

ATTACHMENT A

A RESOLUTION APPROVING THE 2003-2004 CONSOLIDATED HOUSING PLAN ANNUAL UPDATE AND THE ORANGE COUNTY 2002-2003 HOME PROGRAM DESIGN Resolution No. 148/2002-03

BE IT RESOLVED, by the Carrboro Board of Aldermen, as a member of the Orange County HOME Consortium, to approve the following activities for the 2002-2003 HOME Program:

Comprehensive Rehabilitation \$277,040

The County and the towns to address comprehensive rehabilitation needs of citizens on the rehab waiting list will use funds. All four governments maintain this list.

Property Acquisition \$188,000

These funds will be used by Affordable Rentals to purchase a duplex on Roosevelt Drive in Chapel. This project will address the rental needs of citizens between the 30 and 50% of the area median income.

These funds will be used by the Town of Chapel Hill to assist in the purchase of a house for the Town's Transitional Housing Program. \$32,000

Second Mortgage Assistance

The committee proposed to budget these funds to provide deferred second mortgages to ten (10) homebuyers earning less than 50% of the area median income. These home will be located in a Habitat project in Efland. \$150,000

The committee also recommended setting aside funds for any qualified non-profit property acquisition and renovation for first time homebuyers earning less than 80% of the area median income. \$75,000

Down Payment Assistance \$100,000

Funds will be used by Orange Community Housing and Land Trust to provide down payment assistance to first time homebuyers in the Meadowmont's Greenway Condominium Project. This money will provide assistance to ten first time homebuyers who earn less than 80% of the area median income.

Operational Support

Funds will be provided to Orange Community Housing and Land Trust to cover cost related to developing the Greenway Condominium Project. As a designated Community Housing Development Organization for the HOME program, the Land Trust is eligible to receive administration funds. \$10,000

Administration \$73,959

The remaining \$73,959 is allocated to the Orange County Housing and

Community Development Department for administration of the program.
Total Program Funds

\$905,999

BE IT FURTHER RESOLVED that the Orange County Manager is hereby designated as the authorized representative of the County to act in connection with the submission of this plan and to provide such additional information as may be required by the U.S. Department of Housing and Urban Development.

Summary of 2002-2003 HOME Program

(Adopted by the Chapel Hill Town Council, Orange County Board of Commissioners, Carrboro Board of Aldermen, and the Hillsborough Board of Commissioners)

Property Acquisition: \$248,117

1. The Consortium budgeted \$75,000 to the Orange Person Chatham Mental Health Association to acquire and if necessary, renovate properties for its clients with severe disabilities. The property will be rented to clients earning less than 30% of the area median income.
2. The Consortium budgeted \$75,000 to Residential Services Inc. to purchase a house in Orange County for four individuals with autism.
3. The Consortium budgeted \$70,000 to Affordable Rentals to purchase a duplex on McMasters Street in Chapel Hill currently owned by EmPOWERment. According to information submitted in its application, the goal of Affordable Rentals, Inc. is to make possible an affordable and suitable place to live for residents of Orange County whose income is between 30% and 50% of the area median income. The non-profit organization intends to rent the property to persons earning between 30% and 50% of the area median income. The property would be maintained by Affordable Rentals and would be permanently affordable rental housing.
4. The Consortium also allocated \$28,117 to the Town of Chapel Hill to purchase a second house for the Town's Transitional Housing program for public housing residents. The program provides a stepping-stone for families between public housing and the private housing market. Funds will be used to purchase a house in Chapel Hill.

Down Payment Assistance: \$77,000

The Consortium budgeted \$77,000 to Orange Community Housing and Land Trust to provide down payment assistance for fifteen first time homebuyers in Vineyard Square (formerly called The Homestead), and seven homes in the Larkspur subdivision, both in Chapel Hill. Homes in both developments, which are being developed by the private sector, would be placed in the Land Trust. The homes will be sold to first time homebuyers, currently living or working in Orange County who earn less than 80% of the area median income.

New Construction: \$50,000

The Consortium budgeted \$50,000 of HOME Program funds to Habitat for Humanity to partially fund the construction of infrastructure for a development on Rusch Road. Habitat intends to construct twelve single-family homes, and three duplex rental units on the site.

Homebuyer Assistance: \$100,000

1. The Consortium budgeted \$100,000 of HOME Program funds to EmPOWERment, Inc. to provide second mortgage assistance to households throughout Orange County. This program will serve households earning less than 80% of the area median income.

2. The Consortium also budgeted \$40,000 to Habitat for Humanity to provide deferred second mortgages for three homebuyers earning 50% of the area median income. Two of the homes will be located in Carrboro and one in Efland.

Community Revitalization: \$100,000

Funds were allocated to qualified non-profit organizations for property acquisition and renovation of property for first time homebuyers earning less than 80% of the area median income. Properties will be located throughout Orange County.

Administration: \$48,100

The remaining \$48,100 was allocated to the Orange County Housing and Community Development Department for administration of the HOME program.

NOTE: Affordable housing projects funded with Orange County HOME Program funds are subject to the County's 99-year long-term affordability policy, and must remain affordable for 99 years. Orange County records deed restrictions on the property with the Register of Deeds for affordable housing projects.

