

HABITAT FOR HUMANITY OF ORANGE COUNTY

Securing new funding for affordable housing in North Carolina

Rising housing costs are changing the character of Chapel Hill and other towns in Orange County, now one of the most expensive places to live in North Carolina. To stem the overall loss of homes for lower-income residents, Habitat for Humanity of Orange County took action in 2013 to form a new housing coalition to encourage the county to adopt new sources of housing funding. Using creative educational tactics and joining forces with school partners and business leaders, the new coalition persuaded the town of Chapel Hill to institutionalize a practice of setting aside a “Penny for Housing” — \$700,000 annually. It then persuaded Orange County as a whole to adopt a \$5 million affordable housing bond. The two new funding sources are already enabling the construction of new senior townhomes and new construction and preservation of affordable rental housing that would have been prohibitively difficult otherwise.

Background

Orange County is part of the state’s job-rich “Research Triangle” and is home to two universities and a regional health center. Recent economic growth and the expansion of the University of North Carolina-Chapel Hill have fueled housing pressures that began in the late 1990s, adding to concerns that the county is becoming a place where only students and the wealthy can afford to live. Home prices have returned to pre-recession levels, rents are on the rise, and modestly priced apartment complexes and mobile homes are disappearing rapidly in the face of redevelopment.

Limited local financial support leaves local housing providers struggling to respond to the loss of affordable homes. Like many jurisdictions, Orange County’s HOME funding has been cut in half since 2003. In Chapel Hill, the town has traditionally relied on fee revenues tied to the town’s inclusionary housing program, but these funds dried up during the recession and have since fluctuated unpredictably from year to year. New developments that could deliver 351 units of affordable housing are awaiting approximately \$11.5 million in local subsidy to move forward.

Strengthening housing trust funds

To increase funding for affordable homes, Habitat and its partners pursued two strategies over the past four years. First, the coalition proposed that Chapel Hill set aside a “Penny for Housing” within its overall budget. Under this program, the town of 60,000 residents allocates one penny of the town’s property tax rate each year to its new Affordable Housing Development Reserve, or AHDR. Given a tax rate of approximately 50 cents for every \$100 of assessed property value, the Penny for Housing effectively sets aside 1/50 (or 2 percent) of total property tax collections for affordable housing. No new taxes are needed.

In 2016, Habitat and its partners worked to persuade Orange County to adopt a \$5 million housing bond for affordable housing. Like many general obligation bonds adopted by municipalities, the county bond was linked to a small increase in property taxes and was put to the voters for approval. For an Orange County home valued at \$200,000, the bond was estimated to add \$3.74 in annual property taxes over five years.

Advocacy

ORANGE COUNTY AFFORDABLE HOUSING COALITION

Habitat's first step toward securing new housing funding was to call together other housing organizations to launch the Orange County Affordable Housing Coalition. The coalition formed out of a need for better coordination. As the coalition states, the county faces "a challenge too big to solve with any one strategy, by any one provider, with any one model, in any one part of our county." Susan Levy, Habitat Orange County's executive director, adds: "We've found that we all do our job better when we're working with each other, instead of in our own separate worlds."

Habitat had been involved in collaborative advocacy before, but this would prove to be the most successful collaboration in its 34-year history. The 12-member coalition includes housing providers, a land trust, organizations focused on justice and community organizing, and a self-help credit union. Nine "governmental partners" regularly attend meetings as well. Levy has served as the chair since the coalition's birth. An occasional intern helps coordinate efforts and conduct research, but otherwise the coalition functions without a paid staff.

PENNY FOR HOUSING INITIATIVE

The Penny for Housing initiative was the coalition's first success. The campaign engaged a wide range of supporters and strategies, including a video interview with a Habitat homeowner, social media (with support from Habitat's Youth United), emails and phone calls to public officials, testimony at public hearings, and petitions gathered online and at Habitat build sites.

When the campaign encountered initial resistance from Chapel Hill's town manager, who proposed a quarter-penny for housing, members of the coalition brought staff members and other affordable housing advocates to early budget hearings to convey in numbers that anything less than a penny was not enough. Members of the audience held signs of pennies. At the final budget hearing, the coalition showed a video featuring a wide range of people from the town who stood to benefit or who had benefited from previous investments in affordable housing, including formerly homeless residents and a homeowner whose home had been repaired by Habitat. "This really turned the tide," Levy says. The town manager altered his proposal, and the Town Council embraced the full penny for housing. "Our united effort prompted the discussion to happen, and ultimately persuaded the town to dedicate a full cent on the property tax mill each year," Levy says.

2016 COUNTY BOND

The Penny for Housing campaign caused town and county elected officials to take notice. With new momentum, the coalition turned its attention to securing a \$10 million housing bond to enable more affordable housing countywide.

Early on, however, county commissioners preferred to focus on a bond for schools, which also faced tremendous needs. The coalition responded by linking affordable housing to school success. With a message of "Good Schools + Good Homes = Great Communities," the coalition organized extensive one-to-one conversations with commissioners, testified at hearings, made phone calls, and sent emails to commissioners, supporting both housing and school funding. The coalition also reached out to school board members, who spoke at a hearing about the importance of students having stable homes. Many Habitat homeowners testified as well. The commissioners ultimately agreed to a \$5 million housing bond.

