

Affordable Housing Common Funding Application



Affordable Housing Bond

Affordable Housing Development Reserve

Affordable Housing Fund

American Rescue Plan Act (ARPA)



Town of Chapel Hill Office for Housing and Community

housingandcommunity@townofchapelhill.org

919-969-5079

www.townofchapelhill.org/town-hall/departments-services/housing-and-community/funding

GENERAL INFORMATION & APPLICATION INSTRUCTIONS

OVERVIEW

Thank you for your interest in the Town of Chapel Hill's Affordable Housing funding sources! This application is used for funding requests for all of the Town's local funding sources for affordable housing projects (Housing Bond, Affordable Housing Development Reserve, Affordable Housing Fund, and ARPA). To learn more about each of these sources and eligible uses, see the Attachments Section.

INCOME ELIGIBILITY

In general, projects for the Town's affordable housing sources must serve households with income below 80% of the area median income as defined by the U.S. Department of Housing and Urban Development, adjusted for family size, though projects may be approved that serve households of higher incomes. Please see the Attachments for additional information about income limits.

FINANCING ASSUMPTIONS

Applicants may apply for loans or grants. Town staff will analyze the financials for any project approved for funding and determine the proposed financing structuring. When determining the structure and terms of funding, Town staff will review project financials for accuracy and reasonableness according to the following underwriting assumptions (**unless applicant notes otherwise**):

Rental Projects

- Vacancy allowance: 7%
- Annual rent escalation: 2%
- Annual operating expense escalation: 3%
- Replacement reserves: minimum of \$250/year/unit for new construction
- The income/rent mix should be structured such that a minimum of a 1.15 debt coverage ratio is maintained. Debt Coverage Ratio will be calculated annually by dividing the project's Cash Flow for Debt Service by the Debt Service Payment(s). The Town's ideal range for the Debt Coverage Ratio is between 1.15 and 1.3.

Homeownership Projects

Will consider factors such as estimated sale proceeds, funding sources, and mortgage structure.

PROJECT REPORTING AND MONITORING

Organizations must submit progress reports to the Town quarterly to monitor progress and performance, financial and administrative management, and compliance with the terms of the performance agreement. Please submit reports using the template linked on the Town website and in the Attachments section electronically to: housingandcommunity@townofchapelhill.org.

FUNDING DISBURSEMENT

Funding is typically issued to funded agencies on a reimbursement basis. The funded agency shall invoice the Town for eligible project expenses as defined by the terms of a performance agreement to be executed with the Town. The funded agency must provide the Town with appropriate documentation of expenses.

ORIENTATION MEETING

Applicants are invited to attend an optional orientation session prior to applying for funding, which will be held once per year and provide an overview of all of the Town’s affordable housing sources.

Applicants are also invited to participate in a pre-application meeting, which is a one-on-one session during which applicants can discuss their funding proposal with Town staff. To schedule a pre-application meeting, contact Nate Broman-Fulks at 919-969-5077 or nbfulks@townofchapelhill.org.

SUBMISSION INSTRUCTIONS

Submit applications electronically in PDF form to: housingandcommunity@townofchapelhill.org. Note that the Project Financials attachment asks for an Excel document, or similar file format, rather than a PDF. If you have questions, please contact Nate Broman-Fulks at 919-969-5077 or nbfulks@townofchapelhill.org

Applications may not be considered for the following reasons:

1. Projects are not located within the Town limits or the Town Extra-Territorial Jurisdiction
2. Projects do not have site control (if applicable)
3. Projects do not align with the eligibility criteria for the funding source
4. Incomplete or late applications

CHECKLIST OF REQUIRED DOCUMENTATION

Application:

- Section 1: Cover Page
- Section 2: Disclosure of Potential Conflicts of Interest
- Section 3: Organization Information
- Section 4: Project Information
- Section 5: Attachments

COVER PAGE

Organization Contact Information

Legal Name: Habitat for Humanity, Orange County, N.C., Inc. Tax ID Number: 58-1603427

Physical Address: 88 Vilcom Center Drive #L110, Chapel Hill, NC, 27514 Mailing Address: Same as physical

Organization’s Website: www.orangehabitat.org Date of Incorporation: April 13, 1984

