



TOWN OF HILLSBOROUGH

Affordable Housing Funding Options

Budget Workshop #2

May 27, 2025

The following information is intended to inform the Board of Commissioners' discussion at Budget Workshop #2 regarding the FY26-FY28 funding strategy for the town's affordable housing efforts. The proposals below include the original proposed budget, modified as discussed during Budget Workshop #1, an alternate proposal submitted by Commissioner Hughes during the workshop, and a second alternative proposal developed based on subsequent feedback from Commissioner Darab. At Budget Workshop #2, a live version of the chart will be available to edit and respond to additional alternative proposals if needed.

- How to read the charts
 - For all the charts below, the following color schemes are used:
 - Yellow highlight – this is the amount of historical and proposed “ramp up funds” or “Annual Affordable Housing Funding” (AAHF)¹ to be contributed to the Affordable Housing Reserve
 - Light Blue highlight – this is the amount of historical and proposed funding remaining from the AAHF after deducting the current commitments for Community Home Trust, HOME funds match and Orange County Partnership to End Homelessness (OCPEH) that are available for use or reservation
 - Orange highlight – this is the running balance in the Affordable Housing Reserve after adding each year's AAHF and deducting the current commitments and any proposed expansion funding
 - Red Text – this represents a number that has changed since the original proposed budget was presented to the board
 - Green highlight – this represents the tax rate equivalent (based on the post-revaluation value) attributable to the AAHF
 - Purple highlight – only used in Alternate C to denote AAHF being redirected for use related to Fire Department ramp ups. See further discussion below.
- Common Elements
 - All three alternatives include the following baseline assumptions:
 - The funding for current commitments is unchanged from the proposed budget

¹ As the proposed funding no longer represents 2 cents on the tax rate, staff will refer to the “Annual Affordable Housing Funding” or AAHF to reduce confusion.

- Auman Village support is included at a total of \$300,000 during the FY26-FY28 budget window, with a note that the total commitment is to be \$400,000 through FY29.
- \$50,000 in funding is allocated for the completion of an Affordable Housing Strategy in FY26. Based on a draft scope of work received from Central Pines Regional Council (CPRC), this funding is adequate, and the strategy document can be completed in FY26

Baseline – Original Proposed Budget

Annual Affordable Housing Funding - Original Proposed Budget (V1)							
	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Community Home Trust	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
HOME Funds Match	\$4,200	\$6,486	\$6,281	\$6,281	\$6,281	\$6,281	\$6,281
OC Partnership to End Homelessness	\$15,788	\$59,080	\$61,128	\$51,910	\$59,640	\$59,640	\$59,640
Subtotal, Current Commitments	\$22,488	\$68,066	\$69,909	\$60,691	\$68,421	\$68,421	\$68,421
Annual Affordable Housing Funding	\$22,488	\$68,066	\$102,793	\$175,000	\$250,000	\$320,000	\$320,000
Remaining Balance	\$0	\$0	\$32,884	\$114,309	\$181,579	\$251,579	\$251,579
OCPEH Expansion Request					\$7,753	\$7,753	\$7,753
FY26 Pilot Programs (Repair and EHA)					\$200,000		
Auman Village Support							
Affordable Housing Strategy							
Remaining Funds for Housing (New and Preservation)	\$0	\$0	\$32,884	\$114,309	(\$26,174)	\$243,826	\$243,826
Cumulative Housing Funds	\$0	\$0	\$32,884	\$147,193	\$121,019	\$364,845	\$608,671
Tax Rate Equivalent					1.12	1.43	1.43

This is the chart representing the original proposal received by the board at budget workshop #1, modified only to add the tax rate equivalent (green highlight).

