

**CHATHAM COUNTY
AFFORDABLE HOUSING RECOMMENDATIONS**

**A REPORT
to the
CHATHAM COUNTY BOARD OF COMMISSIONERS
from the
CHATHAM COUNTY
AFFORDABLE HOUSING TASK FORCE
JANUARY 2009**

TASK FORCE MEMBERS	
Delores Bailey	Jack Meadows
Michelle Berger	David Monroe
Betsy Cockman	Amy Powell
Bob Eby	Bryson Powell
Lisa Genti	Jeffrey Starkweather
Ben Howell	Jason Sullivan
Sharon LaPalme	Delcenia Turner
Bill Leroy	Tom Vanderbeck
Susan Levy	Randy Voller
Katy McReynolds	Betty Wilson

“True community building must be done not from the outside by the instruction of visiting experts, but from the inside by the ancient rule of neighborliness, by the love of precious things, by the wish to be at home.”

--Wendell Berry

Dedication

This report is dedicated to the memory of our colleague, Sherwin Rodin, whose keen knowledge, fortitude, sense of humanity and formidable integrity contributed greatly to the ongoing efforts of the AHTF to produce this report.

TABLE OF CONTENTS

Topic	Page
Executive Summary	5
Recommendations	7
Associated Costs and Timeframes	9
Findings	11
Appendices:	
1. Definitions and Key Facts	17
2. Values and Principles	19
3. Affordable Housing Manager Tasks	22

EXECUTIVE SUMMARY

OUR CORE VISION is for Chatham County to attain a balanced mix of rental and owner-occupied housing that is safe, decent, and available to residents of all levels of income, regardless of geographic location, age, race, gender, national origin, or disability.

This report is based on the results of an April 2008 update of the “Chatham County Housing Needs Assessment” performed by The Wooten Company, and an extensive study of affordable housing projects in the Triangle and other communities. Based on this research, we have organized this report into sections: Recommendations, Values & Principles, and Findings.

We have a serious shortage of affordable housing in the Chatham County. Between 2002 and 2007, the price of new homes in Chatham County increased at a much higher rate than average family income, resulting in a 27% increase in the need for affordable housing during this time period. Setting aside the predicted population explosion still ahead of us, we already have a documented need for:

- 850 additional units of owner-occupied, affordable homes
- more than 900 units of affordable rental homes

And in addition, anecdotal evidence suggests that Chatham County has too many homes, rental and owner-occupied, that are in substandard condition.

We encourage the county to continue to incorporate smart growth development practices in the land use plan, land use ordinances and related regulations to: guide new development away from rural areas and into existing towns and communities; position proposed high density communities along major transportation routes; and promote infill and location of residences where existing or new infrastructure, transportation, schools, commercial development and other public services are located. These measures will facilitate the development of affordable housing.

Our nine recommendations are:

1. Establish an Affordable Housing Advisory Board (to replace the existing Task Force) which would: recommend the best structure to oversee, operate and fund affordable housing projects and programs; explore creation of a county housing trust fund; and advise the county on matters relating to affordable housing.
2. **a.** Require 10% minimum affordable housing as part of any approval of new (or when legally possible, modified) residential or mixed use developments.
b. Establish a Work Group (The Set-Aside Task Force) to develop effective enforcement mechanisms for a 10% minimum affordable housing requirement. Output should include an inclusionary zoning ordinance, a density bonus system, a “payment in lieu” system, and other incentives between government and private developers.
3. Hire a professional affordable housing manager to coordinate affordable housing functions, as described in Appendix 3.
4. Explore countywide zoning so that a mandatory affordable housing requirement can be fairly applied, and to encourage development within development centers.

5. Put a formal intergovernmental agreement in place to work in partnership with the county and town governments in: adopting values and principles; developing policy options; and continuing to identify problems and solutions related to addressing affordable housing needs.
6. Form a cross-jurisdictional council of local governments to foster a comprehensive affordable housing strategy and a commitment to implementation.
7. Establish a program to ensure that affordable rental units are developed and preserved.
8. Adopt countywide housing code and enforcement regulations to preserve existing rental and homeownership stock. Encourage municipalities that do not have such a program to support and adopt a housing code enforcement program.
9. Establish incentives for new subdivisions to encourage mixed types of energy-efficient housing and design to reduce maintenance and living costs in mixed use communities.

As the County's Affordable Housing program starts up, we recommend allocating \$75K (\$60K for a new affordable housing professional and \$15K for out-of-pocket expenses) in the fiscal year 2010 budget. This will fund the above nine items.

