



# TOWN OF CHAPEL HILL NORTH CAROLINA

## MEMORANDUM

**Meeting Date:** 09/29/2014  
**AGENDA #10**

**TO:** Roger L. Stancil, Town Manager

**FROM:** Loryn Clark, Housing and Community  
Sarah Viñas, Housing and Community

**SUBJECT:** Amend the Town's Guidelines for the Affordable Housing Fund and Set Aside Funds for Rental and Utility Assistance for Displaced Families

### **Recommended Council Action**

That the Council:

- Authorize staff to create a pilot rental and utility connection assistance program in response to the emergency housing crisis facing Orange County families whose property management companies have discontinued participation in the Section 8 Housing Choice voucher program.
- Amend the Affording Housing Fund guidelines to identify rental and utility connection assistance, including deposits, as eligible activities, as outlined in the Resolution.
- Set aside \$10,000 for FY15 of the Affordable Housing Fund for rental and utility connection assistance to eligible households for housing within Town limits.
- Authorize reimbursement to the Community Empowerment Fund for costs incurred for two households that were at risk of homelessness due to the decisions of their property management companies.

### **Context with Key Issues**

- Several Orange County residents will soon be or have already been displaced as a result of their apartment complexes no longer accepting Section 8 Housing Choice vouchers. Two of the County's primary property management companies that accepted Section 8 vouchers recently changed their tenant eligibility requirements, effectively eliminating close to 20% of the total supply of Section 8 housing stock in Orange County.
- As a result of this change in policy, 89 families, many of which have lived in the county (some in their existing homes) for 10+ years, have faced the threat of eviction and/or homelessness or might already be experiencing homelessness. Other families are bearing the financial burden of paying fair market rent month-to-month while searching for new homes, or have relocated to other counties or states.
- There are a variety of barriers for low income families seeking to remain in Town, including the lack of an adequate housing stock accepting Section 8 vouchers or generally affordable for low-income families. Additionally, these families face other financial barriers, including security deposits and utility connection fees, which in Chapel Hill can be approximately \$1,000 for a two bedroom apartment.
- To address these barriers, local nonprofit organizations and government agencies are working together to assist the families in finding housing that accepts Section 8 vouchers

and to provide financial assistance for rental and utility connection costs. In June, 2014, the Town of Carrboro allocated funds for this purpose.

- The Community Empowerment Fund (CEF), a local non-profit organization, has actively been working with households impacted by this immediate crisis. To prevent two households from experiencing homelessness, CEF provided security deposits totaling \$1,500. We recommend that the Council reimburse CEF for these expenses. In our discussions with CEF, we have determined that the assisted households meet the guidelines and can provide the documentation suggested in the staff recommendation. This recommendation for reimbursement is included in the attached resolution.

### **Explanation of Recommendation**

- The Town's Affordable Housing Fund was established to preserve affordable housing opportunities in Chapel Hill. Since the Fund was established in 2002, the eligible uses have been expanded beyond preservation of owner-occupied housing for affordable purposes to include loans for purchase of property, renovation of property, homeownership assistance, local match contribution for federal affordable housing grants, and construction of affordable housing.
- Staff believes that amending the eligible uses of the Affordable Housing Fund for the purposes of providing rental and utility connection assistance to low-income families who have been or will soon be displaced from their homes is in keeping with the Town's affordable housing goals and represents an appropriate use of the Fund.
- Families who seek assistance would be required to provide the following information in order to qualify for rental or utility connection assistance:
  - Documentation from the current landlord stating that the family's current place of residence no longer accepts Section 8 housing vouchers.
  - A copy of the County's Request for Tenancy Approval form, which shows that the family has been approved for housing in the Town of Chapel Hill.
  - Proof of receipt of a Section 8 housing voucher.
- The Town of Carrboro's program requires that participants reimburse the Town for the funds given when they move out.

### **Fiscal Note**

- Up to \$10,000 of the established Affordable Housing Fund in FY15 will be used for this purpose, with maximum assistance of \$1,000 per eligible family for two-bedroom and \$1,500 maximum for three-bedroom homes. The current available balance of the Affordable Housing Fund is approximately \$125,000.
- We propose that the Town's funds be provided as either a grant or a loan depending on how long they stay in their home. If the household moves from the unit within 12 months, we recommend full repayment of the Town's funds when the household receives reimbursement of their security deposit. If the household remains in the home for 12 months, we recommend forgiveness of the Town's funds.

### **Attachments**

- Resolution