

MEMORANDUM

TO: Roger L. Stancil, Town Manager

FROM: J.B. Culpepper, Planning Director
Loryn Clark, Housing and Neighborhood Services Manager

SUBJECT: Amend the Town's Affordable Housing Policy and Affordable Housing Fund Guidelines

DATE: April 10, 2013

PURPOSE

The purpose of this report is to respond to a petition from the Community Home Trust requesting a change to the Town's policy on residency requirements for affordable housing programs.

We recommend that the Council adopt the attached resolutions to:

1. Amend the Town's affordable housing policy to eliminate the residency requirement when a house is on the market for 30 days or more (Resolution A);
2. Amend the guidelines of the Town's Affordable Housing Fund to reflect this policy change (Resolution B).

BACKGROUND

For many years, it has been the Council's policy to require homebuyers that receive assistance from the Town to:

1. Be first-time homebuyers; and
2. Live or work in Orange County for one year prior to receiving assistance.

This policy was developed in response to concerns that there were not sufficient affordable housing opportunities for people currently living or working in the community.

In response to a petition from the Community Home Trust to eliminate the residency requirement, in 2007 the Council amended the guidelines of the Affordable Housing Fund to include a provision that if a home is not sold after being actively marketed for ninety days, the home could be sold to a household that has lived or worked in Orange County for six months.

Also in response to a petition from the Community Home Trust, in April 2008 the Council modified its affordable housing policy for senior citizens (age sixty or older) who wish to purchase Land Trust condominiums. The first time homebuyer requirement for seniors is now waived, and in situations where a unit is not sold by the time the Town issues a Certificate of Occupancy, the residency requirement can be waived for senior citizen buyers. To date, the

Home Trust has utilized this provision for a senior citizen living in one condominium to purchase and move to another condominium within the development.

In 2012, the Council further amended this policy to waive the residency requirement after a house has been on the market for 120 days.

On December 18, 2012, the Community Home Trust submitted a petition to the Council requesting that the Council eliminate the requirement that buyers live or work in Orange County for one year prior to purchasing property when a home has been on the market for 90 days or more.

DISCUSSION

The Community Home Trust is asking the Council to change its existing policy to eliminate the residency requirement after a home has been on the market for 90 days. Two key reasons for this request are the weak housing market and stricter lending practices that have made it very difficult for buyers to obtain financing. Eliminating the live/work requirement would broaden the pool of applicants that would be able to purchase homes and become members of the community.

We support this proposed amendment to the Town's policy; however, we further recommend that the Council consider waiving the first-time homebuyer after a home has been on the market for 30 days. We understand from our affordable housing partners that due to the current economy and tighter lending requirements, it is more challenging to identify buyers who are able to qualify for mortgage loans, especially loans to purchase condominium units. In addition, we believe that requiring a home to be on the market for 30 days prior to waiving the residency requirement continues to support the Council's interest of giving preference to households currently living or working in Orange County.

We also believe that this modification would address the Affordable Housing Strategy goal of maintaining a commitment to providing affordable homeownership strategies.

If the Council supports this request, we recommend that the modification apply to all affordable housing units developed with funding assistance from the Town. We further recommend that the Council amend the guidelines of the Affordable Housing Fund to reflect this change.

RECOMMENDATION

We recommend that the Council adopt the attached resolutions to:

1. Modify the guidelines of the Town's affordable housing programs to waive the residency requirement for affordable homes that have been on the market for 30 days or longer (Resolution A); and
2. Amend the guidelines of the Town's Affordable Housing Fund to reflect this change (Resolution B).