



## Legislation Text

---

**File #:** 15-0014, **Version:** 1

---

### **TITLE:**

Public Hearing on Land Use Ordinance Amendments Relating to Affordable Housing

**PURPOSE:** The purpose of this item is for the Board of Aldermen to consider amending the Land Use Ordinance relating to affordable housing. A draft ordinance has been prepared. The Board must receive public comments before taking action on the draft ordinance.

**DEPARTMENT:** Planning

**CONTACT INFORMATION:** Christina Moon - 919-918-7325; Patricia McGuire - 919-918-7327;  
Mike Brough - 919-929-3905

**INFORMATION:** Over the last couple of years, the Community Home Trust (CHT) has met with officials and staff of the Town of Carrboro, the Town of Chapel Hill, and Orange County to seek out strategies that would make the home trust model more sustainable. As noted in the memo from Robert Dowling, (Attachment C) one of the primary issues CHT faces is a limited number of lenders who will make loans on CHT homes. The ability to attract other lenders requires that a fee simple interest can be obtained in the event of a foreclosure.

The main concern on the part of lenders relates to the potential for foreclosed homes to have restrictions that could limit their ability to resell. To address this issue, the CHT has asked the towns to amend their affordable housing policies to allow lenders to have a fee simple unrestricted interest in homes. Technically, such a change would create the potential for an affordable home, lost through foreclosure, to be sold at market rate and thereby removed from the affordable housing stock. To date, however, the Community Home Trust has not lost a home to foreclosure; they have been able to purchase properties at risk prior to foreclosure. The benefits of enlarging the number of lenders willing to provide mortgages to Community Home Trust buyers appears to outweigh the potential loss of an affordable unit.

A draft ordinance has been prepared (Attachment B) that, if adopted, would amend Section 15-182.4, Residential Density Bonuses for Affordable Housing. Substantive changes would occur in two areas: 1) a new subsection (g) would be added which would allow properties sold through the Community Home Trust or other non-profit housing providers to agree to financing terms without permanent restrictions for affordability, and 2) subsection (f) would be rewritten to allow the fee simple sale option outlined in (g). The remainder of the text is essentially the same in content but reorganized as subsections (a) through (p).

The draft ordinance was presented to the Planning Board on December 4, 2014 and was referred to Orange County. Comments are provided.

Mr. Dowling's memo includes a second request related to subsidies for homes priced at a level that is affordable to families whose income is above 80 percent and not more than 115 percent of area median income.

A separate agenda item to address this request has been prepared along with a resolution for the Board's consideration.

**FISCAL & STAFF IMPACT:** Minimal staff time associated with adoption of this amendment. No other fiscal impact is noted.

**RECOMMENDATION:** Staff recommends that the Board of Aldermen consider the resolution finding consistency, and the draft ordinance provided in the attachments.