RECOMMENDATIONS

The Affordable Housing Task Force respectfully submits this affordable housing goal, which is supported by the nine recommendations that follow:

GOAL: Lead an effort to meet the existing and future demand for sustainable, affordable housing for homeownership, rental, and rehabilitation by 2020.¹

Below is a list of broadly stated organizational and policy recommendations to encourage the provision of affordable housing for homeownership and rental. The general consensus of the Task Force is that both higher density zoning and infrastructure availability will be required to supply a balanced number and mix of affordable housing units on an on-going basis in designated locations within the county at the least possible cost. Further, an updated countywide land use plan and some form of zoning will be needed to determine the appropriate housing locations and infrastructure sizing and distribution. A staff person dedicated to affordable housing is needed to move these recommendations forward.

1. Establish an Affordable Housing Advisory Board (to replace the Affordable Housing Task Force) to work with affordable housing staff to: a) serve initially as the work group in #2b below; b) develop a strategic plan for affordable housing; c) explore formation of a county housing trust fund to supply a dedicated source of funding for affordable housing; d) recommend the best structure to oversee, operate and fund affordable housing projects and programs within the county, such as a public/private Community/Housing Development Corporation or a Land Trust. The Task Force will provide suggestions for Advisory Board configuration and membership. *Begin action: S; Complete action: S.*²

2 a. Require 10% minimum affordable housing as a part of any approval of new (or when legally possible, modified) residential or mixed use developments. *Begin action: S; Complete action: S.*

b. Establish a work group (The Set-Aside Task Force) to develop effective enforcement mechanisms for the 10% minimum affordable housing requirement. Within one year, the Task Force would, at a minimum, prepare: i) an inclusionary zoning ordinance, incorporating research on the best development conditions for inclusionary zoning; ii) a density bonus system; iii) a related trade-off system between government and private developers; and iv) a “payment in lieu” system. *Begin action: S; Complete action: S.*

¹ The current (2007) affordable housing needs include 854 units for homeownership countywide; and 560+ rental units in Pittsboro. We have 471 applicants on the HUD Section 8 Rental Assistance Waiting List for Chatham County. Analysis in the Housing Needs Study indicates that demand for affordable homeownership opportunity has increased from 2002 to 2007 by 27% over the 5 year span, or 4.9% per year. Based on this rate, we can predict an increased demand of 86% or 734 additional homeownership opportunities (for a total of 1,588) by 2020.

² Each recommendation includes a timeframe for action: S=short term, within 18 months; M=medium term, 18 to 36 months; L=long term, more than 36 months.

3. Hire an affordable housing professional within the new county office of Sustainable Development to coordinate affordable housing functions as detailed in the list of tasks found in Attachment A. *Begin action: S; Complete action: S.*
4. Support countywide zoning so that affordable housing requirements can be fairly applied, and to encourage development within development centers. *Begin action: S; Complete action: S.*
5. Put a formal intergovernmental agreement in place to work in partnership with the county and town governments in: adopting values and principles; developing policy options; and continuing to identify problems and solutions related to addressing affordable housing needs. *Begin action: S; Complete action: S.*
6. Form a cross-jurisdictional council of local governments to foster official county and municipal adoption (through a memorandum of understanding, for example) of a comprehensive affordable housing strategy, including coordinated development of a “universal” housing code and enforcement regulations as well as inclusionary zoning efforts. The UNC Law Clinic will research best practices for formation of such a group. *Begin action: M; Complete action: M.*
7. Establish a program to ensure that affordable rental units are developed and preserved. *Begin action: S; Complete action: ongoing.*
8. Adopt a housing code and enforcement regulations to preserve rental and homeownership stock through rehabilitation. This measure is critical to maintaining the county’s existing stock of affordable housing, the most affordable option for many Chatham County residents. Work with municipalities to achieve housing code adoption and enforcement in all jurisdictions. *Begin action: M; Complete action: M.*
9. Support the utilization of a subdivision scorecard or review process and/or offer a density bonus, expedited permitting and possible fee waivers for mixed use, mixed income and mixed housing type developments that promote energy-efficient homes and designs, including universal design features, to reduce maintenance and living costs. *Begin action: S; Complete action: M.*

Table 1.
Chatham County Affordable Housing Task Force
Estimate of Costs and Timeframe for Implementation

