

Memorandum



To: Mayor Jenn Weaver
Town Board members

From: Margaret A. Hauth, Assistant Town Manager
Matt Efird, Assistant Town Manager

Date: Feb. 21, 2023

Subject: Background for allocating FY23 affordable housing earmark

The uncertainty of the town's financial picture during the FY23 budget deliberations caused the board to set aside a block of funding for affordable housing without a specific purpose. The earmark was \$43,300.

1. The board's decision to set aside \$43,300 represents a three-fold increase over the FY22 allocation of funding for affordable housing and housing stability efforts by Hillsborough. The total spent in FY22 was \$22,488. The continuation budget figure was \$24,774 for FY23. Combined with the earmark, the FY23 total is \$68,074.
2. The board also received the request from the Affordable Housing Coalition as part of the FY22 budget to allocate 2 cents of the tax revenues for affordable housing. There was no specific project attached to this request. It was a request by advocates to prioritize affordable housing in an on-going and meaningful way.
3. The board adopted guiding principles in April 2022 related to affordable housing that supported a 3-5 year ramp-up in local funding with the intent of reaching the 2-cent reservation.
4. There are two requests for funding from local organizations in reference to this earmark. Both requests are for on-going operational costs. Committing to either or both will create a situation of expected continued funding from the town in future years. IFC is specifically interested in a multi-year funding commitment from all four jurisdictions.
 - a. Partnership to End Homelessness- \$43,292 for expansion services.
 - b. Inter-Faith Council - \$42,250 to support their shelter operations in Chapel Hill
5. Neither proposal funds the construction, repair, or acquisition of new or existing affordable dwellings.
6. During the FY23 budget deliberations, more detailed discussion will be needed about what a ramp-up to 2 cents looks like and other competing requests for funds.
7. The town's Comprehensive Sustainability Plan is expected to be adopted in June. It will provide more guidance on this topic.
8. The towns and Orange County will be starting a comprehensive housing assessment and plan process in the late spring to be completed within a year. The purpose of this effort is to identify overlapping interests and goals as well as identifying benchmarks and strategies.

Staff urges caution in committing relatively small amounts of funding to multiple on-going efforts. These types of commitments limit the town's flexibility to take strategic actions that might have more significant and lasting impacts in the town.