BOARD OF COMMISSIONERS WORK SESSION

Hillsborough Affordable Housing Strategy

Draft Strategy Overview & Discussion

August 24, 2026

TOWN OF HILLSBOROUGH | CENTRAL PINES REGIONAL COUNCIL

Today's Discussion

01 Background

02 How the Strategy Was Developed

03 What the Data Tells Us

04 Goals, Pillars and the 13 Strategies

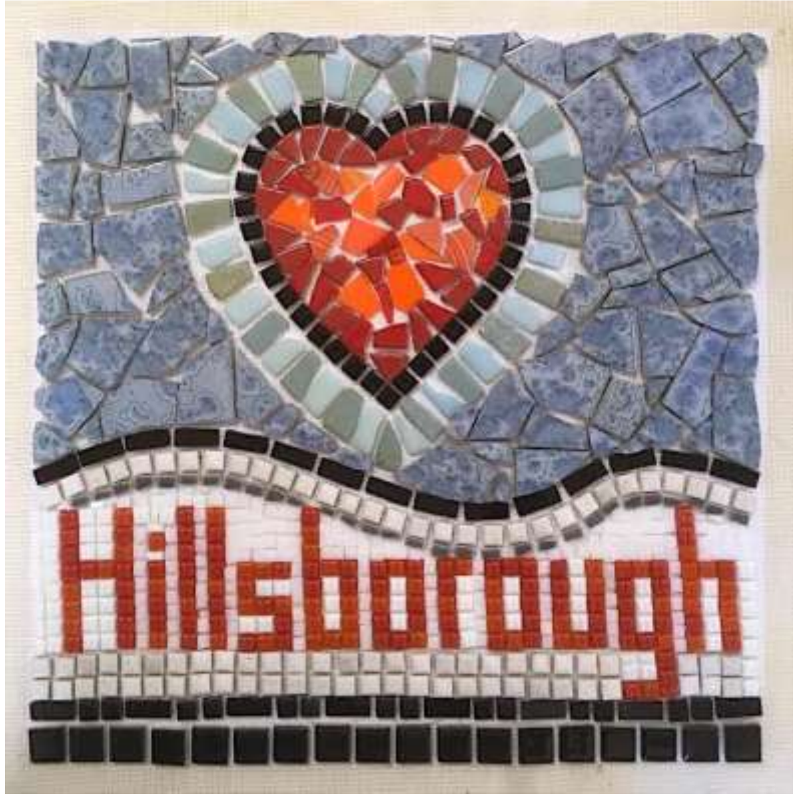
05 Next Steps

Hillsborough's Housing Commitment

“All residents in Hillsborough, regardless of age, race or income, should have access to safe and attainable housing. Housing is a foundational element of an adequate standard of living, serving as a precondition for work, health, education and success.”

— Town of Hillsborough Comprehensive Sustainability Plan

$320,000 / year Annual allocation for dedicated affordable housing funding, ramp-up established FY2024



Why This Strategy

+88%

Hillsborough home value growth over ten years - now $474,806 (April 2026)

+$19,200

Income advantage of out-of-state in-migrants over residents moving away within NC

Supply alone won't address the housing need

The takeaway: growth pressure and higher-income in-migration are raising costs beyond what many residents, essential workers, and seniors can afford. This strategy pairs municipal subsidy, preservation, regulatory reform, and partnership with market-driven supply.

How the Strategy Was Developed

1

Resident & Stakeholder Survey

Conducted Spring 2025 through the Orange County Consolidated Planning Process — 107 responses, 19 living or working in Hillsborough

2

Commissioner Interviews

Individual interviews with commissioners on vision, policy perspectives, and town context

3

Data & Needs Analysis

Census ACS, HUD, Zillow, IRS migration, NOAH inventory, and local pipeline data that is Hillsborough-specific

What We Heard

FROM RESIDENTS

#1 Funding Priority

Preservation of existing stock (home repair) — a backlog of critical repairs as residents struggle to keep older housing habitable

#2 Funding Priority

Rental & down payment assistance to bridge the gap for working families

Top Needs Identified

Lack of affordable housing; lack of diversified housing types

FROM COMMISSIONERS

Strong alignment on the strategy's parameters,

with a shared commitment to preservation, stability, and expanded housing opportunity.