Recommendation	Associated Costs	Timeframe For Implementation³
1. Establish an Affordable Housing Advisory Board (to replace the Affordable Housing Task Force) to work with affordable housing staff	Out of pocket expenses: \$15,000 for facilitator, outside consultant, and supplies.	<i>Begin action: S; Complete action: S</i>
2a. Require 10% minimum affordable housing for approval of new (or when legally possible, modified) residential or mixed use developments.	The ongoing costs of oversight and plan review for compliance	<i>Begin action: S; Complete action: S</i>
2b. Establish a work group (The Set-Aside Task Force) to develop effective enforcement mechanisms for the 10% minimum affordable housing requirement.	Included in recommendation #1	<i>Begin action: S; Complete action: S</i>
3. Hire a designated professional affordable housing manager to coordinate affordable housing functions	Masters degree; 5 years relevant experience; Starting compensation: \$60,000 annual	<i>Begin action: S; Complete action: S</i>
4. Support countywide zoning so that affordable housing requirements can be fairly applied, and to encourage development within development centers.	Additional staff time to rezone the county; ongoing costs of the county being zoned and handling enforcement;	<i>Begin action: S; Complete action: S</i>
5. Put a formal intergovernmental agreement in place to work in partnership	Additional staff time.	<i>Begin action: S; Complete action: S</i>

³ Each recommendation includes a timeframe for action: S=short term, within 18 months; M=medium term, 18 to 36 months; L=long term, more than 36 months.

with the county and town governments in: adopting values and principles; developing policy options; and continuing to identify problems and solutions related to addressing affordable housing need		
6. Form a cross-jurisdictional council of local governments to foster official county and municipal adoption of a comprehensive affordable housing strategy	Additional staff time;	<i>Begin action: M; Complete action: M</i>
7. Establish a program to ensure that affordable rental units are developed and preserved.	Included in # 1 above.	<i>Begin action: S; Complete action: ongoing</i>
8. Adopt a housing code and enforcement regulations to preserve rental and homeownership stock through rehabilitation.	Additional staff time; Hire inspectors for enforcement – total compensation per inspector \$50,000.	<i>Begin action: M; Complete action: M</i>
9. Support the utilization of a subdivision scorecard or review process and/or offer a density bonus, expedited permitting and possible fee waivers for mixed use, mixed income and mixed housing type developments.	Additional staff time	<i>Begin action: S; Complete action: M</i>

FINDINGS

1. Our society has a persistent and serious misconception of the term “affordable housing.” For some in Chatham County “affordable housing” has become synonymous with “public housing” or “housing for the poor.” This misconception has adversely affected the ability to encourage such housing in the county. Currently in Chatham County 42% of the households qualify for affordable housing under HUD guidelines.

- The general public perceives all forms of affordable housing as one and the same, i.e. to house the poor. People tend to stereotype affordable housing, using the term interchangeably with public housing.
- For the 62% of Chatham County families earning \$60,000 or less per year, housing purchase options are extremely limited. No housing in the county is in development for the 29 percent of families earning below \$30,000 a year.⁴
- Affordable housing is workforce housing. Most teachers, firefighters, fire inspectors and entry level police or deputy sheriffs working in the county have lost housing purchase power; that is, housing price appreciation outpaced wage increases, creating a decrease in the quantity and quality of homes available to first-time homebuyers.⁵
- The needs assessment update concluded that up to 854 households in Chatham County would likely purchase homes if they were available and affordable.⁶ This indicates a shortage of housing for the typical worker employed in the county.
- Under current HUD guidelines for Chatham County, a family of four earning \$49,680 would be able to afford a home costing up to \$ 164,000, or pay about \$1,150 per month in rent.
- With the median home sales price increasing 15.5% from \$246,000 to \$285,500 between 2005 and 2007, and nearly 80% of homes selling for more than \$200,000 from 2006-2007, the demand for affordable workforce housing is pervasive.⁷

2. Conventional development in Chatham County under current conditions and as authorized by existing ordinances can be inefficient and costly. It encourages patterns of scattered development and, as explained in the Chatham County Housing Needs Assessment Update (hereafter the “Housing Needs Study”), discourages the development of affordable housing.⁸

- Changing demographics, rising transportation and energy costs, rising public infrastructure needs and other social service requirements are shaping the county’s growth pattern in a way that generally discourages sound sustainable development and specifically discourages the production of affordable housing. Local developers and real estate interests appear stuck in the old housing paradigm of large lot, single-family, owner-occupied housing developments. Because it is a higher growth area, eastern Chatham County has the most acute shortage of affordable workforce housing.

⁴ Housing Needs Study, page 2.

⁵ Housing Needs Study, pages 28-31.

⁶ Housing Needs Study, pages 34, 60-61.

⁷ Housing Needs Study, page 18.

⁸ Housing Needs Study, pages 12-13.

