

A RESOLUTION REQUESTING THAT THE BOARD OF COUNTY COMMISSIONERS MAKE PRIVATE SECTOR HOUSING DEVELOPERS ELIGIBLE FOR A PARTIAL REIMBURSEMENT OF SCHOOL IMPACT FEES ASSOCIATED WITH THE CONSTRUCTION OF NEW HOUSING UNITS FOR LOW INCOME BUYERS

Draft Resolution No.146/2011-2012

WHEREAS, the Community Home Trust submitted a request to the Board of Aldermen requesting the Aldermen petition the Board of County Commissioners for a reduced school impact fee for private sector developers who build affordable homes by making such developers eligible for a fifty percent reimbursement of that fee if the home is sold to a low income buyer and meets other County guidelines; and

WHEREAS, the Board of Aldermen understands that the Board of County Commissioners IMPACT FEE REIMBURSEMENT POLICY CONCERNING AFFORDABLE HOUSING FOR LOW INCOME INDIVIDUALS has since 1995 allowed for the reimbursement of school impact fees constructed by certain affordable housing agencies, subject to the availability of funds; and

WHEREAS, the Board of Aldermen supports the Community Home Trust and recognizes the important role it plays in meeting the public need for affordable housing, both directly through the construction of affordable units and in cooperation with private sector developers.

NOW THEREFORE BE IT HEREBY RESOLVED by the Board of Aldermen of the Town of Carrboro that the Aldermen request that the Board of County Commissioners considers making private sector developers eligible for a partial reimbursement of school impact fees as proposed by the Community Home Trust in its January 3, 2012 letter, subject to the availability of funds.



January 3, 2012

Mayor Chilton and Members of the Board of Aldermen
Carrboro Town Hall

Dear Mayor Chilton and Members of the Board of Aldermen:

The board of Community Home Trust recently approved a resolution asking the Board of Aldermen and the Town Council to consider petitioning the County Commissioners for a reduced impact fee for private sector developers who build affordable homes. More specifically, the resolution approved by the Home Trust board would still require developers to pay the entire impact fee for their affordable homes, but that they would be eligible for a 50% reimbursement of that fee if the home is sold to a low income buyer and meets other County guidelines.

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The Home Trust board supports this request for the following reasons:

1. The housing market has been weak since the financial crisis in the fall of 2008. Developers and builders no longer enjoy sufficient profit margins to absorb the losses incurred when they build affordable homes.
2. Reducing the impact fee would reduce the costs and the losses associated with building affordable homes.
3. Impact fees are scheduled to increase in 2012 to more than \$11,000 for a single family home and \$6600 for a duplex unit. These are significant fees, which, if reduced by 50% would provide welcome relief to builders.
4. Inclusionary housing represents a public-private partnership, but more of the burden has been shifted to the private partner in recent years. Reimbursing a portion of the impact fee would serve to rebalance the partnership.
5. The County already recognizes the public good being performed by the nonprofit sector by reimbursing impact fees for homes that are built for low-income households.
6. In Carrboro, inclusionary housing is only required if developers make use of the density bonus. A reduced impact fee might encourage developers to choose the density bonus, resulting in more affordable housing creation.

We recognize that reimbursement only occurs if funds are available, and the same should be true for the private sector developers. We believe the Orange County Commissioners would look favorably upon this request if it comes from the Towns of Carrboro and Chapel Hill and Community Home Trust.

Thank you for your consideration of this request.

Sincerely,

Mary Bratsch
President

Robert Dowling
Executive Director

IMPACT FEE REIMBURSEMENT POLICY CONCERNING AFFORDABLE HOUSING FOR LOW INCOME INDIVIDUALS

Guiding Principles for the Policy:

- I. Reimbursements made under this policy must satisfy the public purpose requirement for spending County money.
- II. All reimbursements are made subject to budgetary constraints, and are limited solely to the County's annual appropriations for reimbursement. Thus there is no entitlement to these reimbursements even for projects that qualify.