Where perspectives differ - income targeting, new production vs. preservation - the strategy presents the tradeoffs and responds with a balanced approach.

What the Data Tells Us

HOUSING MARKET SNAPSHOT

$474,806

Median home value (Zillow, Apr 2026)

+88% / 10 yrs

Home value growth

$1,368 / mo

Median gross rent (ACS)

$1,711 / mo

FY2026 Fair Market Rent, 2BR — up 75% since FY2017

+7.1%

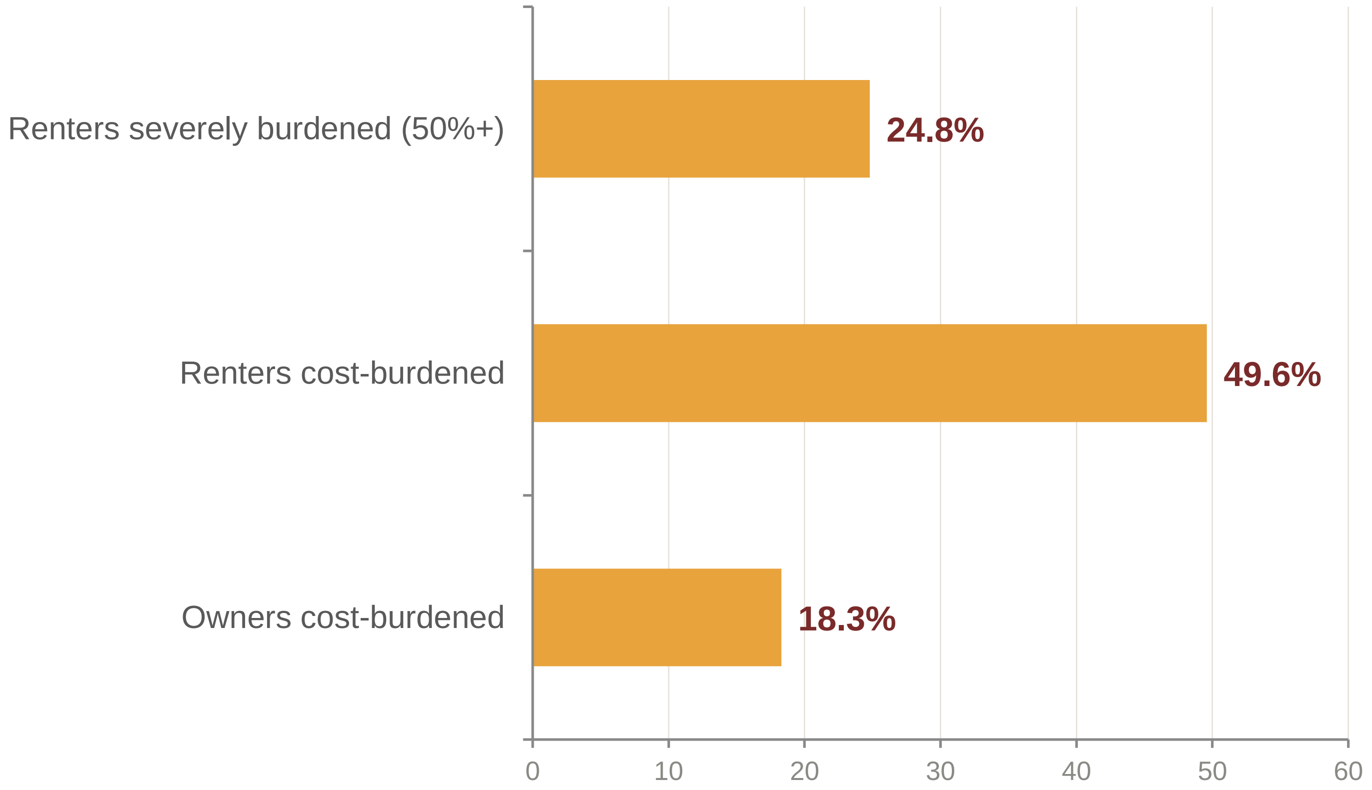
Population growth since 2020 — now 10,334 residents (OSBM, 2024)