Once the housing bond was on the ballot, the coalition campaigned for the school and housing bonds as a package deal. The coalition also developed a strong relationship with the Chapel Hill-Carrboro Chamber of Commerce, which provided critical funding for roadside signs, other materials, and a campaign staffer drawn from coalition member Justice United. Habitat of Orange County also put up funding for the effort.

On Nov. 8, 2016, both the housing and school bonds passed with sizable margins. Says former Chapel Hill Council Member Sally Greene, "The coalition really made a difference here in getting a \$5 million housing bond on the ballot by making the argument that affordable housing was critical to the success of the schools."

\$10 MILLION BOND FOR CHAPEL HILL

A year after the county bond victory, the coalition turned its attention back to Chapel Hill to encourage town leaders to double the Penny for Housing. Through conversations with the town manager, who was now meeting with nonprofit housing providers on a monthly basis, it became clear that doubling the property tax allotment would necessitate increased taxes. The coalition moved to Plan B: a bond for affordable housing for Chapel Hill.

To help the groundwork for this effort and strengthen relationships with town and county staff members and elected officials, the coalition organized a major affordable housing summit in early 2018. The event helped build a common understanding among municipal staff members, elected officials, advocates and other stakeholders of the county's housing needs, resources and opportunities. More than 160 people attended, including 90 percent of elected officials in the county and new housing supporters whom the coalition hopes to connect to campaign opportunities moving forward.

In March, the Town Council met to decide the fate of the coalition's proposal for a town housing bond. Habitat's entire board and staff members joined other coalition partners in inundating council members with calls and emails before the meeting, encouraging them to set the bond at \$15 million. Habitat also brought multiple speakers to testify. In total, 18 community members spoke, including activists, academics and residents of a local homeless shelter.

In the end, the council agreed to put a \$10 million housing bond to the voters in November. If passed, it will likely be paid for by a 1-cent increase in the property tax. The spending plan for the bond is not yet final. "We're grateful for what we got," Levy says. "We count this as a win, because a bond wouldn't have happened without the coalition saying this was essential."

INTEGRATING ADVOCACY INTO HABITAT'S OVERALL WORK

Advocacy is a shared responsibility at Habitat Orange County. "We don't have the capacity to hire someone just for advocacy, so it's important to spread this work across the staff," Levy explains. Habitat's construction director makes advocacy announcements at the beginning of work at build sites. Volunteers also hear about upcoming advocacy opportunities in weekly emails sent to regular volunteers and members of the affiliate's "Wednesday Crew." Habitat's community development manager helps identify and prepare homeowners willing to speak at relevant hearings and events. This work is connected to the affiliate's program to develop female homeowner leaders. Habitat Orange County also has an advocacy committee, composed primarily of board members, that has furnished many speakers as well.

"We're working at making it clear that if you take Habitat's vision seriously — that everyone deserves a decent place to live — you have to do some advocacy," Levy says. It has been gradual, she explains, but "we've made significant progress toward making advocacy part of what we do and who we are."

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Impacts

The Penny for Housing has generated approximately \$700,000 each of the past three years to help Chapel Hill develop and preserve affordable housing opportunities for residents ranging from homeless to middle-income families and individuals. A sizable portion of the fund each year supports a land banking initiative in the Northside Neighborhood to protect homes and housing opportunities where residents are at considerable risk of displacement. Other priorities include new and renovated affordable homes for sale, second mortgage assistance, rental assistance, and new affordable rental development.

The \$5 million Orange County housing bond is expected to support approximately 160 affordable housing units over five years. So far, half of the money has been awarded. Habitat Orange County is one of several recipients; it was approved for \$925,000 for infrastructure work to develop its first senior townhouse community. "We couldn't have done this development without our partners in the coalition, and the 2016 county bond," Levy says. The remaining funds allocated

so far are supporting 28 units of new affordable rental housing for very low-income households, including the formerly homeless, and preserving several additional affordable rental homes.

Both the Penny for Housing and the county bond are expected to leverage state, federal and private funding sources as well: \$3.64 for every local dollar, according to research by the Orange County Housing Coalition.

Lessons

1. **There is strength in numbers.** As Levy puts it: “Not going it alone is key. For us, being part of the Orange County Affordable Housing Coalition is the most important thing we could have done. Working with a much bigger group of people has put affordable housing on the map in a way that moves beyond lip service.”
2. **Achieving decent housing for all sometimes necessitates putting the coalition first.** “Sometimes you have to let go of your organizational ego,” Levy says. For example, the coalition is focusing this year on housing for people earning less than 30 percent of area median income. “These are households that we don’t serve, but if the coalition is pursuing it, we’ll be a part of it,” she adds.
3. **Make advocacy intentional.** Levy encourages other executive directors newly considering advocacy to figure out where it could be housed in their organization, who will take responsibility, how this responsibility will filter to the rest of the staff, and how the affiliate will engage volunteers.
4. **School and housing advocacy go well together.** Illustrating how housing success leads to school success can help prevent education and housing funding from being pitted against one another.

Resources

- Susan Levy, Executive Director, Habitat for Humanity of Orange County; slevy@orangehabitat.org.
- Video: *Penny for Housing: It’s the Least We Can Do*. vimeo.com/95736718.
- Orange County Housing Bond: ocbond.org/faq.



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