- Regulatory obstacles to affordable housing outlined in the Housing Needs Study include: large minimum lot area requirements, segregation of housing types and densities, limited integration of housing with commercial uses, limited use of inclusionary zoning requirements, restrictions that limit flexible lot sizes and mixed housing to large-scale planned developments, additional HOA maintenance costs related to required amenities, limitations and segregation of group residential uses, and minimum housing code enforcement required to maintain (not improve) the condition of the existing housing stock.
- Also lacking are thoughtfully located, well-planned, mixed-use, mixed-income communities where residents are within walking distance to development centers and with nearby jobs and retail. An affordable housing element is noticeably absent from new residential communities. This is particularly apparent in Eastern Chatham where large, high-end residential communities have been built, with the exception of Briar Chapel, which was approved under a compact communities ordinance. Many of new residential developments include numerous recreational and neighborhood amenities that add to the cost of homeowners association dues and increase the cost of living in those new communities.

3. Chatham County and its municipalities have limited zoning, subdivision and other land use regulation tools that provide flexibility and incentives for the private market to include affordable housing, mixed-use development, and integrated housing.⁹

- Some current zoning and subdivision regulations encourage large lot sizes and contain other regulatory barriers.¹⁰
- About half of the county is not zoned, but the entire county remains subject to the county's subdivision regulations which require either 1.5 acres or 0.92-acre minimum lot sizes.¹¹ There is no reduced minimum lot size for lots with access to public water and wastewater services, which makes it difficult for developers to construct housing with sufficient density to permit affordability.¹² There are no designated centers for this sort of higher-density development.
- Few zoning tools and related regulations are available to private market developers to encourage greater density and affordable housing as well as other desired economic development and amenity objectives.¹³
- The "Compact Communities Ordinance" is currently the only tool thus far applied to encourage a private developer to address affordable housing within a development as well as in the wider community.¹⁴

4. Growth, development and suburbanization has led to an increase in the cost of land and a lack of housing that is affordable to the 62% of households in the county with incomes at or below the county median.¹⁵

⁹ Housing Needs Study, pages 35-37.

¹⁰ Housing Needs Study, pages 12-13.

¹¹ Housing Needs Study, page 10.

¹² Housing Needs Study, page 10.

¹³ Housing Needs Study, pages 36-37.

¹⁴ Housing Needs Study, page 36.

- Chatham County’s proximity to growing employment centers such as UNC and the Triangle (Research Triangle or Raleigh-Durham-Chapel Hill area?) has increased demand for housing in the county and resulted in higher housing values, but may have stabilized a bit due to the nationwide economic impact on home sales.¹⁶
- Housing demand is a product of the consistent county population growth since the early to mid-1990s. Some of this growth can be attributed to the attraction of purchasing upscale homes in new Chatham County developments at a lower price than comparable homes in Wake, Durham and Orange counties. We also have experienced an influx of wealthy seniors retiring to upscale retirement communities in Chatham County. The median sales price of homes grew 62 percent between 2002 and 2007 from \$176,000 to \$285,500.
- Without comprehensive land use planning in the past 10-15 years, residential developers followed the market and located projects in more remote, less expensive rural areas, which has increased land values. These new developments located in areas with forests, open farmland and other natural habitats that should be protected to preserve the rural character of the county.
- The direct and indirect public/social costs of sprawling high-end, high-priced single-family residential communities throughout the rural areas of the county are significantly higher than the costs of smart growth concepts. Increasingly, those working in the county will be forced to find housing outside the county. This reduces the local labor force for employers, increases traffic congestion, and increases to commuters’ transportation costs.
- Higher transportation costs for working families in rural areas has an indirect affect on how much income they can allocate to housing. Higher housing and transportation costs reduce disposable income which could be spent supporting local establishments. The unprecedented rise in fuel costs exacerbated this problem.
- The county and towns have imposed recreation and school impact fees and other utility hook up charges to pay for new infrastructure, schools, recreation and other services, which meet demands that are at least partially generated by new residential developments. These fees and charges add to the high cost of land and discourage the production of affordable housing.

5. Wages for county residents have not kept pace with increased house prices and other related expenses, such as transportation. As stated in the “facts section” on page 1, housing prices have appreciated faster than wages.

- The number of homes available to workforce buyers is limited as are their choices related to housing size, location, and amenities.¹⁷
- Affordable housing in the county is not located near employment and retail centers, which increases working families’ transportation costs. As previously mentioned, the unprecedented high cost of fuel has placed an added financial burden on families along with reduced housing purchase power.

¹⁵ Housing Needs Study, pages 17-19 and 28-33.

¹⁶ Housing Needs Study, pages 16-17.

¹⁷ Housing Needs Study, page 31.