4,522 Housing Units

Total housing units in the Town of Hillsborough

The Burden Falls Hardest on Renters

Cost-burdened = spending more than 30% of income on housing (ACS 2020–2024)



$32.90/hr

"Housing Wage" needed to afford a 2BR at Fair Market Rent

$29.19/hr

Actual average wage in Hillsborough , community & social service workers average $28; healthcare support $19

The Gap Is at the Lowest Incomes

967

naturally affordable (unsubsidized) units in town, but none affordable at 30% AMI, and only 75 below 60% AMI

9 : 1

demand outnumbers affordable units available to the lowest income bracket even with generous assumptions

79%

of housing stock is single-family; moderately dense “missing middle” housing is rare

~1,800

units approved or in construction — predominantly market-rate

Closing this gap is achievable through a mix of development and preservation of naturally occurring affordable housing.

Housing Strategy Goals

A shared vision for improving housing affordability in Hillsborough.

1

Increase Supply of Affordable Housing

Expand availability across a range of income levels — supporting a diverse workforce and residents at every stage of life.

2

Preserve Existing Affordable Housing

Protect long-term affordability, extend the life of existing stock, and keep residents in safe, quality homes.

3

Long-Term Housing Affordability

Reduce housing-related financial burdens so longtime residents — especially older adults and income-qualified households — can stay in the community they call home.

Four Strategic Priority Pillars

Every strategy is organized under one of four pillars.

PILLAR 1

Preservation & Stability

Rehabilitate aging housing stock, prevent displacement, protect naturally occurring affordable housing, and support aging in place.

PILLAR 2

Regulatory & Land Use Reform

Streamline affordable construction, reduce regulatory costs, expand housing choice, and pursue context-sensitive density.

PILLAR 3

Developer Incentives & Tools

A formal framework for affordability requirements, fee-in-lieu provisions, incentives, and strategic partnerships.

PILLAR 4

Permanent Affordability

Partnerships and long-term control of permanently affordable units to protect residents across generations.

The Strategy Framework: 13 Strategies

#	Strategy	Cost	Timeframe
1	Formalize an Affordable Housing Special Revenue Fund	$	Year 1
2	Preserve Existing Affordable Housing & Expand Tax Relief	$$	Year 1–2
3	Reform Nuisance & Residential Appearance Ordinances	$	Year 1
4	Implement Policies to Support Housing Stability	$$	Year 1–3
5	Reform Development Regulations	$	Year 1–3
6	Adopt Tiered Income Targeting	$$	Year 1
7	Structure Developer Affordability Contributions (Fee-in-Lieu)	$	Year 2–3
8	Leverage Utility Capacity & Priority	$$$	Year 2–5
9	Review Historic Districts & Support Historic Home Maintenance	$	Year 2–3
10	Increase Town Capacity to Advance Affordability	$$	Year 3–5
11	Join CPRC's Annual Grant Assistance Program	$	Year 1
12	Establish an Affordable Housing Fee Relief Program	$	Year 1–2

$ low cost · $$ moderate · $$$ high estimated cost

PILLAR 1

Preservation & Stability

S2

Preserve Existing Affordable Housing & Expand Tax Relief

Partner with Orange County to promote property tax relief for seniors and low-income homeowners; fund targeted rehabilitation of naturally occurring affordable housing (NOAH) to prevent displacement.

S4

Implement Policies to Support Housing Stability

Help homeowners and tenants correct maintenance issues through access to tools, resources, and financial assistance for repairs.

