three buildings funded currently and will also need funding for the project construction costs in Goldston.

Jennifer Lampman with Wallick Communities provided an update on the Oak View at Siler City project. The project is in Siler City next to the UNC Hospital. Given everything that has happened in the construction market, there was still a gap in the project. With the support from all parties, the budget is now balanced. Final construction numbers are currently being reviewed by the

lending partner. There is some room in the budget to handle unexpected situations, but in this environment, it may require additional funds to support the gap.

#### **TINY HOMES QUESTIONS:**

- Garmin was the builder for the tiny homes in Chatham Park was 800-1,200 sqft, but the size of the tiny homes in the Tiny Homes Village are closer to 350 sqft.
- Where did the 18,000 fee from the County go to? It went to the water connection fee cost.

#### **HABITAT FOR HUMANITY QUESTIONS:**

- What type of market research is done to determine the size of the home and number of bedrooms? Townhomes are slightly smaller than the regular homes / 1, 2, 3 bedrooms.
- What is the update on the Habitat-owned property in Pittsboro? Currently, just holding onto the land until there will be sewer capacity. Anna Tuell will get back to the group on how much sewer capacity is needed for that project.

#### **5. Discuss Article 46 & In-Lieu Fee Procedures**

The group is discussing Article 46 and the payment-in-lieu and payment-in-support fees for affordable housing. The objective for today is to discuss the process and allocation of additional housing funds. There is a current amount of payment-in-lieu funds that may need to be allocated by this group. In addition, also specifically considering the processes for how proposals are accepted, reviewed, and evaluated. Given existing capacity, we also need to consider the best way forward about making decisions. There is a note that it may be important to consider increasing staff capacity internally to support the growth of the housing division at the County.

Pamela Baldwin asked about the number of units that have been built in Asheville or Carrboro with these housing funds. Other places have multiple deadlines, separate funds for development and programmatic assistance, and in other communities there is much more funding available for affordable housing development. However, all similar funds have a committee that makes suggestions to an advisory board/elected board, and there are a variety of activities that are funded through these programs.

What is a payment in lieu fee? "Payment in-lieu of" fees are fees paid instead of building affordable housing units. The fee is set in a development agreement and based on the applicable land use regulations requirements or standards. Chatham County has one ordinance – the Compact Communities Ordinance – that triggers a standard asking for affordable housing units to be included within a residential development – 5% of the total units. They payment in-lieu would be a negotiated amount per unit multiplied by 5% of the total units. There is one current development (Briar Chapel) that is receiving funds, of which there is \$123,473.60 that is uncommitted currently. Overall, there has been \$1.1million given to Habitat for Humanity over the last ten years. Another agreement from Herndon Farms will contribute an estimated total of \$339,000 and zero affordable units within the development. The negotiated amount per unit is \$43,500.

Anita Badrock asked where the County has a density bonus in addition to a payment in lieu as part of the unified development ordinance? Not currently, but this is a good opportunity to bring it to those who are redeveloping it.

Susan Levy asked – there was another \$150,000 in addition to the \$1 million from Briar Chapel that was collected. Originally it was allocated to a shelter for domestic violence.

What is a payment in support of? “Payment in-support-of” fees are paid as a form of support towards units being provided within a planned development and the fee will go toward subsidizing them. The fee is developed and set in a development agreement and based on the applicable land use regulations requirements or standards. Chatham County has one ordinance – the Compact Communities Ordinance that triggers a standard asking for affordable housing units to be included within a residential development – 5% of the total units. This has been developed recently with Vickers Village for 10 units at \$47,000 per unit (total of \$470,000) and will be built within the development. These units will be affordable for 99 years.

