



## CHAPTER THREE

# Affordable Housing

## Vision

There is a home for everyone in Carrboro. Carrboro is affordable, safe, and welcoming for all people who want to live in the community. The Town works to prevent displacement of existing residents, advances racial equity and accessible housing, has a full range of affordable options for all life stages and types of households, particularly low- and moderate-income and historically disadvantaged households, and that the Town prioritizes resources to meet affordable housing goals.

### Definition of Affordability:

*Access to quality housing to households who cannot afford to pay the rent or mortgage without assistance. Standard: units for which a family would pay no more than 30% of their income for rent or 2.5 times their annual income to purchase.*

# Key Findings

- 1. Housing units were built at the most rapid pace between 1970-1990.** Since then, annual rate of housing unit development has slowed and is currently at 1%.<sup>1</sup>
- 2. For-sale housing prices are escalating rapidly,** including a 13% change in the past year, and a 43% increase over the past five years to a current market price of \$348,000.<sup>2</sup>
- 3. Rent is rising faster than income as well.** Rent on a two-bedroom apartment has increased 29% over four years while median household income rose 11%.<sup>3</sup>
- 4. Seventeen percent of homeowners have housing cost burden,** while 49% of renters experience cost burden -- pay over 30% of their household income toward housing expenses.<sup>4</sup>
- 5. Based on housing affordability versus demand for housing, there is a total affordability gap of 1,078 housing units,** including 314 for-sale units and 765 rental units.
- 6. Carrboro has been working intensely on strategies to improve housing affordability and has several existing plans that are reinforced by goals and strategies in this plan.** Some of these include: Orange County Master Aging Plan (MAP), Orange County Consolidated Plan, and the Town of Carrboro Affordable Housing Goals and Strategies.

## What We Will Measure

1. Number of new affordable for-sale homes and number of preserved affordable homes for households up to 80% Area Median Income (AMI) that have long-term affordability restrictions
2. Number of new rental units and number of preserved rental units for households up to 60% of AMI
3. Homeowner cost burden for households at 30%, 50% and 80% of AMI
4. Renter cost burden for households at 20%, 50% and 80% of AMI

### ENDNOTES

1. Town of Carrboro Data.

2. Zillow.com, June 2021.

3. Source: ACS 2014-2018

4. Source: ACS, 2014-2018

5. Source: ACS, Esri and Freddie Mac Calculator

# Race & Equity and Climate Action

## Race and Equity

There has been historic discrimination in housing practices across the U.S. – from access to finance to zoning to redlining practices. Carrboro is currently losing many of its more affordable homes – whether for-sale or rental housing, through escalating prices, speculation and limited amount of new housing that has been built in recent years. A high rate of housing cost-burden, especially among renters, is evidence of the high cost of housing, particularly among low and moderate income households. For Carrboro to be welcoming to residents of all races, backgrounds, and incomes, affirmative policies are needed to preserve existing housing that is affordable and provide more supply of housing that is affordable to low- and moderate-income households.

Affordable housing strategies and projects have been designed to advance race and equity in the town through:

- Expanding the supply of affordable housing for both homeowners and renters.
- Meeting the growing need for affordable housing for residents and employees who would like to live in the Town but cannot find affordable housing currently.
- Reducing the housing cost burden for homeowners and renters.
- Creating policies that prevent the displacement of existing affordable housing and mitigate the impact through the creation of additional high-quality affordable housing.
- Advancing the Town’s goals to be a welcoming community for all.

## Climate Action

The housing strategies and projects aim to advance the Town’s Climate Action Plan and Energy and Climate Action Plan through:

- Designing and retrofitting energy-efficient housing to reduce housing costs.
- Locating housing in areas with high transit accessibility to provide transportation options and reduce auto-dependence, which can reduce total housing + transportation costs.
- Working with OWASA to create more affordable water pricing strategies to reduce costs to residents.

While these strategies are identified within the Climate Action and Environment chapter, they are directly related to advancing quality affordable housing options for both current and prospective residents in the Town.



# Goals, Strategies, and Projects

**Goal 1: Increase the number of homeownership units that are permanently affordable with targeted strategies to serve households earning 80% of Area Median Income (AMI) or below with priority to historically disadvantaged households.**

## **Strategy 1.1: Increase development of for-sale affordable housing units for households earning up to 80% of AMI.**

**A** Establish bi-annual goals for the development of affordable for-sale homes tailored to different price points that are affordable up to 80% AMI at different household sizes.

