

BUILDING A STRONGER CHATHAM COUNTY THROUGH HOUSING INVESTMENT

A Policy Brief and Recommendation by the Chatham County Affordable Housing

Advisory Committee Policy Working Group:

George Cianciolo, Gail Friedman, Claire Kane, and Susan Levy

Chatham is one of the fastest-growing counties in the state. Rapid growth, paired with changes in our housing market and population, have resulted in major increases in demand for rental housing and home ownership opportunities that are affordable to essential service workers, and bolster the ability of new and established employers to recruit and retain a stable, high-quality workforce. Increasingly, a growing disparity between housing costs and household income prevents many County residents from living and working in the same community, maintaining local ties, and avoiding long commutes.

Examining the wages of residents holding vital jobs demonstrates the affordability issue impacting Chatham County's economy. The necessary hourly wage to afford fair-market rent for a 1- or 2-bedroom apartment is between \$27.27 and \$31.37. Many jobs do not pay that much, particularly at entry level. The median hourly wage in Chatham County for an elementary school teacher is \$24.50, and \$15.01 for retail sales workers. Those who struggle to attain suitable and affordable housing in today's housing market often include people employed in retail businesses, food service, caregiving for seniors and children, home maintenance and other service-sector jobs. Other essential workers whose housing affordability needs remain unserved or underserved in our community include public safety personnel, teachers and those working in social services and the nonprofit sector. Single households and single parents are also among those who find it difficult to access affordable housing.

The following table highlights income information and lack of affordability for residents.

SUPPORTING INFORMATION

Metric	Figure	Notes
Overall County Median Income	\$84,222/year	All households
Minimum Wage	\$7.25/hour	Current federal minimum wage
Mean Single-Family Home Sale Price	\$670,000	
Median Monthly Rent (All Units)	\$1,345/month	
Median Monthly Rent (Two-bedroom)	\$1,425/month	
Renter Median Income	\$46,973/year	Based on 6,282 renter households
Renter Households with Cost Burden (paying >30% pre-tax income)	46.8% (2,940 households)	Nearly half of renters are cost-burdened
Renter Households with Severe Cost Burden (paying >50% pre-tax income)	24.4% (1,533 households)	Over a quarter of renters are severely cost-burdened
Homeowner Median Income	\$104,389/year	
Homeowner Households with Cost Burden*	18.1% (4,496 households)	
Homeowner Households with Severe Cost Burden†	6.6% (1,639 households)	

THE HOUSING TRUST FUND: AN EFFECTIVE VEHICLE FOR HOUSING INVESTMENT

Chatham County has demonstrated its leadership as an effective partner by bringing significant resources to its non-profit partners. In recent years, the County has proactively supported three affordable rental housing developments, successfully leveraging tens of millions in federal tax credits. This commitment also includes supporting dozens of homeownership opportunities through Habitat for Humanity and enabling the preservation of more than 200 homes through partnership with Preserving Home.

These projects have been impactful for Chatham households who otherwise would have lower-quality housing, live somewhere else, or pay more than they can afford. Given trends in

housing costs and the outsized burden placed on essential workers, the County needs to make larger investments in projects addressing our housing needs.

While County investments have had positive results, we know that local governments must do more through greater support for public-private partnerships with nonprofit groups and developers. The kinds of investment Chatham County needs to face our housing challenges require far greater funding from the county. Current efforts often target households at 60 percent to 80 percent of the area median income (AMI)¹, or those earning about \$27 to \$36 per hour for a household of two with one wage earner. While increasing affordable supply for underserved residents is important, these efforts leave the numerous households earning less than this amount under-served.

WHERE WOULD THE MONEY COME FROM?

After rigorous research and comparisons with other local governments, the Chatham County Affordable Housing Advisory Committee recommends that the County pursue approximately \$10 million over 10 years to support affordable housing projects. These funds would support a variety of housing investments, including home preservation, rental development, and homeownership opportunities. By supporting a modest tax increase, the Chatham County community demonstrates its willingness to care for the wellbeing of our neighbors and invest in our future.

This \$10 million investment could be achieved via a one-half cent tax increase per \$100 of property value which would raise tax bills by just \$25 for homes valued at \$500,000. This increase in taxes need not be immediate, instead, it would take place over several years as the right projects and opportunities became available. The Policy Working Group recommends pursuing one of two methods for increasing investment by the amount recommended above, directing new funds through the Housing Trust Fund:

1. Increase the County property tax rate by one-half cent per \$100 of assessed value through the regular budgeting process.
2. Support a 2026 ballot referendum authorizing the County to approve a one-half cent tax rate increase.

¹ The **Area Median Income**, which represents the midpoint of the income distribution in a particular region. It is used as a baseline to set income limits for affordable housing, with eligibility often categorized as a percentage of AMI

Chatham County's debt position is very strong, with the highest possible municipal bond ratings from both Moody's and S&P, the two major ratings agencies. High ratings are important because they allow borrowing at a favorable interest rate.² At the current municipal bond rate of 3.4 percent, the increased revenue from the proposed ½-cent increase in the tax rate could support bonding of up to \$10 million. The bond would not need to be issued in a lump sum, but could be done in installments as appropriate projects came forth and as the financial markets were acceptable.

WHAT HAVE OTHER COMMUNITIES DONE?

