

MINUTES OF A WORK SESSION ON HOUSING ISSUES HELD BY THE MAYOR AND COUNCIL OF THE TOWN OF CHAPEL HILL, MUNICIPAL BUILDING, MONDAY, OCTOBER 6, 1986, 7:30 P.M.

Mayor James C. Wallace called the meeting to order. Council Members present were:

- Julie Andresen
- David Godschalk
- Jonathan Howes
- David Pasquini
- Nancy Preston
- R. D. Smith
- Bill Thorpe
- Arthur Werner

Also present were Town Manager David R. Taylor, Assistant Town Managers Sonna Loewenthal and Ron Secrist, and Planning Director Roger Waldon.

Mayor Wallace recognized several members of the audience who had been invited to attend and participate in the work session. These individuals included: Judson Barrett, Executive Director of the Chapel Hill Housing Authority; Ed Caldwell, N.C. Housing Finance Authority; Watts Hill, Jr., Affordable Housing Task Force; Ruth Mace, Consultant in Housing Programs; Al Mebane, Chair, Human Services Advisory Board; Paul Morris, Affordable Housing Task Force; Biruta Nielson, Interfaith Council; Lane Sarver, Consultant in Housing Programs; Dr. Michael Stegman, Dept. of City and Regional Planning; and Rosemary Waldorf, Chair of Commissioners, Chapel Hill Housing Authority.

Council Member Thorpe asked that all of the members of the Board of Directors of the Housing Authority be recognized.

Manager Taylor said the work session had been scheduled at the request of the Council to consider housing issues facing Chapel Hill. He asked Planning Director Roger Waldon to give the Council an update on the issues.

Mr. Waldon said that on March 3rd the Council had adopted its goals and objectives for Chapel Hill's comprehensive plan, and that one of these goals was the availability of safe, sanitary, decent, well-designed and affordable housing for all citizens. The specific objectives were to ensure that housing met applicable standards; to encourage an adequate supply of decent and affordable housing; and to encourage a full range and mix of residential choices.

In an effort to meet this goal the Town currently has instigated several programs and also has several other issues pending regarding housing. The Town programs include the Community Development Block Grant program; Housing Loan Trust Fund; home-ownership demonstration program and implementation of Federal

regulations to encourage low cost housing. He commented on the status of the four areas in which the Town was currently involved. He said that the area of implementation of regulatory measures to encourage low cost housing was an area in which the Town had not been successful, stating that the regulations as written did not lend themselves toward being used to build affordable housing.

Mr. Waldon said that the pending issues regarding housing in the Town were density bonus provisions; housing rehabilitation programs; community development funding; housing assistance plan; and requests from the Chapel Hill Housing Authority for Town assistance.

Council Members Godschalk and Andresen asked the staff to research the potential for mandatory requirements for affordable housing and if the enabling legislation in North Carolina would allow an inclusionary ordinance.

Council Member Thorpe asked that since the homes built as part of the Home Demonstration Program were on Town-owned land, would there be any problem with the sale or lease of the premises to private citizens? Mr. Waldon replied that as he understood it there would be no problem.

Mayor Wallace suggested and the Council agreed at this point to consider the requests by the Chapel Hill Housing Authority for use of funds for payment in lieu of taxes for maintenance of Housing Authority units, a joint study of the feasibility and desirability of making Chapel Hill's public housing program a function of Town government; and request for interim administrative assistance.

Rosemary Waldorf, speaking as the Chair of the Board of Directors of the Chapel Hill Housing Authority said it was a time for creativity and commitment in low cost housing. She said the Housing Authority requested the rebate of the payments in lieu of taxes (PILOT) for fiscal year 1985 and consider future rebates of payments for fiscal years 1986 and 1987. These funds would be used for maintenance improvements to public housing.

Judson Barrett, Executive Director of the Housing Authority, spoke in support of the Housing Authority's request saying the request was for capital improvements to housing units. He said he did not see the Housing Authority making this type of request of the Council on a regular basis because the request for funds was to finance long term improvements.

Council Member Preston asked where the PILOT funds were placed in the budget and how this request would affect the budget. Manager Taylor responded that the PILOT funds were considered a source of revenue. He commented that the Town had not received the \$25,000 PILOT funds from the Housing Authority last year. He said this year's budget, fiscal year 1986-87, anticipated approximately

\$20,000 in PILOT funds from the Housing Authority. Manager Taylor stated that the Town could manage without the revenue, however the important question was, if the Town decided to refund the Housing Authority, in what manner should it be done. He said there were some technical questions as to how it should be done so as to create the least amount of impact on the Housing Authority's budget with regard to future federal subsidies.