Alternative A – Modified Proposed Budget

Annual Affordable Housing Funding - Modified Proposed Budget (A)							
	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Community Home Trust	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
HOME Funds Match	\$4,200	\$6,486	\$6,281	\$6,281	\$6,281	\$6,281	\$6,281
OC Partnership to End Homelessness	\$15,788	\$59,080	\$61,128	\$51,910	\$59,640	\$59,640	\$59,640
Subtotal, Current Commitments	\$22,488	\$68,066	\$69,909	\$60,691	\$68,421	\$68,421	\$68,421
Annual Affordable Housing Funding	\$22,488	\$68,066	\$102,793	\$175,000	\$250,000	\$320,000	\$320,000
Remaining Balance	\$0	\$0	\$32,884	\$114,309	\$181,579	\$251,579	\$251,579
OCPEH Expansion Request					\$7,753	\$7,753	\$7,753
FY26 Pilot Programs (Repair and EHA)					\$200,000	\$100,000	\$100,000
Auman Village Support					\$70,000	\$130,000	\$100,000
Affordable Housing Strategy					\$50,000		
Remaining Funds for Housing (New and Preservation)	\$0	\$0	\$32,884	\$114,309	(\$146,174)	\$13,826	\$43,826
Cumulative Housing Funds	\$0	\$0	\$32,884	\$147,193	\$1,019	\$14,845	\$58,671
Tax Rate Equivalent					1.12	1.43	1.43

This version of the chart represents the original proposed budget, modified to include the following adjustments made during the workshop:

- Adds continuation funding for pilot programs in FY27 and FY28
- Adds \$300k total funding in budget window for Auman Village project (note additional \$100k in FY29)
- Adds \$50k in year 1 for affordable housing strategy
- Reduces cumulative available housing funds (orange highlight) to \$58k through FY28
- Added tax rate equivalent for AAHF (green highlight)
- Alternative A keeps AAHF consistent with the FY25 financial plan and reaches the previously established “2 Cent Equivalent” amount of \$320,000 in FY27 and beyond

Alternative B – Hughes Proposal

Annual Affordable Housing Funding - Hughes Proposal (B)							
	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Community Home Trust	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
HOME Funds Match	\$4,200	\$6,486	\$6,281	\$6,281	\$6,281	\$6,281	\$6,281
OC Partnership to End Homelessness	\$15,788	\$59,080	\$61,128	\$51,910	\$59,640	\$59,640	\$59,640
Subtotal, Current Commitments	\$22,488	\$68,066	\$69,909	\$60,691	\$68,421	\$68,421	\$68,421
Annual Affordable Housing Funding	\$22,488	\$68,066	\$102,793	\$175,000	\$175,000	\$175,000	\$175,000
Remaining Balance	\$0	\$0	\$32,884	\$114,309	\$106,579	\$106,579	\$106,579
OCPEH Expansion Request					\$3,900	\$3,900	\$3,900
FY26 Pilot Programs (Repair and EHA)							
Auman Village Support					\$100,000	\$100,000	\$100,000
Affordable Housing Strategy					\$50,000		
Remaining Funds for Housing (New and Preservation)	\$0	\$0	\$32,884	\$114,309	(\$47,321)	\$2,679	\$2,679
Cumulative Housing Funds	\$0	\$0	\$32,884	\$147,193	\$99,872	\$102,551	\$105,230
Tax Rate Equivalent					0.78	0.78	0.78
Difference from Proposed Budget					-0.33	-0.65	-0.65

This version of the chart represents the proposal received from Commissioner Hughes during Budget Workshop #1. In comparison with the original proposed budget, this version is modified as follows:

- Reduces AAHF to \$175k in all 3 budget years (yellow highlight)
- Reduces OCPEH Expansion request to \$3,900
- Eliminates pilot program funding
- Adds \$300k total funding in budget window for Auman Village project (note additional \$100k in FY29)
- Adds \$50k in year 1 for affordable housing strategy
- Increases cumulative available housing funds (orange highlight) to \$105k through FY28
- Added tax rate equivalent for AAHF (green highlight) and comparison to proposed budget

