

Habitat for Humanity of Orange County

Who we serve

Habitat for Humanity of Orange County offers homeownership, and the opportunity it brings, to hardworking families who live in substandard, overcrowded, or unaffordable rental housing, and who cannot afford to purchase a home in our community through conventional means. These families perform critical, but lower-paying, work in Orange County such as construction workers, home-health or daycare workers, or work in the service industry. They earn less than 60% of the area median income; the average income of a Habitat homeowner is 48% of the area median income, which is about \$34,000 for a family of four, the average household size among Habitat homebuyers.

In Habitat's Phoenix Place subdivision of 50 green certified homes in the Rogers Road community in Chapel Hill, the demand among qualified buyers far exceeds the demand. To date, Habitat has received 240 applications from families interested in purchasing a home in Phoenix Place. Of those, 93 met Habitat's basic qualifications. Based on Habitat's building schedule of 12-15 homes per year, HHOC has approved 43 homebuyers, less than half of those who qualified. The majority of the families approved for Phoenix Place are employed by UNC or UNC Health Care. Some of the families approved were living in public housing or rental housing that is subsidized through the Section 8 voucher program. By becoming homeowners, these buyers create the opportunity for other families on the long waiting lists for public housing and Section 8 to be served.

Homeownership changes lives and it stabilizes and revitalizes communities. A national study found that children of homeowners are 116% more likely to graduate from college than children of renters and 59% more likely to become homeowners themselves within 10 years of leaving home. (Boehm & Schlottmann, University of Tennessee) Habitat has provided the benefits of homeownership for over 600 children in Orange County.

How we do it

With support from community volunteers and donations from individuals, faith congregations, foundations, and businesses, Habitat for Humanity of Orange County builds and sells new homes to qualified families through an affordable, no interest mortgage. Future homeowners also invest 325 hours of sweat equity building Habitat homes. Their mortgage payments are used to build more Habitat homes in Orange County.

To date, Habitat has built 207 homes in Orange County, 62 of those homes in Chapel Hill. Another six homes will be completed and sold in Phoenix Place over the next few months, and five more are under construction. The materials and sub-contracted labor cost to build a Habitat home in Chapel Hill is about \$77,000. The cost of a finished lot is about \$50,000.

Each year, Habitat raises over one million dollars in private donations and collects close to \$450,000 in mortgage payments from its homeowners to fund its operations and home construction programs. However, Habitat also relies on public funding, especially for land purchase and infrastructure development. For example, the cost to produce a lot in Phoenix Place is about \$50,000 per lot. Of that amount, 75% or \$37,500 per lot was provided by a combination of HOME and CDBG funds (both federal housing programs administered by local government), and Orange County Affordable Housing Bond Program funds. Without that public funding, Habitat would not have been able to develop Phoenix Place.

Since the funding for Phoenix Place lots was secured, the Affordable Housing Bond Program funds have been used up, and HOME and CDBG funding have been cut nearly in half as the result of federal budget cutting. Habitat is not alone in relying on these funds; the other non-profit affordable housing providers in Orange County also rely on these public funds to create housing for a wide range of housing needs, from the homeless to those earning up to 80% of median income. With no new sources of public funding for affordable housing on the horizon, the production of new, affordable rental or for sale housing and the preservation of existing affordable housing stock through repair and rehabilitation will certainly decline while demand continues to increase.

What We Need Going Forward

For people who work in lower paying jobs in Chapel Hill, it is increasingly difficult to find quality, affordable homes within reasonable commuting distance to their employment. Habitat for Humanity of Orange County will continue to call on people and institutions to give generously to provide affordable, safe, energy efficient, healthy homes for the families who qualify for our homeownership program. We will continue to seek out creative ways to decrease costs and increase revenues. However, without reliable sources of public funding our ability to provide affordable housing and contribute to the strength and diversity of the Chapel Hill community will be diminished.

One potential source of funding for a wider range of affordable housing options are payment in lieu funds contributed to the Town's Affordable Housing Fund under the Town's Inclusionary Zoning Ordinance. Developers who receive approval from the Town Council make a payment to the fund rather than build affordable units in their development. In the past, payments in lieu have rarely been approved, as the Council has preferred that developers create the units within their projects. However, units created under the Inclusionary Zoning Ordinance most recently have been smaller condominium units that often require additional public subsidy to make them affordable to those who earn less than 80% of the area median income. Providing the necessary subsidy to these units further decreases the amount of subsidy available for all types of affordable housing, including housing for families with children, and for those at the lower end of the affordability range.

Habitat for Humanity supports the creation of an ongoing affordable housing technical advisory group representing affordable housing providers and advocates reviewing development proposals and offering recommendations to the Planning Board and Town Council regarding how developers can best meet the requirements of the Inclusionary Zoning Ordinance. This group could make meaningful contributions to the process of deciding when a payment in lieu would serve the overall housing needs in Chapel Hill better than units built within the development would.

Other possibilities in addition to payment in lieu funds to support a full range of affordable housing needs include dedicating general funds for affordable housing, and floating a general obligation bond for affordable housing. Both options have been proposed as part of the Northside and Pine Knolls Community Plan adopted by the Town Council in early 2012 to address affordable housing in those neighborhoods.

In the current economic and political climate, proposals to raise revenues for affordable housing may not have popular support, especially without education and advocacy aimed at building that support. But if the residents of Chapel Hill are earnest in their desire to achieve a more economically and socially diverse community by preserving and increasing the supply of housing that is affordable to a broad range of residents, they must be willing to create new resources and/or reallocate existing resources to achieve that goal.