



## Legislation Text

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**File #:** 14-0331, **Version:** 1

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### **TITLE:**

Request-to-set a 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 setting a public hearing on potential text amendments to the Land Use Ordinance relating to affordable housing. A draft ordinance has been prepared for the Board's consideration. A resolution setting a hearing date for January 27, 2015 has also been prepared. Advisory board review would be needed prior to the public hearing.

**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. Among the issues identified is expanding the number of lenders who will make loans on CHT homes. As noted in the attached memo from Robert Dowling, the ability to attract other lenders requires that a fee simple interest can be obtained in the event of a foreclosure (Attachment B).

The challenge of finding lenders for the Community Home Trust buyers, however, remains. 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 Community Home Trust has asked the towns to amend their affordable housing policies to allow homes sold through their program to have a fee simple mortgage. 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 C) that, if adopted, 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. The substantive change to the LUO is found in the new subsection 15-182.4 (g). The remainder of the text is renumbered, with very minor changes to reflect the new numbering system but essentially the same in content. The Board of Aldermen must receive public comment before adopting amendments to the LUO; Planning Board and Orange County review is also needed. Staff has identified other advisory boards in the resolution template that the Board may wish to refer the draft ordinance to as well.

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. The request is under review and staff expects to provide a report on a Town response in a later agenda item.

**FISCAL & STAFF IMPACT:** Public hearings involve staff and public notice costs associated with advisory board and Board of Aldermen review.

**RECOMMENDATION:** Staff recommends that the Board of Aldermen consider the attached resolution (Attachment A), setting a public hearing for January 27, 2015 and referring the proposed amendment to the Planning Board and other Town advisory boards for recommendations and to Orange County for review.