Executive Director Name: Jennifer Player

Telephone Number: (919) 339-9444 (cell) E-Mail: jplayer@orangehabitat.org

Funding Request

Project Name: Weavers Grove: A new vision for affordable housing

Total Number of Units Included in Funding Request: 101

Total Project Cost: \$30,293,500

Total Amount of Funds Requested: \$1,850,000

Please specify the **type** and **amount** of funding requested:

- Affordable Housing Bond: \$1,200,000 Grant Loan
- Affordable Housing Fund: \$_____ Grant Loan
- Affordable Housing Development Reserve: \$_____ Grant Loan
- American Rescue Plan Act: \$650,000 Grant Loan

****New this year.** If you are NOT requesting a loan, please describe your reasoning:

Habitat’s development and homeownership model relies on direct subsidies that do not require repayment to keep housing prices affordable for buyers earning between 30%-80% Area Median Income (AMI).

Note: the Town will analyze project financials to determine the project’s ability to support a loan, regardless of the type of funding requested. Staff will use the project’s Debt Coverage Ratio as the key tool in determining the project’s recommended funding structure.

Loan Terms Requested, if applicable, (provide a concise description, including interest rate, term length, amortization schedule): N/A

Proposed Use of Funds Requested (provide a concise description, not to exceed 100 words):

Habitat for Humanity proposes to use \$1,850,000 to build 101 affordable, green-certified homes at Weavers Grove. Vertical construction will begin in spring 2023. Habitat will also sell finished lots to two market-rate builders, who will develop an additional 136 units of missing-middle housing. The community includes a mix of townhomes, duplexes, condominiums, and single-family houses. The 32-acre development features vibrant neighborhood amenities, including a community center, playground, and shared green spaces. This intentional mixed-income design prioritizes smart density and meaningful community interaction to create social and economic benefits for Weavers Grove residents and the broader community.

1. Type of Activity. Please check the category under which your project falls.

- Acquisition
- Predevelopment activities
- Infrastructure/site improvements
- New construction for homeownership
- New construction for rental housing
- New construction of emergency shelter
- New construction of transitional/supportive housing
- Rental housing subsidy
- Homeownership assistance

1. Organization Mission *(no more than a few sentences):*

Seeking to put God’s love into action, Habitat for Humanity of Orange County brings people together to build homes, communities, and hope. Our vision is an Orange County where everyone has a decent place to live.

2. Organization Staff: Please provide names of staff, contractors, and/or volunteers that will be involved with the project. Describe their responsibilities with the project and track record in successful completion of similar projects in the past.

Orange Habitat’s leadership structure, detailed below, demonstrates the distribution of responsibilities that has allowed Habitat to successfully build and repair more than 600 homes in Orange County by effectively leveraging funds from Town of Chapel Hill and other local government funding sources.

Jennifer Player, President & CEO, holds chief oversight responsibilities for Weavers Grove. Player has served Habitat in a leadership capacity for more than eight years and assumed the position of CEO in 2019. Richard Turlington, VP of Construction, holds oversight responsibility for the land purchase, project design, infrastructure, preparation of the site and construction of the homes. Turlington has acted in the VP capacity for four years and has twelve years of Habitat experience, with nearly twenty years in the construction industry. Laine Staton, VP of Homeowner Services, brings five years of experience with Habitat in Durham and Orange County. Staton is responsible for recruitment and screening of potential homebuyers, as well as providing homebuyer education for approved applicants and support for community-building where Habitat constructs homes. Habitat’s VP of Finance and Administration, Grace Johnston, brings more than a decade of experience with Orange Habitat’s Development and Finance operations and will lead long-term monitoring and reporting requirements. Alice Jacoby, VP of Policy and Advocacy, leads government relations and has ten years of experience with Habitat. Jacoby manages Habitat’s government funding portfolio and acts as liaison with Town staff. We are currently hiring for the position of VP of Development. This role holds overall responsibility for securing annual funding from individual donors, organizations, corporations, churches, and foundations to cover the cost of vertical construction.