**B** Match housing strategies to targeted needs by price point and household type. Identify strategies and partner organizations that can provide additional affordable units.

**C** Seek funding sources (see Goal 6) to meet the gap in financing additional affordable housing units.

## **Strategy 1.2: Reduce barriers to first-time homebuyers and to homeownership retention, affirmatively marketing to BIPOC and to historically disadvantaged households.**

**A** Seek funding and resources to expand the capacity of organizations that provide homeownership counseling services for new buyers, income-eligible existing homeowners, and prospective homebuyers to expand the pool of eligible applicants and reduce the likelihood of foreclosure.



▲ Attached housing in the Rose Walk neighborhood

**B** Expand the use of cooperatives and other limited equity housing models to provide homeownership opportunities to prospective owners that may not otherwise be able to afford their homes. This can be part of mixed-income or stand-alone affordable developments of single-family homes, townhomes, or condominiums.

## **Strategy 1.3: Support and build upon the land trust model and investigate other examples to acquire as well as keep housing permanently affordable, such as cooperative housing.**

**A** Expand the reach of cooperative housing models, Community Home Trust, Habitat for Humanity of Orange County, to reach more households and at different income thresholds. Work with partners to expand the cooperative housing and land trust models to offer a broader array of tools to preserve affordable housing and market the programs to renters and low- to moderate-income households interested in purchasing homes.



▲ The Landings at Winmore is a 58-unit Community Home Trust affordable rental development in Carrboro

**Goal 2. Increase the number of rental units that are permanently affordable to very low-income households earning up to 60% of AMI with a particular focus on those earning less than 30% AMI and historically disadvantaged households.**

**Strategy 2.1: Continue to support rental housing development through the Affordable Housing Fund and leveraging other resources.**

**A** Invest in rental housing projects that provide additional units for targeted income groups up to 60% AMI and historically marginalized communities. Expand the toolbox of affordable housing incentives by developing greater incentives for rental units that meet lower income levels at the 30% and 60% AMI levels.

**B** Expand rental units in existing developments through providing additional financial resources and incentives. Target Affordable Housing Fund resources to expand new affordable rental through redevelopment agreements.

**C** Utilize the Racial Equity Assessment Lens (REAL) in designing and implementing rental programs and developing affordable housing.

**Strategy 2.2: Create targeted rental programs for extremely low-income households (less than 30% AMI).**

**A** Work with Orange County to support programs that expand use of vouchers and landlord acceptance of housing vouchers. Participate in the County's efforts to educate landlords on the benefits of accepting vouchers and non-discrimination based on source of income. Refer residents to the County to coordinate ongoing services to voucher-holders to assist them in workforce training, career development, accessing day care, elder care, health care, etc. so that they can build household earnings and therefore more stable housing over time.



▲ EMPOWERment, Inc. is a long-time provider of affordable housing in Carrboro and Chapel Hill. Collins Crossings provides 1- and 2-bedroom units near a grocery store and other amenities.

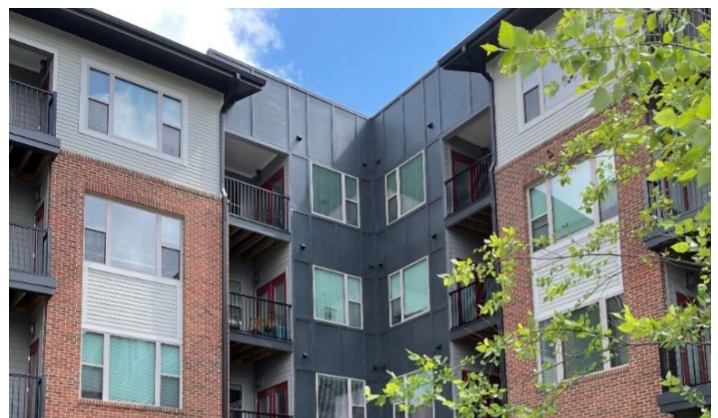
**B** Encourage applicants to the Affordable Housing Fund to reserve units for extremely low-income households and target the Fund's investment to making these projects financially viable.

**Strategy 2.3: Ease the pressure on rental prices by increasing affordable rental housing stock, particularly in high-transit areas.**

**A** Partner with existing rental developments to investigate strategic additions of new affordable units. Provide outreach to owners of existing rental developments to determine interest in adding housing units that meet the goal of at least 15% of new units to be affordable. This can be done by strategic reductions in setbacks, parking requirements or increased number of units to 150% of all, if meeting the affordable housing goal.

