



Orange County Affordable Housing Coalition

May 10, 2021

Dear Mayor Hemminger, Town Council, and Housing Advisory Board (cc Town Manager Jones),

On behalf of the Orange County Affordable Housing Coalition (OCAHC), we are writing as a follow-up to our letter from April 13, 2021 expressing our support for the AURA Chapel Hill development located at 1000 Martin Luther King Jr. Blvd. As the proposal evolves, we continue to support the project due to our belief that compact development of housing along transit corridors is essential for providing market rate and affordable housing *provided changes are made to AURA's most recent affordable housing plan*.

We know that you have reviewed several AURA concepts for affordable housing provision, as have we; to the best of our knowledge the current proposal being floated by the developer includes:

- 15 percent of the 361 apartment units to be offered as affordable units for those earning 65 and 80 percent of the Area Median Income (AMI), with half in each category; and
- financially sponsoring five (5) units in Habitat for Humanity's Weavers Grove project approximately three miles away at Sunrise Road in Chapel Hill.

Although we appreciate the need for creative solutions to providing affordable housing while maintaining financial viability for AURA, we ultimately do not support the off-site housing proposal. The coalition urges the HAB and Town Council to insist upon on-site for sale affordable units within the AURA development. We support reasonable design changes, such as reducing the size of the affordable units compared to the larger market rate units, provided that these changes are approved by Community Home Trust (as the Town's designated inclusionary housing partner for the ordinance).

OCAHC strongly encourages the developer to pursue on-site affordable homes for sale at AURA, consistent with the Town's ordinance requiring 15% of for sale units to be affordable. This is a more equitable approach than funding units in another location. The AURA site is a great opportunity for residents of a range of incomes to live on a transit corridor and a future bus rapid transit line. With developable land decreasing in Chapel Hill, there are very few opportunities left, making on-site development along MLK even more critical. Additionally, the provision of on-site units will require less subsidy from the Town because payments for off-site development rarely reflect the true costs of affordable housing including the costs of land, site development, and vertical construction. We appreciate support for any of our local housing providers, but we urge the developer to pursue development of affordable homes on-site as described in Chapel Hill's Inclusionary Zoning Ordinance.

In addition, since 80% AMI rents approximate available market rents, we would prefer to see deeper income-targeting for the affordable rental housing units at AURA, even if it meant fewer total subsidized rental units. That said, the rental portion of the plan as proposed seems reasonable so long as legally enforceable commitments to the Town are made by the development team consistent with our comments below.

Overall, we commend the plan for its proposed meaningful contributions to the affordable housing inventory in our community. Our support of the affordable housing plan proposed at AURA is contingent on the Town and developer executing an enforceable agreement that affordable units will not be rented or sold to full-time student households, and that rents be set at levels that are truly affordable to tenants below 65/80% AMI accounting for utility allowances, et al. as would be expected for subsidized housing programs. Further, the Town should set an expectation that the owner accept “Section 8”, VASH, and other rental vouchers that will increase access to rental units. Finally, there should be long-term covenants or other enforcement mechanisms for these units that survive sale to new investors. Similar standards apply to federal housing programs such as the Low-Income Housing Tax Credit, HOME, and Housing Choice Vouchers.

The affordable housing coalition hopes that you’ll continue to work with the developer to align the affordable housing plan with our community’s shared values. If a plan with binding commitments can be finalized, we think AURA will be a tremendously positive development for affordable housing, both directly via its income-restricted units and indirectly by increasing the supply of market rate housing in a transit-supporting location.

Thank you for your attention and for your service to the community,



Jennifer Player
OCAHC Co-Chair



Dan Levine
OCAHC Co-Chair