Orange Habitat has a successful history of working with well-respected local contractors and architects. The pro-bono project manager for Weavers Grove is Bruce Ballentine, a Chapel Hill native and founder of Ballentine Associates, a local civil engineering, land planning, and surveying firm. He has over 40 years of experience working with the Town of Chapel Hill on various developments. Contractors and design partners for Weavers Grove include Ballentine and Associates, Civil Consultants, Cline Design Architects, Scott Murray Land Planning, Summit Engineering, Cardinal Civil Contracting, Soil and Environmental Consultants, and TerraQuest. Habitat is partnering with two Triangle based market-rate builders for Weavers Grove: Garman Homes and White Oak Properties. These experienced builders will purchase finished lots from Habitat to develop additional housing inventory of varied density and price point alongside the Habitat homes, including condos and single-family homes. Once Habitat construction begins, a diverse range of community partners and volunteers will help to build and fund the homes through Habitat’s proven and unique model, including faith partners, civic groups, University of North Carolina faculty and students, UNC Health employees, and the local business community.

of FTE – Full-Time Paid Positions: 24

of FTE Part-Time (less than 40 hours/wk) Paid Positions: 4

3. **Agency Track Record:** Briefly describe three relevant and substantially similar affordable housing development or preservation projects completed by the organization in the last 10 years (preferably 5 years). The project description should include:
- Location
 - Scope and scale of project
 - Total development budget and financing sources
 - Indication of whether the projects were completed on budget and on time. If not completed on budget and on time, please describe why.
 - Photos/illustrations of completed project

Cobb Street Duplexes (completed in 2022)

- Two duplexes with four affordable units located in downtown Carrboro, NC.
- Built in partnership with the Town of Carrboro, Compass Group, and the Northside Neighborhood Initiative.
- Walkable to downtown Carrboro and Chapel Hill with proximity to public transportation and the University of North Carolina and UNC Hospitals.
- Total cost approximately \$650,000
- Funding sources include Orange County, The Town of Carrboro, NCHFA, community donations, and Orange Habitat.
- Project was completed on budget. The initial completion timeframe was delayed due to a reduction of available volunteers during COVID-19.
- The first Habitat project within Carrboro town limits to include solar panels.



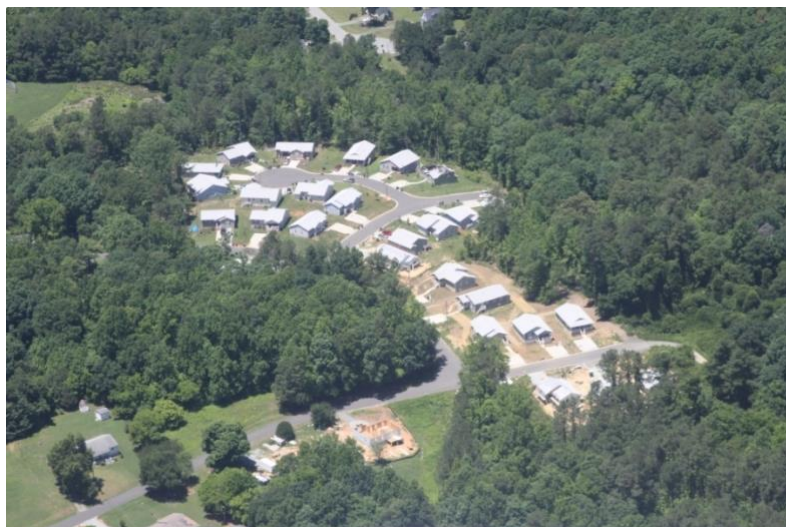
Crescent Magnolia (completed in 2020)

- 24-unit new construction townhome development located in Hillsborough, NC.
- All 24 units are one-bedroom homes targeted at seniors ages 55+ and designed specifically to help seniors age in place and make efficient use of space.
- Community amenities include shared green space and an open-air pavilion.
- Total cost approximately \$2.5 million.
- Funding sources include Orange County, The Town of Hillsborough, NCHFA, community donations, and Orange Habitat.
- Project was completed on budget and on time.
- Received the 2020 NCHFA North Carolina Housing Award for Best Homeownership Development.



Tinnin Woods (completed in 2019)

- A neighborhood of 30 single family homes located in Efland, NC.
- Community is adjacent to the local elementary school and community center.
- Total cost \$3.765 million.
- Funding sources include Orange County, HOME funds, NCHFA, community donations, and Orange Habitat.
- Project was completed on budget and on time.



For all projects for which you have received Town funding within the last 5 years, please provide the information below.