6. With respect to the core vision of the Affordable Housing Task Force, successful economic development requires a mix of centrally located affordable housing for home ownership as well as for rent. Similar developments do not exist elsewhere in Chatham County.

- Economic sustainability focuses on improving the quality of life of all residents so that economic assets for future generations are enhanced.
- Smart growth development, in contrast to geographically dispersed large lot development (and its higher transportation costs), is more likely to promote the type of economic development that produces affordable housing. Current sprawling development patterns in rural areas may not appear to have a negative impact on the county's ability to attract business and the jobs that follow. However, a more expensive housing market would be less appealing to a company with a workforce of moderate income employees, especially considering the desire of most families to live near their work.
- As defined earlier, sustainable development is a pattern of resource use that aims to meet our economic and social needs in an equitable manner, while preserving and/or enhancing our environmental and economic assets so that these needs can be met not only in the present, but for the indefinite future. High energy costs and limited energy resources have yet to be fully factored in to the county's planning process related to the future locations for infrastructure, affordable housing, shopping, and employment centers.

7. Affordable housing typically requires higher-density construction, but limited availability of infrastructure, such as water and wastewater disposal, makes it difficult or impossible to build higher-density development in many parts of the county outside municipalities.¹⁸

- A lack of adequate water and wastewater capacity makes higher density development challenging, especially limited public sewer capacity. Without density in targeted growth centers, a sustainable supply of affordable housing is highly unlikely.
- Pittsboro estimates that additional wastewater capacity will not be available for at least three more years.
- This is not just a problem in the towns or economic centers. Many parts of the county also lack sewer systems and will not accommodate higher-density development.

8. Existing older housing is the most affordable option for many residents. The percentage of the current housing stock in Chatham County that is below standard is unknown. The Housing Needs Study suggests that a large number of rental units (including mobile homes) require updates and repairs.¹⁹

¹⁸ Housing Needs Study, page 14-15.

¹⁹ Housing Needs Study, 22-23. Anecdotal information from consumer interviews conducted as a part of the study suggests that much of the available rental housing in the county consists of mobile homes and older single-family homes in need of updates and repairs. See Housing Needs Study, page 41.

- Virtually all of the older housing stock built prior to the county's building code's adoption in 1985 is not energy efficient, increasing the cost of heating and maintaining these homes. This further erodes the purchasing power and disposable income of working families.
- Of the towns, only Siler City has a minimum housing code; other jurisdictions should adopt a minimum housing code.

9. Chatham County has an insufficient supply of rental housing, both subsidized and market rate.

- Chatham County has a shortage of subsidized and market rate rental housing which is in high demand. The need is particularly acute in Pittsboro. As stated earlier, an independent market study commissioned for a rental development in Pittsboro, presented in April 2007 but not approved, indicated a demand for more than 560 apartments.
- Out of the 14 rental communities in the county, nine have waiting lists of credit-worthy applicants.
- The Section 8 Rental Assistance Program is over-burdened. As of the date of the Housing Needs Study, 471 families were on the Section 8 waiting list.²⁰

10. Chatham County needs sustainable financial resources to support affordable housing programs and initiatives.

- Since 1999 Chatham County has supported affordable housing development by reimbursing the educational impact fee paid by non-profit affordable housing developers. In addition, Chatham Habitat for Humanity has received support for the last nine years through the county's annual budget, and Chatham County matched a \$750,000 challenge grant awarded to Chatham Habitat for Humanity in 2006. This Task Force has received financial support from the county to implement the Housing Needs Study, and for meeting facilitation to prepare these recommendations, as well as in-kind staff time.
- Obviously, significant strides have been made to support affordable housing concerns, but the county currently does not have a mechanism to provide sustainable sources of funding to encourage development and oversee the administration of affordable housing.
- Universal regulations applicable to the entire county have yet to be established to encourage mixed-income development.²¹
- The county has yet to take full advantage of available funding for affordable housing through the federal and state government as well as private foundations. The county has not designated an agency to develop relationships with the various federal, state and local organizations involved with affordable housing.
- Increasing town and county impact fees may offset the positive cash effect of available state and federal funding on affordable housing developments.
- The current national mortgage crisis will make it more difficult than ever for residents who need financing to purchase affordable housing or to upgrade current housing

²⁰ Housing Needs Study, pages 21 & 36.

²¹ Housing Needs Study, page 12.

stock. The crisis has not only affected the availability of mortgages, it also has reduced down payment assistance and resulted in more stringent credit requirements.

11. Chatham County lacks an organizational structure (neither governmental nor private) to advocate for, coordinate, and administer affordable housing programs and projects.