Eligibility Criteria:

1. A 501(c)(3) non-profit organization which (1) develops affordable housing to be owner-occupied by first-time homebuyers with incomes at or below 80% of the HUD published area median income for the Raleigh-Durham-Chapel Hill, North Carolina MSA, or (2) develops affordable rental housing for persons with incomes at or below 60% of the HUD published area median income for the Raleigh/Durham - Chapel Hill, North Carolina MSA.
2. Affordable Housing is defined as (1) owner-occupied housing which can be purchased for no more than 2.5 times annual family income, or (2) rental housing for which the occupant pays no more than 30% of gross income for all housing costs, including utilities.
3. An organization requesting impact fee reimbursement must certify in writing that, for owner-occupied housing, it will remain affordable to the anticipated beneficiary or beneficiaries for a period of a minimum of ninety-nine (99) years or longer depending upon the funding source. This requirement will be secured by a Declaration of Restrictive Covenants.

An organization requesting impact fee reimbursement for rental housing must certify that the property will remain affordable for ninety-nine (99) years. The rental housing certification must be secured by a Declaration of Restrictive Covenants requiring repayment to Orange County of the impact fee if the rental housing does not remain affordable during the period of affordability, which covenant will be further secured by a note and deed of trust. Evidence must be provided that agency and/or program guidelines are in place to assure affordability compliance.

1. An organization requesting impact fee reimbursement must anticipate reimbursement needs for a given fiscal year and submit a request for fee reimbursement at the time for submission of the County's annual budget, non-departmental funding requests. Further, at no time should an organization presume impact fee reimbursement, and in particular, presume a lump sum reimbursement payment or total reimbursement payments in one

fiscal year. Therefore, the cost of impact fees should be budgeted when developing housing development projects and should be included in all grant and loan applications.

Written request for impact fee reimbursement should be submitted to the Orange County Housing and Community Development Department prior to the anticipated date the building permit will be obtained. The request should include all information necessary for a determination of eligibility, including so much of the following that is pertinent: a description of the anticipated beneficiary (homeowner or tenant), a detailed construction budget including amounts for individual houses or rental units, an estimated completion date, the house selling price or the proposed rent schedule, including utility costs.

If funding is unavailable in the current fiscal year budget, the Housing and Community Development Director will notify the non-profit organization. If funding is unavailable, the application for reimbursement will be considered in the next fiscal year. Applications will be considered on a first in, first out basis with unfunded applications carrying over from fiscal year to fiscal year unless withdrawn.

2. Requests will be reviewed within 15 working days and the Housing and Community Development Director will make a recommendation to the County Manager. The recommendation of the Housing and Community Development Director will be based on whether or not the application satisfies the eligibility criteria, includes all of the information required by this Procedure and whether or not the project budget is adequate for the proposed housing project.
3. The Manager's recommendation to the Board of County Commissioners, for or against reimbursement, will be conveyed to the applicant in writing by the Manager within 15 working days after the Manager receives the recommendation of the Housing and Community Development Director. The recommendation of the Manager will be based on the recommendation of the Housing and Community Development Director AND whether or not there are adequate funds budgeted in the current fiscal year to reimburse the applicant for impact fees paid by the applicant.
4. If the Manager's recommendation is favorable, the item will be placed on the next Board of County Commissioners agenda for its consideration. If the board decision is favorable, the non-profit organization will be reimbursed for the impact fee that it has paid.
5. The Housing and Community Development Director will communicate the decision to the Planning Department and the Finance Department.
6. The non-profit organization is responsible for providing written notice, including documentation, of impact fee payment to the Housing and Community Development Department. The organization will be reimbursed within five working days of receipt of the written notice by the Housing and Community Development Department.

7. All funding decisions by the Board of County Commissioners will be good for a period of twelve months from the date of approval. If the building permit is not obtained within that time period, the organization must reapply for funding.

Effective: July 1, 1995
Approved: November 1, 1995
Revised: April 1, 1997; March 4, 1998; April 11, 2000