Project Name	Project Type	Amount of Funding Approved	Is the Project Completed? (Yes/No)	Was the project completed on schedule and within budget? If not, why?
Sykes Street	New Construction	\$55,000	Yes	Yes
McMasters Street	New Construction	\$25,000	Yes	Yes
FY17 Home Preservation	Repairs	\$50,000	Yes	Yes
FY18 Home Preservation	Repairs	\$50,000	Yes	Yes
FY19 Home Preservation	Repairs	\$53,000	Yes	Yes
Weavers Grove Property Purchase	Land Acquisition	\$375,000	Yes	Yes
Sunset Drive	New Construction	\$20,000	Yes	Yes
FY20 Home Preservation	Repairs	\$36,000	Yes	Projects completed on budget. COVID-19 related delays occurred due to staffing and being unable to enter client homes safely.
Chamber Safe Commerce	Equipment Purchase	\$1,250	Yes	Yes
Weavers Grove	Infrastructure	\$1,255,692	Ongoing	Yes
Weiner Street Property Purchase	Land Acquisition	\$150,000	Yes	Yes

***Add rows as needed to reflect additional projects that have received Town funding within the last 5 years.**

PROJECT INFORMATION

4. Project Description: Please provide a general overview of your project, including what you are planning to produce and how you are planning to carry out the project. *(in 100 words or less).*

Weavers Grove provides a shovel-ready solution to deliver more than one hundred urgently needed new units of affordable housing, while also spurring the creation of missing middle market-rate housing. Skyrocketing housing costs threaten what remains of Chapel Hill’s economic and racial diversity. Research shows that mixed-income communities can effectively deconcentrate poverty, increase property values and improve health and education outcomes for children. Our vision is a thriving, mixed-income community of homes that are aesthetically pleasing, architecturally integrated, and energy-efficient. Residents will enjoy green space, access to public transportation and employment centers, and proximity to desirable schools and high-quality health care.

5. Affordability Term. Is the proposed project permanently affordable (99 year affordability term)?

- Yes
 No

If no, what is the affordability term of the proposed project?

Briefly describe any methods to ensure long-term affordability of housing units, including subsidy recapture, equity sharing, and deed restrictions.

The 49 Habitat townhomes and 52 duplex units in Weavers Grove will be sold in compliance with Orange County's deed of restrictive covenants, which requires 99-year affordability to buyers who earn 80% or less of AMI. Habitat holds a right of first refusal on all properties. Habitat also uses a shared appreciation model that allows buyers to share a percentage of the appreciation of their property based on the ratio of their first mortgage, which is provided by Habitat, and the original sales price of the home, which is determined by a market appraisal at the time of sale. Homes will be sold in compliance with the HOME Program Development/Written Agreement, including the Orange County Resale Provisions and HOME Affordability Period, Declaration of Restrictive Covenants, and the County's 99-Year Affordability Period.

6. Leverage: How much funding is committed at the time of submission of this application? \$19,877,106
What percentage of funding for the proposed project would be leveraged from sources other than the Town? *(Please provide documentation of how you calculated leverage as well as funding commitment letters if applicable).* 89%

Habitat has a strong track record of leveraging limited government subsidy to raise private funds. This demonstration of community support and increased visibility in turn helps to advance the Town's affordable housing goals. Weavers Grove is a high-density, amenity-rich community with a total project cost of \$30,293,500. To bring this ambitious vision to fruition requires robust funding support from diverse public and private sources. This need has only grown due to supply-chain issues and inflationary pressure impacting the cost of materials and subcontracted labor for housing developers. Habitat is seeking \$1,850,000 in combined Bond and ARPA funds, an investment of \$18,317 per unit. Combined with previously awarded funding for land and infrastructure, the investment from Town of Chapel Hill represents 11% of the total project cost. Even in the face of rapidly increasing development cost, Habitat remains committed to the smart leveraging of public dollars.

Habitat will secure the remaining \$26.8M (89%) of project funds from a variety of sources. To execute a project at this scale, Habitat launched a 5-year Capital Campaign for Weavers Grove. Our community has demonstrated clear and enthusiastic support for the project by pledging \$6.76M to date towards the \$7.5M capital campaign goal, with gifts received ranging from \$20 to \$1,000,000. 93% of donations to the capital campaign have come from individual community members, who recognize the dire need for affordable housing and support Habitat's vision for a vibrant new model of community living. Please see attachment *Weavers Grove Project Budget* for additional details on funding sources.