- The County does not have an organizational structure in place to directly address affordable housing concerns.
- Currently, we have no entity to oversee the implementation of a countywide housing strategy, or to monitor and evaluate the programs, projects and strategies once implemented.

12. We lack consensus or agreement among leadership within the county and towns on the solutions needed to address affordable housing.

- We need a formal intergovernmental mechanism in place to work in partnership with the county and town governments in: adopting values and principles; developing policy options; and continuing to identify problems and solutions related to addressing affordable housing needs.

APPENDIX 1: DEFINITIONS AND KEY FACTS

Definitions:

Affordable housing²² is defined by the Task Force as housing available for occupancy for:

- homeownership by target households whose mortgage expense (including principal, interest, taxes, and insurance) does not exceed 30% of the base, unadjusted income limits as established by HUD; or
- rent by target households whose unadjusted income allocated for housing does not exceed 30% of the base, unadjusted income limits as established by HUD.

Target households are persons or households whose annual gross income does not exceed 80% of the area's median household income for persons or households, as defined by HUD income limits for the Durham-Orange-Chatham HMFA. *In the case of homeownership*, eligible households will be limited to first-time homebuyers who have lived or worked in Chatham County for at least one year. When county-subsidized units are sold, the duly designated agency will be responsible for collecting all pertinent eligibility information and documentation from the eligible household. This includes, but is not limited to, the following: 1) verification of income; 2) verification that the applicant has lived or worked in Chatham County for one year; 3) certificate of participation in a Homebuyer's Education class led by a Certified Housing Counselor; 4) and verification of participation in one-on-one counseling sessions.

- Median Family Income for Durham-Orange-Chatham HMFA (HUD Metro Fair Market Rent Area) for FY2008: \$62,100.

Inclusionary zoning

“Inclusionary zoning and its correlative, inclusionary housing are the terms used to describe a wide variety of set-aside techniques used by local governments that link the construction of low- and moderate-income affordable housing to the construction of housing for the marketplace. Under an inclusionary zoning program, affordable housing is constructed and integrated into more expensive housing developments, thereby becoming an integral part of the overall residential development of a community. Simply put, inclusionary zoning encourages or requires

²² The HUD definitions have been applied in the examples below to show income eligibility for a household in Chatham County looking for an affordable residence to buy* or to rent in 2008:
-- At 80% of median family income, a household of four people can earn up to \$49,680 and remain eligible. A buyer with this income could purchase a house for sale up to \$164,000; or they could rent a home for up to \$1,150 per month, including utilities and insurance.
-- At 65% of median family income, a household of four people can earn up to \$40,365 per year. A buyer at this income could purchase a house for sale up to \$130,000; or they could rent a home for up to \$917 per month, excluding utilities and insurance.
-- At 50% of median family income, a household of four people can earn up to \$31,500 to qualify to purchase a house for sale up to \$97,000, or they can rent a home for up to \$685 per month.

*5.75% interest rate for 20 year term and no down payment

developers (as a condition of permit approval) to include some portion (the set-aside) of affordable housing in new market-rate housing developments. The principal objectives of inclusionary zoning are to increase the supply of affordable housing in a community and to do so in a manner that fosters greater economic and racial integration. Affordable housing is housing priced so that households can afford to purchase or rent without paying more than approximately thirty percent of their income.”²³

Key Facts:

Below are key facts from the Affordable Housing Needs Assessment Update²⁴ (April 2008) and other resources used by the Task Force in the developing our findings.

The need for affordable housing for low and moderate income households grew by 27% between 2002 and 2007 in Chatham County. The Housing Needs Study included an analysis based on several volatile and highly fluid housing market variables, which concluded that the overall need for affordable owner-occupied housing grew from 672 units in 2002 to 854 units in 2007.

- Housing prices have appreciated faster than wages: housing values in the county grew by 62% between 2002 and 2007, while incomes grew by only 31% in this period.
- Between 2002 and 2006, house purchasing power decreased by 16%.
- Between 2002 and 2007, the average building permit value increased by 32%.
- Between 2006 and 2007, 79% of all houses sold for \$200,000 and over; 145 housing units sold for less than \$150,000, and only 15 sold for under \$100,000.
- Between 2002 and 2007 4,600 building permits were issued; 1,055 were built and sold, while 3,545 units remain permitted.
- In the last five years, building permits were issued for 152 rental units.

An independent market study, commissioned by a developer seeking approval for a project in Pittsboro in April 2007, indicated a shortage of more than 560 apartments.²⁵

Triangle J Council of Governments²⁶ estimates that between 2005 and 2035 northeastern Chatham County will grow by 119,000 residents or 347%.

- During this same time period, Pittsboro is projected to grow by 60,000 people.
- In addition, jobs are projected to grow by 107%.