Alternative C – Darab Proposal

Annual Affordable Housing Funding - Darab Proposal (C)							
	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Community Home Trust	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
HOME Funds Match	\$4,200	\$6,486	\$6,281	\$6,281	\$6,281	\$6,281	\$6,281
OC Partnership to End Homelessness	\$15,788	\$59,080	\$61,128	\$51,910	\$59,640	\$59,640	\$59,640
Subtotal, Current Commitments	\$22,488	\$68,066	\$69,909	\$60,691	\$68,421	\$68,421	\$68,421
Annual Affordable Housing Funding	\$22,488	\$68,066	\$102,793	\$175,000	\$175,000	\$175,000	\$175,000
Re-Direct Ramp Up to FD					\$75,000	\$145,000	\$145,000
Remaining Balance	\$0	\$0	\$32,884	\$114,309	\$106,579	\$106,579	\$106,579
OCPEH Expansion Request					\$7,753	\$7,753	\$7,753
FY26 Pilot Programs (Repair and EHA)					\$50,000	\$40,000	
Auman Village Support					\$100,000	\$100,000	\$100,000
Affordable Housing Strategy					\$50,000		
Remaining Funds for Housing (New and Preservation)	\$0	\$0	\$32,884	\$114,309	(\$101,174)	(\$41,174)	(\$1,174)
Cumulative Housing Funds	\$0	\$0	\$32,884	\$147,193	\$46,019	\$4,845	\$3,671
Tax Rate Equivalent (AH + FD)					1.12	1.43	1.43
Difference from Proposed Budget					0.00	0.00	0.00

This version of the chart represents an alternative proposal based on feedback received by staff from Commissioner Darab. This alternative is modified from the proposed budget as follows:

- Reduces AAHF to \$175k in all 3 budget years (yellow highlight)
- Redirects additional ramp-up funds to Fire Department needs (proposed for fire truck ramp up, staff recommends Fire Station ramp up as it will impact the budget earlier) – purple highlight
- Funds OCPEH Expansion request
- Reduces pilot funding to \$50k in year 1, \$40k in year 2 (based on available capacity)
- Adds \$300k total funding in budget window for Auman Village project (note additional \$100k in FY29)
- Adds \$50k in year 1 for affordable housing strategy
- Decreases cumulative available housing funds (orange highlight) to \$3.6k through FY28
- Added tax rate equivalent for AAHF (both AH and FD) (green highlight) and comparison to proposed budget
- Based on the capacity for the pilot programs and depending on the split, the potential impact of the programs would be as follows:
 - Repair/Preservation
 - \$90k (all funding, both years) – approximately 10 projects
 - \$40k/\$50k (all funding, one year) – approximately 2-4 projects
 - \$45k (even split) – approximately 2-4 projects

- Emergency Housing Assistance (EHA)
 - \$90k (all funding, both years) – up to 20 households
 - \$40k/\$50k (all funding, one year) – between 8-11 households
 - \$45k (even split) – up to 10 households

Board Decision Points

In order to complete the budget preparations for the proposed June 9th adoption, staff needs direction from the board as to which alternative is desired for inclusion in the budget document. The board will also be able to craft an additional alternative during Budget Workshop #2, however there needs to be consensus by the end of the meeting as to which version will be included in the final budget. The specific decision points are as follows:

- At what level should the AAHF be set?
 - Is there a desire to increase funding for Fire Department ramp ups (either station or truck), and is there desire to fund that via increased general fund allocation or redirection of affordable housing ramp up funds?
- Does the board support either or both proposed pilot programs, and at what level?
- Does the board support the \$400k total allocation (\$300k in budget window) for support of the Auman Village project?
- Does the board support the proposed \$50k in funding for an Affordable Housing Strategy to be completed in FY26?

Staff is happy to provide any additional information needed by the board, and additional Alternatives can either be prepared in advance of Budget Workshop #2 or created during the meeting using a live edit version of the chart.