Sharon Hartwell, member of the public, asked where the 5% came from? This was included as a part of the Compact Communities Ordinance which was developed more than 15 years ago. While the 5% remains the same, we have seen the increase of subsidy/unit in more recent projects, as compared to the amount per unit for the Briar Chapel project. She also asked whether the income limits are set in stone? The units will be between 60% and 115% AMI. This means that some will be at 60% and others at a higher percentage, but it will depend on who purchases the home. The housing developer will do the identifying and qualifying of the applicants, and selling the homes to the homebuyers. There will be a local preference to have the homebuyers be from Chatham in that they work or live in the County.

**Allocations and Process Considerations:**

How does AHAC want to allocate the current \$123,473.60 amount remaining from the Briar Chapel payment in lieu?

- Kyle requested that maybe \$20,000 can be provided for small housing grants and the remaining can be provided to the next years Housing Trust Fund cycle.
- Anita noted that it might be best to reserve the funds until there is a request. Bryan Thompson mentioned that essentially it is already reserved, it is a one time funding and if not used, it remains in a reserve.
- Richard noted that to the extent that staff can steer the developer to the payment in support of funds.
- It is also possible to add these funds to the Emergency Housing Fund. It supports anyone at risk of homelessness, homeless currently, or eviction/foreclosure. Currently there is less than \$22,000 left in that fund currently. Do we get data from the organizations on how these funds are used? Stephanie noted that it is important to provide funding to orgs that provide case management who can provide us data. There is not currently a cap on the amount of funding that can be requested.

## **Overview of Article 46 Funds:**

Approved by referendum in 2020, the sales tax began being collected October 1, 2020. Funds are not available all at once and data on the amount is usually three months behind. Any revenue earned after \$1 million, is divided EQUALLY between three areas - agriculture and conservation, affordable housing, and parks and recreation. Overall, when discussed in February 2022 with AHAC, many examples of activities were discussed when asked how the group would like the funds to be used.

How does the group feel about allocating funds collected between now and the HTF cycle coming up? Richard Poole suggested that putting money into the Housing Trust Fund cycle allows us to have funds sitting there at any given time to deal with emergencies. Anita Badrock also mentioned that its best to be flexible because projects aren't developed aligned with our Housing Trust Fund cycle. Carolyn Huggins noted that she agreed (zoom). Pamela Baldwin noted that it is important to balance preservation with new construction of units. Kyle Shipp noted that preservation is clearly the lowest-cost subsidy for affordable housing. Kyle stated that it might be best to have a process, not just on a first come first served basis. Carolyn Huggins wanted to make sure that we put a certain amount in the Emergency Housing Fund so that there is no need to turn anyone away who is in a dire situation. Chip Price suggested it might be important to have additional Emergency Housing Funds where there is a natural disaster, etc.

Richard motioned to add \$100,000 for the FY23 HTF Cycle from the Article 46 sales tax funds. Susan seconded. The motion passed unanimously.

Richard motioned to add \$25,000 for the FY23 Emergency Housing Fund, Chip Price seconded. The motion passed unanimously.

Richard motioned to move the Briar Chapel PIL funds to the FY23 HTF Cycle. Anita Badrock asked whether previous funded projects can reapply to the Housing Trust Fund. Anita is worried that projects are in progress would have to wait until the HTF cycle in the fall, but they may need funding sooner than that, which would be difficult to support those in a timely manner. Carolyn prefers to keep the funding separate in a reserve. Kyle noted that it would make the most sense to have it in a reserve to make it the most nimble.

Anita Badrock moved that the current PIL funds be put into a reserve, not the FY23 HTF, Pamela Baldwin seconded. The motion passed unanimously.

Kyle Shipp asked whether the Payment in Support of funds were really on the table to be discussed. Future projects may provide more options to make decisions about related to PIS. Adjourned at 8:04.

## **6. Updates**

### **Discussion**

- a. *Towns*
- b. *Staff – proposed meeting day for June would be Thursday, June 16<sup>th</sup>.*

**Next AHAC Meeting: June 16, 2022**

*Staff Contacts:*

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*All materials from past AHAC meetings can be found at this link: <https://airtable.com/shr1SzayKc5Bml6BY>*