²³Schofield, J. Hunter and Brown-Graham, Anita R. (2004). “Overview of Inclusionary Zoning.” In *Locally Initiated Inclusionary Zoning Programs: A Guide for Local Governments in North Carolina and Beyond*. Ed. Anita R. Brown Graham, Institute of Government at the University of North Carolina Chapel Hill, page 3.

²⁴ Wooten Company, *Chatham County Housing Needs Assessment Update* (April 4, 2008) (hereinafter “Housing Needs Study”), iv, pages 34 & 60.

²⁵ Downtown Housing Improvement Corporation report, April 2007.

²⁶ The Triangle J Long Range Transportation Plan, Socio-Economic Projections 2005 and 2035.

APPENDIX 2: VALUES AND PRINCIPLES

Core Vision

Our core vision is for Chatham County to attain a balanced mix of rental and owner-occupied housing that is safe, decent, and available to residents of all levels of income, regardless of geographic location, age, race, gender, national origin, or disability.

A. COMPREHENSIVE PLANNING:

Housing is a key infrastructure element for economic development and an important priority for local government in developing the assets needed to retain, attract and grow businesses that pay living wages.

Affordable housing must be part of a comprehensive land use, infrastructure, and economic development plan for the county and towns to promote smart growth²⁷ and sustainable development²⁸, as stated in the Chatham County Land Use and Development Plan. A comprehensive plan must guide development and related approval decisions, such as inclusionary zoning, if possible.

To preserve the rural character²⁹ of the county and protect its environmental resources, residential development that includes affordable housing, along with commercial and business development, must be concentrated in designated economic development centers and high-density residential developments. In so doing, housing is located near jobs, retail and services, and transportation.

²⁷ **Smart growth** is a regional planning and transportation theory that concentrates growth in existing communities and cities, avoiding sprawl in favor of compact, transit-oriented, walkable, bike-friendly land use. It includes mixed-use development with a range of housing choices. Smart growth promotes protection of farmland and natural areas, such as forests and waterways, and encourages the development of outdoor recreation amenities to improve quality of life and promote sustainable economic development. Residents of sprawling urban or suburban neighborhoods tend to live in single-family homes and commute by automobile to work, which increases family costs. Low population density is an indicator for sprawl. Chatham County's Land Use and Conservation Plan is based on smart growth concepts.

²⁸ **Sustainable development** is a pattern of resource use that aims to meet our human economic and social needs in an equitable manner while preserving and/or enhancing our environmental and economic assets so that these needs can be met not only in the present, but for the indefinite future. Environmental sustainability requires that human activity only use nature's resources at a rate at which they can be replenished naturally. Economic sustainability focuses on improving the quality of life for all residents in a way that enhances economic assets for future generations. Social sustainability promotes equity, social interaction and cultural enrichment.

²⁹ Because there can be an interpretation of rural character that connotes segregation and that is not what we intend, we refer to the Chatham County Land Use Plan's for our definition of **rural character**: "*the combination of natural and built features that portray the traditional form and preserve the traditional function of the rural landscape. In Chatham County, rural character is manifested in a backdrop of forests and fields, dotted with natural features such as creeks and hills and structures such as barns, silos, churches, poultry houses, general stores, and craft studios. These physical features support traditional rural activities such as farming, lumbering, craft making, and outdoor recreation that have been practiced for generations in the county. Homes in rural areas are either scattered at low densities or clustered together in small communities surrounded by open space.*"

B. COMMUNITY DESIGN

Sustainable, walkable compact communities with employment centers, parks, and connections to public transportation will help promote the type of mixed use communities that are practical, affordable and can attain broad public acceptance.

Integrated, diverse communities that are inclusive, not exclusive, and that provide housing for the local workforce are critical to the long-term sustainability of the county. Communities with a wide price range of rental units will attract residents who can work, shop, and recreate where they live as well as those who can use public transit for their commute.

Communities that incorporate energy conservation, including a reduction in transportation costs to residents, such as LEED-ND standards³⁰, are central to smart growth development.

C. HOME DESIGN

Housing units must :1) be energy efficient with low operating costs; 2) be designed to garner wide public acceptance, and; 3) include provisions for long-term affordability and long-term maintenance. Community-based housing that promotes universal design³¹ to accommodate persons with disabilities and seniors is critical to a vision of integration and inclusion.