**B** Create redevelopment incentives that include affordable housing set-asides for rental housing units. Explore the creation of a new affordable housing incentive that is targeted at redevelopment opportunities, to support the creation of new rental units in existing built-up areas. This could be done through an increase in the density bonus, reduction in parking and/or setbacks. Explore the redevelopment of vacant commercial properties for affordable housing.

**C** Encourage the redevelopment of commercial properties to provide affordable housing as a part of mixed-use developments.



▲ Shelton Station includes 20% affordable housing units and is located a short walk to Carr Mill and Downtown Carrboro.



### Goal 3: Diversify and expand a variety of housing options throughout Carrboro using a mixture of affordable housing types.

#### Strategy 3.1: Expand the provision of Accessory Dwelling Units. (ADUs)

**A** Reform ADU standards in the Land Use Ordinance to allow for ADUs on more lots (see Land Use Chapter).

**B** Provide incentives for ADUs that are dedicated as permanently affordable for up to 80% of AMI.

**C** Use best practices to minimize limitations on property owners' ability to use ADUs as a tool to maximize the value of their property and to expand housing opportunities.

#### Strategy 3.2: Support affordable housing options for older adults and persons with different abilities

**A** Identify sites for active adult, age-restricted housing and accessible housing including criteria such as access to transit, sidewalks, neighborhood amenities, access to food, health care and services. Identify sites that are appropriate for affordable housing options for older adults including vacant or underutilized land that is close to amenities and transportation.

**B** Identify funding resources to invest in new or preservation of existing affordable senior housing.

#### Strategy 3.3: Preserve existing mobile home parks and identify possible locations for additional mobile and manufactured housing.

**A** Preserve manufactured home communities to create resident-owned communities, acquisition opportunities, land banking, rehab and repair and creation of an early warning system. Consider factors of age of homes, condition, safety, etc. in evaluating renovation plans.

**B** Minimize resident displacement due to redevelopment through home construction as a part of redevelopment, master planning, and using publicly owned land.

**C** Create a Relocation Assistance Package through proactive engagement with residents, housing search assistance, identification of open lots, financial assistance for relocation, and securing new housing.

#### Strategy 3.4: Assist with acquisition of land for affordable housing.

**A** Identify existing Town-owned lands that can be conveyed to affordable housing developers. Review all Town-owned land not needed for public facilities to determine suitability for affordable housing and determine value of land in consideration of provision of public benefits.

**B** Partner with affordable housing developers to acquire land for development. Use tools that are available to the Town to assist affordable housing developers in securing site control for projects that meet the Comprehensive Plan goals and strategies.

**C** Encourage market-rate developers to team with affordable housing developers. Increase the production of affordable housing by encouraging development teams to meet multiple Town goals for affordable housing, economic sustainability, and opportunities for BIPOC and local developers.



▲ Carolina Spring Senior Apartments is a 124-unit Low-Income Housing Tax Credit (LIHTC) project

## Goal 4: Maintain and improve the quality of Naturally Occurring Affordable Housing (NOAH) and “missing middle” opportunities.

### Strategy 4.1: Preserve existing for-sale naturally occurring housing.

**A** Continue to provide home repair grants to income-eligible and aging-in-place households.

### Strategy 4.2: Reduce erosion of rental housing quality and affordability.

**A** Expand partnerships and investments in Home Trust, WCHA, EMPOWERment and other organizations, and work with property managers/owners to include purchase rehab of rental units to reach lower income levels and as a transition to homeownership or as permanent affordable rental housing.

### Strategy 4.3: Preserve existing affordable rentals such as those with expiring tax credits.

**A** Work with existing rental property owners to determine ways to add additional affordable housing units and what regulatory (e.g. additional allowable density) and/or financial assistance may be needed.

**B** Work with owners of affordable housing developments nearing expiration of affordability restrictions to refinance the property and extend affordability requirements.

**C** Work with other Orange County governments to cost share on staffing for Home Preservation Coalition.

### Strategy 4.4: Preserve and expand opportunities for “missing middle” housing.

**A** Investigate changes to the Land Use Ordinance to establish minimum and maximum density levels in areas with water and sewer service.

**B** Expand housing repair programs for income-eligible households up to 100% AMI to reduce displacement of current households.

### Strategy 4.5: Increase funding to support housing weatherization and preservation, continuing and expanding upon the Weatherization Assistance Program (WAP) to maximize weatherization of low-income homes by 2030.

