

BOARD OF ALDERMEN

ITEM NO. D(3)

AGENDA ITEM ABSTRACT

MEETING DATE: April 15, 2008

TITLE: 2008-09 Proposed HOME Program Allocation

DEPARTMENT: Economic and Community Development	PUBLIC HEARING: YES ___ NO <u>x</u>
ATTACHMENTS: A. Resolution B. Summary of Applications and Comments for 2008-09 HOME Program Funding C. Eligible HOME Program Activities	FOR INFORMATION CONTACT: James Harris 918-7319

PURPOSE

The purpose of this item is to present to the Carrboro Board of Aldermen a proposed plan developed by the HOME Program Review Committee for use of HOME Program funds for fiscal year 2008-2009. The Committee is comprised of one elected official and the Manager or his designee(s) from each participating jurisdiction.

INFORMATION

Funding

The U.S. Department of Housing and Urban Development has awarded the Orange County HOME Consortium \$661,756 for fiscal year 2008-2009. In addition, the participating municipalities are required to contribute a 25% match of the grant funds after subtracting administrative costs of \$66,176. The total match requirement is \$148,895. The Town's contribution to the matching funds is 14% of the total match or \$20,845. As in previous years, funds to cover the Town's share of the match will come from the general fund. Orange County, Chapel Hill, and Hillsborough will contribute \$59,558, \$61,047, and \$7,445 respectively. Therefore, including the 2008-2009 grant funds allocated to the Orange County HOME Consortium (\$661,756) and the required local match (\$148,896), the Consortium is planning activities for a total of \$810,652.

HOME Program Review Committee

In October of 2000, the Board adopted a resolution to participate in a HOME Program Review Committee along with Orange County, Chapel Hill and Hillsborough. The purpose of this Committee is to allow elected officials to have more involvement in the development of the annual HOME Program plan and to review the progress of HOME funded activities on a regular basis. The Aldermen appointed board member John Herrera to represent the Board of Aldermen.

SUMMARY

HOME Program

The HOME Program Review Committee proposes the following use of 2008-2009 HOME Program funds:

1. Housing Rehabilitation	Community Alternatives for Supportive Abodes (CASA)	\$435,226
2. Homeownership Assistance	Orange Community Housing and Land Trust	\$100,000
3. Second Mortgage Assistance	Habitat for Humanity	\$120,000
4. Sewer Construction	Town of Hillsborough	\$ 56,250
5. Operational Support	Orange Community Housing and Land Trust	\$ 33,000
6. Administration	Orange County Housing and Community Development	<u>\$ 66,176</u>
TOTAL		\$810,652

The HOME Program was established to provide funding for various types of housing programs to benefit low-income families. This funding is in addition to the existing Federal Community Development grants, rental assistance through the Section 8 Program and public housing operating and improvement funding. In 1992, Chapel Hill, Carrboro, Hillsborough and Orange County formed the Orange County HOME Consortium with Orange County acting as the lead entity. The Consortium was established as a local partnership to develop affordable housing.

Relationship to the Consolidated Plan

In May 2005, the Orange County HOME Consortium consisting of the Town, Orange County, Carrboro and Hillsborough submitted a new Consolidated Plan to the U.S. Department of Housing and Urban Development covering fiscal years 2005-2006 through 2009-2010. The Plan identifies and prioritizes the housing and community development needs for Chapel Hill and Orange County, and suggests how the Town and the County will address the needs over a five-year period.

The Annual Update to the Consolidated Plan will include a 2008-2009 Community Development and HOME Program Plan, establish priorities for use of funds, and a description of housing and community development initiatives and programs in Orange County. The Community Development Plan is approved by the Council and the HOME Program Plan is approved by the governing bodies of the HOME Program Consortium: the Council, the Orange County and Hillsborough Commissioners, and Carrboro Board of Aldermen. Staff will prepare a draft, Annual Update to the Consolidated Plan for the elected officials which is due by May 15, 2008.

Public Participation

On February 5, 2008, the Board of Orange County Commissioners held a public hearing to receive citizen comments on how HOME Program funds could be spent and affordable housing needs in general.

Please see Attachment 1 for a summary of applications and comments received at the public forum and applications received for HOME Program funding.

For your reference, we have attached a list of eligible HOME Program activities (Please see Attachment 2).

DISCUSSION

The HOME Program Review Committee proposes the following one-year plan for 2008-2009:

1. Housing Rehabilitation: \$435,226

The Review Committee recommends allocating \$435,226 to Community Alternatives for Supportive Abodes (CASA) for the renovation of ten one-bedroom apartments on Pritchard Avenue Extension in Chapel Hill. The units would be rented to very low income individuals who may have disabilities or formerly homeless.

2. Homeownership Assistance: \$100,000

The Review Committee proposes to allocate \$100,000 to Orange Community Housing and Land Trust to assist first time homebuyers earning less than 80% of the area median income to purchase Land Trust homes throughout Orange County. The majority of homes would be located in the Chapel Hill/Carrboro area.

3. Second Mortgage Assistance: \$120,000

The Committee recommends allocating \$120,000 to Habitat for Humanity to provide deferred payment zero-interest second mortgages on six homes throughout Orange County. The homes would be built in 2008 and 2009 and would be sold to households earning between 30% and 80% of the area median income.

4. Sewer Construction: \$56,250

The Review Committee proposes to allocate \$56,250 to the Town of Hillsborough to construct infrastructure to provide sewer service to six new homes in partnership with Habitat for Humanity.

5. Operational Support: \$33,000

The Committee recommends allocating \$33,000 to the Orange Community Housing and Land Trust for administrative expenses related to implementing its HOME Program funded projects. As a designated Community Housing Development Organization for the HOME Program, the Land Trust is eligible to receive funds for administration of a housing program.

6. Administration: \$66,176

The remaining \$66,176 would be allocated to the Orange County Housing and Community Development Department for administration of the HOME program.

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.

NEXT STEPS

The governing boards of Orange County, Chapel Hill and Hillsborough will also consider the proposed plan prior to submitting the Consolidated Plan to the Department of Housing and Urban Development on May 15, 2008.

FISCAL AND STAFF IMPACT

The Town will provide its matching share of \$20,845 which comes from the general fund.

RECOMMENDATION

Staff recommends approval of the annual HOME program allocation plan as presented by the HOME Program Review Committee.