

# BOARD OF ALDERMEN

ITEM NO. D (1)

## AGENDA ITEM ABSTRACT

MEETING DATE: May 5, 2009

**TITLE: Request for Approval of the 2009-2010 Home Plan and Update of the Consolidated Plan**

<b>DEPARTMENT: Economic and Community Development</b>	<b>PUBLIC HEARING: YES ____ NO <u>x</u></b>
<b>ATTACHMENTS:</b> <b>A. Resolution Approving the O.C. FY2009-2010 Home Program Design</b> <b>B. Resolution Authorizing Submission of the 2009-1010 Updated Consolidated Housing Plan</b> <b>C. Home Program Review Committee Report</b> <b>D. Eligible Home Program Activities</b>	<b>FOR INFORMATION CONTACT: James R. Harris, Dir Economic and Community Development</b>

### PURPOSE:

The purpose of this item is to present, for approval, the proposed plan developed by the HOME Program Review Committee for use of HOME Program funds for fiscal year 2009-2010 and the annual update of the Consolidated Plan. The Committee is comprised of one elected official and the Manager or his designee(s) from each participating jurisdiction.

### INFORMATION:

The U.S. Department of Housing and Urban Development (HUD) has not informed the Orange County HOME Consortium of the amount of the 2009-2010 HOME Program grant allocation. We have been instructed by HUD to develop a program based on the 2008-2009 grant of \$661,756. 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 of Carrboro's contribution to the matching funds is 14% of the total match or \$20,845. As in previous years, funds for the match come from the general fund. Orange County, Chapel Hill, and Hillsborough will contribute \$59,558, \$61,047, and \$7,445 respectively. Therefore, including the anticipated 2009-2010 grant funds allocated to the Orange County HOME Consortium (\$661,756), the required local match (\$148,896), and \$51,058 of HOME Program income, the Consortium is planning activities for a total of \$861,720.

### HOME Program Review Committee

The Board of Aldermen, along with the other participating governments, adopted a resolution to participate in a HOME Program Review Committee. 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 Board of Aldermen appointed Alderman John Herrera to represent the Board of Aldermen with Alderman Coleman as an alternate.

## SUMMARY

### **HOME Program**

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

Predevelopment/Infrastructure Costs	InterFaith Council for Social Svcs. Habitat for Humanity/Phoenix Pl.	\$185,000 \$208,534
Housing Rehabilitation	Orange Person Chatham Mental Health Association/Chrysalis	\$162,000
Homeownership Assistance	Orange Community Housing and Land Trust	\$100,000
Second Mortgage Assistance	Habitat for Humanity	\$ 60,000
Rental Assistance	Housing for New Hope	\$ 50,000
Operational Support	Orange Community Housing and Land Trust	\$ 30,000
Administration	Orange County Housing and Community Development	<u>\$ 66,177</u>
TOTAL		\$861,720

As in previous years, we propose to use general funds for the Town's match contribution of \$20, 845. There are currently funds available for this purpose.

## BACKGROUND

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, The Carrboro Affordable Housing Fund 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, Chapel Hill 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 Towns and the County will address the needs over a five-year period.

The Annual Update to the Consolidated Plan will include a 2009-2010 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 Chapel Hill Town 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.

### **Public Participation**

On February 3, 2009 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 2009-2010:

### **1. Infrastructure/Pre Development Costs:           \$342,475**

The Review Committee also recommends allocating \$185,000 to the InterFaith Council for Social Services for infrastructure and predevelopment costs related to the development of a 50 plus bed transitional housing facility for homeless men. The facility would be located on a 1.66-acre of property located on Martin Luther King, Jr. Boulevard. The preliminary Community Development plan also includes \$65,000 for this request.

The Review Committee recommends allocating \$208,534 to Habitat for Humanity for a portion of the infrastructure costs for the Phoenix Place subdivision located in the Rogers Road neighborhood. Habitat intends to build fifty single-family homes for households earning less than 80% of the area median income on this site. The preliminary Community Development plan also includes \$200,000 for this request.

### **2. Housing Rehabilitation:                   \$162,000**

The Review Committee proposed to allocate \$153,000 to Orange Person Chatham Area Program to rehabilitate twenty-three properties currently owned by the Chrysalis Foundation for Mental Health, Inc. The properties serve individuals with disabilities, particularly disabilities related to mental health,

substance abuse, and developmental disabilities. The Committee also proposes to allocate \$9,000 to provide a cash match for a HUD Supportive Housing Program grant.

**3. 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. The preliminary Community Development plan also includes \$53,661 for this request.

**4. Second Mortgage Assistance: \$60,000**

The Committee recommends allocating \$60,000 to Habitat for Humanity to provide deferred payment zero-interest second mortgages for three homes in the Fairview Community in Hillsborough. The homes would be sold to households earning less than 60% of the area median income.

**5. Rental Assistance: \$50,000**

The Committee recommends allocating \$50,000 to Housing for New Hope to provide fair market rent (approximately \$700 per month) for 25 individuals for three months. Rental assistance will be supplemented by significant in-kind contributions from the community to support clients' housing needs.

**6. Operational Support: \$30,000**

The Committee recommends allocating \$30,000 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.

**7. 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.

**FISCAL AND STAFF IMPACT:**

The Town of Carrboro's portion of the match for this grant is \$20,845.00 which will come from general funds as in the past.

**RECOMMENDATION:**

Staff recommends approval of the HOME Program Spending Plan for 2009-10 and the update of the 2005-2006 through 2009-2010 Consolidated Plans to include all nearly approved housing activities in the county.