Program development would include identification of a target number and evaluation of how this initiative intersects with other affordable housing goals and priorities, and funding.

**A** Identify funding to expand weatherization efforts already happening through the Orange County Home Preservation Coalition. Work with other Orange County governments to fund staffing for that program and augment WAP funds so that the Community Action Agency can increase their annual quota for Orange County's and Carrboro's low-income household weatherization work.



▲ Ballentine Neighborhood in the Lake Hogan Farms area developed by Community Home Trust

**Goal 5: Support efforts with Orange County to ensure that all homeless individuals and families have access to safe housing, appropriate services, and a path to permanent housing.**

**Strategy 5.1: Ensure emergency care and shelter is provided when needed.**

**A** Work with the Continuum of Care partners to address the emergency shelter and transitional housing needs of homeless individuals and families. Identify opportunities among local organizations and housing resources to provide related services to homeless households for both emergency and long-term assistance.

**Strategy 5.2: Help extremely low-income households and people experiencing homelessness transition to permanent affordable housing.**

*Note: Public comments suggested using the term “unsheltered” instead of “homeless.” For this document, “homeless” was used for consistency with Orange County’s terminology and programs.*

**A** Help those experiencing homelessness (especially people and families experiencing chronic homelessness; families with children; veterans and their families; and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again.

**Strategy 5.3: Prevent homelessness.**

**A** Assist the County in identifying housing units and removing barriers to low-income individuals and families to avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

**Continuum of Care | U.S. Department of Housing and Urban Development (HUD)**

The Continuum of Care (CoC) Program is designed to promote communitywide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and State and local governments to quickly rehouse homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.



## Goal 6: Expand resources targeted to affordable housing.

### Strategy 6.1: Continue to invest in the Affordable Housing Fund.

**A** Provide annual reports on the impact of the Affordable Housing Fund. Continue to provide annual reports on Affordable Housing Fund investments, including recipients, number of households supported, income level and demographics of households, etc.

**B** Monitor the property tax rate to support the Affordable Housing Fund. Review the affordable housing fund property taxes raised on an annual basis and the impact of the funds.

**C** Develop a campaign to solicit private investments in the Affordable Housing Fund. Create a tax-deductible entity such as a 501 (c)(3) organization or Housing Trust Fund to raise additional private contributions from residents, businesses and foundations targeted to affordable housing.

### Strategy 6.2: Engage the community on the need for affordable housing and explore passage of an Affordable Housing Bond.

**A** Educate the community on the importance of the need and impact of quality, affordable housing.

**B** Determine the programs and projects that could be supported through an Affordable Housing Bond. Conduct community outreach regarding the needs and possible projects. Ensure that a housing bond is designed to benefit and not place additional burden on low and moderate income households

**C** Based on public support, place the Affordable Housing Bond referendum on the ballot.

### Strategy 6.3: Pursue state and federal housing grants and programs.

**A** Pursue grant programs that meet the Town's priorities. Continue to pursue state, federal, foundation and corporate housing funds consistent with the Town's goals.

**B** Advocate for greater affordable housing resources at the state and federal level. Work with North Carolina League of Municipalities to advocate for additional affordable housing resources from down payment assistance to upgrading public housing to new construction and rehabilitation programs.

## Goal 7: Reduce utility expenses for all homes.

### Strategy 7.1 Find ways to provide free broadband by using the town's expanding broadband network.

**A** Determine whether agreements can be made with providers or if municipal provided broadband can be provided to residences.

### Strategy 7.2 Weatherize all affordable housing by 2030. (See Project 4.5)

**A** Pursue action steps itemized in Strategy 4.5.

### Strategy 7.3 Make photovoltaic installations accessible to low-income housing.

**A** Determine funding sources to expand photovoltaic installations (such as solar panels).

# Related Strategies & Projects in Other Chapters

## Climate Action and Environment

- Increase energy and water conservation in new construction and rehabilitation to reduce costs to homeowners and renters.
- Work with OWASA to provide grants for fixture replacement to income-eligible households.

## Land Use

- Fully evaluate and reduce housing density restrictions to slow the increase of housing prices and diversify housing stock.
- Preserve and promote the availability of affordable housing near transit.
- Pursue coordinated land use planning for high priority areas.
- Expand the permissibility of Accessory Dwelling Units (ADUs) and tiny homes.
- Explore the creation of an overlay district to preserve mobile home parks.
- Improve the development review process to support the creation of more affordable housing

## Transportation and Mobility

- Reduce negative effects of parking requirements on housing costs and natural resources.