- Raleigh (population 514,582): \$80 million bond, Nov.2020
 - Money for land acquisition, public-private partnerships, gap financing for projects, first-time home ownership assistance, homeowner rehabilitation.
 - Has recently been approved for \$23 million in state-backed bonds for affordable housing projects.
 - April 2025 Raleigh Housing Authority used private activity bonds (PAB) for two affordable housing developments (Burnell Lofts, Tryon Flats)
- Durham (population 317,467): \$95 million bond Nov. 2019
 - Creates a 5-yr investment program to create or preserve thousands of affordable rental and owner-occupied units.
 - Emphasis on redeveloping public housing sites in partnership with the Durham Housing Authority (DHA) and funding new units through nonprofit and for-profit developers.
- Chapel Hill (population 62,490): \$10 million bond in 2018, \$15 million bond in 2024 to support affordable housing
 - The 2018 bond was allocated to eight projects that will develop 303 units and preserve 40 units of affordable housing.
 - The following table displays the projects completed with funds from the bond referendum, including affordability levels and construction status.

² Moody's Ratings and S&P Global Ratings affirmed Chatham County's AAA Issuer credit rating and assigned a positive long-term rating of AA+ to its series 2025 bonds.

Project	Organization	Units	Income Level	Current Status	Completion Year
Perry Place	CASA	24	0-60%	Complete	2023
Cedar Hills Home Renovation	Residential Services Inc.	6	0-60%	Complete	2025
PEACH Apartments	EMPOWERment, INC	10	0-30%	Complete	2025
Trinity Court	Community Housing Partners	54	0-80%	Under Construction	2026
Weavers Grove	Habitat for Humanity	102	0-80%	Under Construction	2028
Carver Street Acquisition	Habitat for Humanity	12	0-80%	Preconstruction	2027
Longleaf Trace	Taft-Mills Group / Community Home Trust	48	0-60%	Preconstruction	2027
Homestead Gardens	Homestead Housing Collaborative	87	0-115%	Preconstruction	2028

- Average Chapel Hill contribution per housing unit: < \$30,000
 - 2024 bond expected to support the creation and preservation of up to 450 affordable housing units as part of the Town's five-year Affordable Housing Plan. Notable projects: Weavers Grove, Trinity Court by Community Housing Partners
- Orange County (population 179,322): \$5 million bond in Nov. 2016
 - Bond money used to assist housing partners like Habitat for Humanity with projects such as development of a senior housing community
- Cary (population 187,251):

- \$30 million affordable housing bond rejected in Nov. 2024 (51.26% voted “no.”). The housing bond was on the ballot along with a \$560 million bond initiative for parks, greenways public facilities, etc, that failed by a 54.92% vote against.
- Despite the rejection of this bond, Cary is moving forward with its affordable housing plan by using other sources of federal and local funding. The town does not operate a housing authority, so it continues to rely on strategic partnerships with nonprofits and developers to implement its programs.
- Current funding and initiatives in Cary:
 - Annual funding awards: On May 27, 2025, the Cary Town Council approved its 2025–2030 Consolidated Plan and 2025–2026 Annual Action Plan, which allocated more than \$3.6 million for housing initiatives for the year. In April 2024, the town approved a similar plan awarding \$7.2 million in federal and local funds.
 - Federal grants: The town receives and distributes federal grant funding through programs like the Community Development Block Grant (CDBG) and the HOME Investment Partnerships Program.
 - Active partnerships: Cary works with organizations like DHIC, Habitat for Humanity, and the Raleigh Area Land Trust to expand housing options.
 - Housing Stability programs: Existing programs like Healthy Homes Cary and Stable Homes Cary offer assistance for home repairs and residents facing financial hardship, respectively.

PARTNERSHIP OPPORTUNITIES

AHAC conducted interviews with two of Chatham County’s key nonprofit housing development partners to assess how a substantial funding increment could affect their efforts to expand the pipeline and quantity of affordable housing. Here are some highlights of those conversations:

- Habitat for Humanity of Chatham County reported it expects to build and sell 84 units (primarily townhomes) by 2035. An additional \$1 million yearly in subsidy from Chatham County would allow Habitat to accelerate construction on a total of 126 units (townhomes with some detached 2-bedroom units) by 2035, at a cost of around \$39 million, and to start planning for a larger, mixed-income project in the next 10 years. The added funding

“could be the catalyst that could allow us to expand our work more quickly, envision projects with larger impact, and add affordable housing units along the housing need spectrum more quickly,” according to Director Anna Tuell. It could also allow Habitat to leverage more funding from private philanthropies, state and federal government, and the towns in which it does development.

- Brick Capital Community Development Corporation indicated that, with additional resources, it would want to build an apartment complex for an affordable rental project, preferably a low-income housing tax credit project for households at 60% AMI or less. Funds from the County would be used both for land acquisition and for predevelopment costs such as civil engineers, architects, environmental reports, etc. Brick would then leverage these funds to obtain tax credit funding.

Conclusion and Recommendation

Based on the current positive impacts of the Housing Trust Fund, and demonstrated success in peer communities, the Chatham County Affordable Housing Advisory Committee recommends securing a \$10 million investment over 10 years to support more comprehensive, high impact affordable housing initiatives. This investment, achievable through a modest one-half cent property tax rate increase or via bonding supported by the tax increase, will enable the County to leverage additional funding, rapidly accelerating the creation and preservation of housing units for essential workers and low-income families. Chatham County will ensure a stable future workforce, enhance community well-being, and maintain its strong economic position by making a critical investment in local stability and growth.