**Summary of Comments and Applications
for 2003-2004 HOME Program Funding**

The following comments were received at public hearings held by the Council on January 29 and the County Commissioners February 4, 2003:

1. Alex Asbun, Director of Affordable Rentals, Inc. requested HOME funds to purchase units in Orange County for affordable rental housing. Mr. Asbun stated that he would develop a more specific proposal and submit an application. .
2. Robert Dowling, Executive Director of Orange Community Housing and Land Trust requested second mortgage funds for two projects in Carrboro (approximately \$10,000 -\$12,000 per unit). Mr. Dowling stated that he would develop a more specific proposal and submit an application. [NOTE: Orange Community Housing and Land Trust decided not to submit funding requests for these projects. The organization revised its request and submitted an application for second mortgage assistance for the Greenway Condominium project in Meadowmont.]
3. Chris Moran, Executive Director of the Interfaith Council asked the County to develop a plan to end homelessness and that the County lift the moratorium on the Section 8 program.
4. Jack Chestnut, representing Carol Woods asked the County to consider developing housing for senior citizens.

The following agencies submitted applications for 2003-2004 HOME Program funding.

1) Affordable Rentals, Inc.

Affordable Rentals, Inc. submitted two requests: one to use \$188,000 to purchase a property on Roosevelt Drive, and a second for \$174,000 to purchase a triplex on Forsyth Drive. The properties would be made available as permanently affordable rental housing for households earning between 30% and 50% of the area median income.

Comment: The HOME Program Review Committee proposes to allocate \$188,000 to Affordable Rentals to purchase one house. We recommend funding one project with the group at a time.

3) Chapel Hill Department of Housing

The Chapel Hill Department of Housing requests \$125,000 of HOME Program funds to develop a transitional rental housing program for public housing residents. The program would be a stepping-stone for families between public housing and the private housing market. Funds would be used to purchase a house in Chapel Hill that would be rented to a family currently residing in public housing.

Comment: The Review Committee recommends allocating \$32,000 to the Chapel Hill Housing Department. Funds could be used in conjunction with \$75,000 of 1997 Orange County Affordable Housing Bond funds, and \$28,117 of 2002-2003 HOME Program funds allocated to the Town to acquire a house for the Transitional Housing Program. Therefore a total of \$135,117 would be available to purchase a house. The Committee also discussed the possibility of using HOME funds as a down payment and

using private financing to secure the balance of the acquisition cost thus being able to purchase more houses.

Town Staff Comment: We have concerns about whether the approach of obtaining private financing is workable because the Town would need to guarantee payments on any such loan in the event rent was not timely received from the tenant or the property was vacant.

4) EmPOWERment, Inc.

EmPOWERment requests \$250,000 for second mortgage assistance activities that would assist EmPOWERment and other non profit organizations with acquisition and rehabilitation of existing properties in Orange County. Properties would be sold to households earning less than 80% of the area median income, and the funds would be converted into deferred second mortgages to the buyers.

Comment: The Committee recommends allocating \$75,000 for this activity. Currently \$100,000 of 2002-2003 Community Revitalization funds is available. Funds could be used by a qualified 501(c) (3) non-profit organization.

5) Habitat for Humanity

Habitat for Humanity requests \$150,000 of HOME Program funds provide ten second mortgages to buyers in the Richmond Hills Subdivision in Efland. Homes will be sold to first time homebuyers earning less than 50% of the area median income.

Comment: The Committee recommends allocating \$150,000 for this project.

6) Orange Community Housing and Land Trust

The Land Trust requests \$100,000 to provide down payment assistance for ten first time homebuyers in the Greenway Condominiums project in the Meadowmont Development. The condominiums, which are being developed by the private sector, would be placed in the Land Trust and sold to first time homebuyers, currently living or working in Orange County who earn less than 80% of the area median income.

Comment: The Committee recommends budgeting \$100,000 for this project.

7) Orange Community Housing and Land Trust

Funds would be provided to Orange Community Housing and Land Trust for costs related to developing the Greenways Condominium project. As a designated Community Housing Development Organization for the HOME Program, the Land Trust is eligible to receive funds for operational support.

Comment: The Committee recommends budgeting \$10,000 for this request. We note that funds must be used in conjunction with a HOME funded project such as the request for assistance for the Greenway Condominium project.

8) Weaver Community Housing Association

Weaver Community Housing Association requested \$270,000 of HOME Program funds to acquire and rehabilitate five three bedroom apartments for cooperative units at the Cedar Rock Apartment complex in Carrboro. According to the organization, a "cooperative unit" is a habitable space that includes private sleeping space and shared access to living, dining, bath, kitchen and community facilities.

Comment: The Committee does not recommend funding for this project at this time. The Committee members generally supported the concept of cooperative housing, but felt that more education is needed about this innovative model.

The HOME PROGRAM

In 1990, Congress enacted the HOME Investment Partnerships Act, better known as the HOME Program, in an effort to provide a new approach to housing assistance at the federal level. This federal housing block grant would afford state and local governments the flexibility to find a wide range of housing activities through creative and unique housing partnerships among states and localities, private industry, and nonprofit organizations.

In order to receive future HOME Program funds, each housing activity must fall in line with the following goals of the HOME Program:

1. To expand the supply of decent, safe, sanitary and affordable housing, with emphasis on rental housing, for very low- and low-income citizens;
2. To strengthen the abilities of state and local governments to design and implement strategies for achieving adequate supplies of decent affordable housing; and
3. To encourage public, private and nonprofit partnerships in addressing housing needs.

Eligible activities for HOME Program funding include (from the Federal Regulations):

- ☐ acquisition of property (including assistance to homebuyers)
- ☐ new construction
- ☐ reconstruction
- ☐ conversions
- ☐ moderate rehabilitation of non-luxury housing with suitable amenities
- ☐ tenant-based rental assistance
- ☐ relocation of displaced persons, families, businesses, or organizations
- ☐ site improvements, acquisition of vacant land and demolition (under special conditions)
- ☐ project soft costs
- ☐ operating expenses for community housing development organizations