³⁰ **LEED-ND** - The LEED for Neighborhood Development Rating System integrates the principles of smart growth, urbanism and green building into the first national system for neighborhood design. LEED certification provides independent, third-party verification that a development's location and design meet accepted high levels of environmentally responsible, sustainable development. LEED-ND is a collaboration among U.S. Green Building Council, the Congress for the New Urbanism and the Natural Resources Defense Council. Such communities are normally locations that are within or close to existing town and city centers, areas with good transit access, infill sites, previously developed sites and/or sites adjacent to existing development.

³¹ **Universal design** is an approach to the design of all products and environments to be as usable as possible by as many people as possible regardless of age, ability, or situation. Universal design accommodates people with disabilities, older people, children, and others who are non-average in a way that is not stigmatizing and benefits all users. Designing for a broad range of users from the outset can increase usability without significantly increasing its cost. It results in easier use for everyone and it reduces the need for design modifications later when abilities or circumstances change (e.g. aging in place).

D. SHARED PUBLIC/PRIVATE RESPONSIBILITY

Mutual cooperation among developers and local government promotes shared responsibility and public-private partnerships for affordable housing. , The public sector should consider the objectives of the developers, just as the developers should be willing and active partners in creating affordable housing.

E. STATE/LOCAL GOVERNMENT ROLE IN AFFORDABLE HOUSING

Affordable housing is a community need that affects the quality of life and economic vitality of all parts of the county. Local government plays a significant role in shaping the design and location of affordable housing through establishing policy, structure and procedure.

It is essential to have coordination and cooperation of all public and private stakeholders in implementing a countywide affordable housing plan which should have uniform requirements and incentives for affordable housing.. Any governmental or public-private administrative mechanisms created to implement the countywide affordable housing plan must be sustainable, flexible and cost-effective.

It is also essential to work cooperatively with state administrative and legislative officials in creating innovative strategies which maximize the resources, authority and flexibility of local government to address local affordable housing needs.

F. RENTAL HOUSING:

In addressing affordable housing, we must give as much emphasis to rental housing as we do to homeownership. Many people may not be able to afford or be willing to purchase a home due to financial status, social and family circumstances, personal preference or life stage.

G. UPGRADE & PRESERVATION OF CURRENT STOCK OF HOUSING:

Our goal is to provide safe, decent and affordable housing opportunities for all residents.. Upgrading and preserving current housing stock to 21st century standards, including energy efficiency, is an important priority for any future housing strategy adopted by the county.

APPENDIX 3: AFFORDABLE HOUSING PROFESSIONAL TASKS

The Affordable Housing Professional is responsible for overseeing the 10 Affordable Housing Task Force recommendations in conjunction with county staff, municipal staff, the affordable housing advisory board, and other local and regional resources. The Affordable Housing Professional will be Masters prepared and have 3 – 5 years experience in affordable housing, urban and regional planning, or related field. A list of tasks that characterize the position follows:

Affordable housing administration:

Serve as staff liaison for the Set Aside Task Force and the Affordable Housing Advisory Board

Manage other duties as needed to support county and town-related affordable housing policies, regulations, and initiatives

Administer the County's long-term affordability requirements, and other oversight and administration of resources under the county's jurisdiction.

Actively stay informed about and be involved in initiatives and legislative changes that affect affordable housing, including: supporting changes that enhance affordable housing and challenging initiatives and changes that detract from the provision of affordable housing.

Funding and Resources:

More fully access resources and create partnerships for the rehabilitation of current housing stock and rental units

Review all available funding sources, develop a strategy for seeking rehabilitation funds and develop a plan with targets for rehabilitating residences for affordable housing.

Review all affordable housing funds currently available to the county and towns and develop a plan for both utilizing available funds in a manner that is compatible with these recommendations and as a leverage for other funding, public or private.

Aggressively pursue all feasible funding for rehabilitating existing residences from such sources as The Rural Center and N.C. Division of Commerce, with preference to applications for rehabilitation of existing residences within towns or location of rental units in mixed-use communities.

Assist the county in accepting and making voluntary land donations for affordable housing.

Housing Development:

Encourage development of new housing for rental and homeownership.

Provide general assistance on code enforcement and other affordable housing issues to a wide range of agencies, including the Housing Coalition, Economic Development Corporation (EDC), and other groups that are involved affordable housing concerns.

Work closely with the EDC to make affordable housing an important element of the county's economic development strategy and assist in educating and obtaining support of county employers and businesses.

Education:

Develop education initiatives around affordable housing issues, including summits, field trips, and audio-visual materials.

Promote homebuyer education, energy efficiency and other issues that can reduce the cost of living, such as university designs and designs that accommodate disabled persons, aging in place and, successful communities.

Work with the development and real estate communities and employers to increase their knowledge, understanding and support of affordable housing problems, values and principles, and recommendations and policies adopted by the county.