PILLAR 2

Regulatory & Land Use Reform

S3

Reform Nuisance & Residential Appearance Ordinances

Review and reduce unnecessary or excessive requirements that add cost for owners and renters.

S5

Reform Development Regulations

Incentivize affordability and diversify housing stock through height, setback, and density flexibility for projects committing to affordable units — building on the updated UDO.

S9

Review Historic Districts & Support Historic Home Maintenance

Review historic district boundaries and maintenance requirements; provide assistance for historic property upkeep.

Developer Incentives & Tools

S7

Structure Developer Affordability Contributions (Fee-in-Lieu)

A right-sized fee-in-lieu tied to the actual affordability gap — defensible, data-based, not arbitrary.

S8

Leverage Utility Capacity & Priority

Priority utility allocation and expedited review for developments guaranteeing long-term income-restricted units.

S12

Establish an Affordable Housing Fee Relief Program

Grant-based relief of development review, permitting, and utility fees for qualifying affordable units — structured per UNC School of Government legal guidance.

PILLAR 4

Permanent Affordability + Capacity

S1

Formalize an Affordable Housing Special Revenue Fund

A dedicated fund so annual allocations accrue interest and carry across fiscal years, and future FILO and program income revenue can also be captured

S6

Adopt Tiered Income Targeting

Direct 70% of housing funds to households below 80% AMI; 30% to 80–120% AMI — a funding policy spanning all pillars.

S10

Increase Town Capacity to Advance Affordability

Dedicated staff capacity to lead affordability initiatives and implement this strategy.

S11

Join CPRC's Annual Grant Assistance Program

Year-round grant identification, application, and management support — 40+ awards and $22M+ secured regionally.

Implementation at a Glance

YEAR 1 — NEAR TERM	YEARS 2–3 — MID TERM	YEARS 3–5 — LONG TERM
S1 Special Revenue Fund	S4 Housing stability policies	S8 Utility capacity & priority
S3 Appearance ordinance reform	S5 Development regulation reform	S10 Town staff capacity
S6 Tiered income targeting	S7 Fee-in-lieu framework	
S11 CPRC Grant Assistance Program	S9 Historic district review	
S2 Preservation & tax relief (yr 1–2)		
S12 Fee relief program (yr 1–2)		

Each strategy carries a lead department, funding source, and success metric in the full Implementation Guide.

Regional Alignment & Partners

Hillsborough's affordability challenge is regional and so are several of its most powerful tools.

Land Banking	**County / Regional** — Secure land now for future affordable housing
Weatherization	**Central Pines** — Lower utility costs for low-income residents without local funds
Home Repair	**NCHFA / Regional Pool** — Tap state preservation funds (ESFR / URP)
Tax Relief	**Orange County** — Promote existing senior & low-income property tax relief
Data & Tracking	**Central Pines**— Regional dashboards to track housing data

Stakeholder Engagement – Town Staff

- CPRC contract ends with production of final draft document and handoff of materials to staff

- Staff proposes two avenues of stakeholder engagement and public review
  - Direct feedback solicitation from development partners – affordable and market rate. To include the various non-profit partners working in the community and those in the region who may not have a project here yet.
  - Open review of document – final draft will be posted on the website with either a public engagement tool or survey tool used to capture specific questions and concerns with the document text.

- Once developer feedback and open review are completed and incorporated where appropriate, staff will bring the document back to the Board for final approval

Next Steps

01 **Incorporate work session feedback**
Commissioner input from today refines the draft

02 **Professional design & final draft**
Document moves to design for publication formatting

03 **Town Staff – Stakeholder Engagement and Final Adoption**
Final strategy returns to the Board for consideration

04 **Implementation & annual reporting**
A living document with future updates set specific, data-driven targets

Thank You

Questions & Discussion

TOWN OF HILLSBOROUGH

CENTRAL PINES REGIONAL COUNCIL

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