It was the general consensus of the Council that they needed to discuss the Town's relationship with the Housing Authority in light of recent federal cutbacks in funding of housing programs. This discussion should involve considering the policy question of whether or not the Housing Authority should remain a separate entity or become a department of the Town.

Council Member Smith commented that improved maintenance procedures and operations should eliminate some of the problems currently facing the Housing Authority.

Council Member Thorpe pointed out that regardless of whether the Housing Authority became part of the Town's government or remained as a separate entity, federal regulations would determine to a large extent the way in which the funds could be spent.

Council Member Pasquini said the Town should review the Community Development Block Grant funds it would receive as a means of funding the repairs needed by the Housing Authority. He also pointed out that low income housing was a community problem and should be jointly addressed by Chapel Hill, Carrboro, and Orange County.

Ms. Waldorf said that several years ago the Housing Authority had been involved in several different housing programs, but that now it was primarily involved in managing low income housing. She said the Authority also requested that there be a joint study between the Town and the Authority on the feasibility of making Chapel Hill's public housing program a function of Town government.

Council Member Preston asked Dr. Michael Stegman to comment on the changing role of public housing in the country and the Town's potential growing involvement.

Dr. Michael Stegman agreed that there were and continued to be changes in the public housing programs throughout the country as a result of reductions in funding from the federal government. As such it could no longer be assumed that the Housing Authority was meeting the needs for low income housing. He said that the Town needed to study the issue of affordable housing as a whole, low and moderate income housing. He also pointed out that with the use of federal funds, specific rules and regulations had to be met and that the complexity of meeting these rules was an difficult task. He said the Housing Authority was more than just a

collecting agency for rent and that a director was necessary to deal with all the complex issues.

Marie Roberson, representing the Housing Authority Tenant's Organization, commented that the residents were not in favor of the Town taking over the operations of the Housing Authority. She said they felt the Town could not adequately run the housing program as a department within the Town government. Ms. Roberson stated that the tenants felt they would not receive the personal attention to their concerns that they now receive if the Authority were part of Town government. She also questioned whether it were possible for the tenants to have the opportunity to purchase their units.

Council Member Werner asked Dr. Stegman to comment on the possibility of tenant ownership of public housing units.

Dr. Stegman said that this situation had occurred in other areas but only after the bonds were repaid (usually 40 years) and with the agreement from HUD, the Housing Authority and the municipalities involved. He said the proceeds from the sale of these units went toward the development of other units. He pointed out that it would be many years before the bonds for the Town's public housing units were repaid.

Ed Caldwell and Dee Keister spoke on the need for comprehensive housing programs because of growing community needs. Ann Young said it was important that tenants be kept informed of issues affecting public housing.

The Council requested the Manager to review the issues raised, and to present the Council with options and outline of a potential study. They asked that he work with the Housing Authority in gathering the information and developing the outline for a study.

Rosemary Waldorf asked the Council if the Town would provide interim administrative management during the period between the leaving of the current Executive Director and the hiring of a new director. The Council agreed to have the Manager to appoint an interim director to help with the administrative needs of the Housing Authority during the time in which they will be without a director.

Affordable Housing

Council Member Godschalk commented that the definition of affordable housing was influenced by the housing market outside of the corporate limits of Chapel Hill.

The general consensus of the Council was that a definition of affordable housing would mean housing for individuals whose income range from \$15,000 - \$30,000 annually and therefore housing unit costs would range from \$30,000 - \$70,000.

Density Bonus

Roger Waldon said the proposal was to have a program stating if 20% of the units built in a development were earmarked as affordable housing, then there would be a bonus of 35% in floor area. He said there would also be provisions to assure that units sold as affordable housing would remain in this category if resold.

Council Member Smith commented that the density bonus provisions in the Development Ordinance had not worked and that he did not feel this proposal would work. Council Members Howes and Godschalk pointed out that the current density bonus program was applicable only to rental units.

Council Members Preston, Andresen and Werner expressed concern with the 35% bonus in floor area feeling this was too much.

Council Member Andresen suggested that the proposal could also look into the potential for mandatory requirements for affordable housing units in every residential development.

Council Member Preston also suggested the use of changes in the development review schedule to encourage the development of affordable housing.

It was the general consensus of the Council to have the Manager develop proposals involving density bonus provisions, the possibility of inclusionary zoning, and changes in the development review schedule as means of providing affordable housing.

COUNCIL MEMBER PASQUINI MOVED, SECONDED BY COUNCIL MEMBER GODSCHALK TO ADJOURN THE MEETING. THE MOTION PASSED UNANIMOUSLY, (9-0).

The meeting adjourned at 10:10 p.m.