7. Project Profile

Insert project information below

Location <i>(insert address if available)</i>	7516 Sunrise Road				
Size <i>(insert acreage of development site)</i>	32.6 acres				
Total Number of Units	101				
	# of Total Housing Units	# of Bathrooms	Square Footage	Proposed Rent or Sale Price Per Unit	Projected Cost Per Unit Including Utilities
Studios					
One-bedroom					
Two-bedroom					
Three-bedroom	51	2.5	1400-1500	\$315,000	\$950
Four-bedroom	50	2.5	1500-1600	\$315,000	\$950
Area Median Income Served <i>(insert # of units by AMI)</i>					
<30%					
31-60%	71				
61-80%	30				
81-100%					
>100%					
Target Population <i>(check all that apply)</i>					
Families	<input checked="" type="checkbox"/>				
Older Adults (Age 55+)	<input checked="" type="checkbox"/>				
Disabled	<input checked="" type="checkbox"/>				
Homeless	<input type="checkbox"/>				
Veterans	<input checked="" type="checkbox"/>				
Other <i>(specify)</i>	<input type="checkbox"/>				
ADA Accessibility <i>(insert # of total units)</i>	All units will have universal design features. Units with full ADA accessibility will be built if identified as a need of the buyer.				
Total Development Cost Per Unit	\$299,936				
Per Unit Subsidy	\$18,317/ unit				
Debt Coverage Ratio (DCR)	Lowest DCR: 13.64 Highest DCR: 13.64				
Town Planning Approvals Received <i>(as of the date of application)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA				

Note:

The projected monthly cost per unit is based on a \$850 mortgage payment and \$100 in utility costs. The monthly mortgage payment represents an average, as Habitat mortgages are priced individually based on family income. Habitat homeowners' monthly mortgage, HOA, taxes, and insurance will not exceed 30% of their income at closing.

Approved homebuyer applicants earn between 30-80% AMI. In Habitat’s most recent application cycle, 75% of approved applicants fell between thirty and fifty percent AMI while 25% of the applicants fell between fifty to eighty percent AMI. This mirrors the AMI distribution of previous application cycles, and we predict similar trends for Weavers Grove. Habitat continues to explore options to target specific income ranges in the face of rising house costs and sales prices. Providing homeownership opportunities at the lower end of the AMI range in the current market climate requires robust ongoing support from local government partners.

8. Energy Efficiency: Will the proposed project meet the standards and requirements of [Energy Star 3.0](#) or standards outlined in the latest [NCHFA QAP](#) as verified by an independent, third party expert?

- Yes
 No

If not, please briefly describe all of the energy efficiency features included in the proposed project:

Green building simultaneously addresses climate change and preserves affordability for buyers by reducing monthly energy costs. With these goals in mind, Orange Habitat has for decades built houses that exceed the environmental standards of the typical new house built today. As a result, homeowners pay on average less than \$30 per month for heating and cooling. The Habitat houses in Weavers Grove will continue to meet the following certifications, which exceed industry standards for new residential construction:

- Advanced Energy Corp’s SystemVision Certification
- National Association of Home Builders (NAHB) Research Center: Bronze Level
- National Green Building Standards (NGBS) Certification: Silver Level

Weavers Grove is a new vision for an affordable, energy-efficient development. In addition to our usual green-building practices, Habitat plans to install solar panels on all houses with sufficient sun exposure. This will be the first large-scale affordable homeownership community incorporating residential solar in Chapel Hill. Participating homebuyers will gain approximately \$65 in solar-generated free electricity per month, for an estimated annual savings of \$780. This is a savings of \$23,400 over the anticipated 30-year life span of the solar panels. In addition to promoting affordability, solarizing Habitat houses directly supports the following climate change goals and strategies as identified in the Town of Chapel Hill Climate Action and Response Plan:

Goal: Green the Grid

Action: Large- and small-scale renewable energy projects

Action: Net-Zero Emissions for New Construction

Target: Achieve 100% zero net energy in new construction buildings by 2050

Goal: Sustainable Development

Action: Green building policy

Action: Plan for walkable and transit served communities

Target: 100% net-zero emissions development by 2030

Target: More walkable, transit-served areas by 2050

Solarizing new residential affordable housing also addresses inequitable disparities in access to residential renewable energy, and advances multiple community benefits identified as priorities by Town of Chapel Hill, including:

- Improved racial equity outcomes
- Environmental justice
- Lower costs and greater affordability
- Improved energy security and reliability

- Decreased risk of energy shortages or outages
- Reduced pollution
- Improved air quality
- Improved health outcomes
- Improved economy
- Expanded local jobs creation

The environmental features of Weavers Grove extend beyond the individual homes to benefit the whole community. The Weavers Grove community center will be solarized. Lumber from trees that were cleared to develop the site will be repurposed to build the central picnic pavilion. The spray pad is designed with a recirculating water system to maximize water efficiency. Habitat is working with Duke Energy to provide EV charging stations and equipping homes to be charging friendly. The community features three retention ponds, a walking trail, and a 5+ acre Resource Conservation District supporting a stream that runs through a portion of the property. Residents will enjoy easy proximity to public transportation and Chapel Hill’s fare-free bus system. For additional details see attachments: *Orange Habitat Weavers Grove Green Elements* and *Habitat Energy Efficiency Program*.

9. Universal Design: Please briefly describe the universal design features included in the proposed project:

Habitat homes at Weavers Grove will feature extensive universal design and accessibility features, including:

- 3-foot exterior and interior doors, including closets where possible, for improved wheelchair access
- Loop-handle drawer pulls and lever-handle doorknobs for ease of opening
- Offset tub/shower controls to allow easy access for caretakers from outside the tub
- 3-foot-4-inch-wide hallways for wheelchair mobility
- Height-adjustable access to breaker panel and whole house water shut off
- HOA maintenance of house exterior and yards, allowing ease of maintenance and less need for ladder use

Additional Universal Design and accessibility features are tailored to meet the needs of individual homebuyers, including roll-in low-threshold shower, grab bars in the shower and toilet area, oversize tubs, and other customized modifications. Habitat’s award-winning Crescent Magnolia community in Hillsborough features 24 fully ADA-compliant units, demonstrating our commitment and expertise in integrating these design features.

10. Social Equity

- a. The Town encourages projects not to discriminate based on a tenant’s income source. Is your project subject to any policies that restrict any external funding sources for rent, security deposits, and/or other tenant costs (e.g., Emergency Housing Assistance, Housing Choice Vouchers, Rapid Re-Housing, family contributions, etc.)? If yes, please explain what will not be accepted and why. No
 - i. Will the project accept all types of housing vouchers (i.e., HCV, EHV, RRH, PSH, etc.)? If not, which type(s) of housing voucher do you not accept and why? Yes

Habitat does not discriminate against any source of income. Housing vouchers are typically restricted for rental payments, but Habitat enthusiastically support efforts by local government to expand voucher programs to allow vouchers to be used for both rental and homeownership payments.

Increasing the supply of affordable homeownership units can help to ease the burden on local rental subsidy programs. Skyrocketing rental rates in Chapel Hill make it extremely challenging for renters to save money to purchase a home, especially in the current for-sale housing market. By building 101 new houses that are priced affordably, Habitat provides a path for working class renters to purchase a home centrally located to community amenities, schools and employment hubs. In a recent pool of Habitat homebuyers, 23% of approved applicants were current Department of Housing and Urban Development (HUD) Section 8 Housing Choice Voucher recipients. Once approved for Habitat, these applicants create a vacancy in the affordable rental market or the voucher wait list, freeing space for another household to secure housing through these high-demand programs.

- b. Please describe how you have involved the intended beneficiaries of the proposed project in the planning and design process (*in 100 words or less*).

While specific homebuyers for Weavers Grove have not yet been identified, we held a series of focus groups during the design phase with current Habitat homeowners to receive feedback and ideas representative of future residents. Habitat homebuyers also serve on various Habitat committees and the Board of Directors, providing input and guiding organizational decisions for Weavers Grove. The Town approval process for Weavers Grove featured extensive opportunities for public comment. The Town Council received more than 250 messages of support from residents excited by new affordable housing and the unique benefits that a mixed-income development will bring to Chapel Hill.

- c. How has your organization incorporated racial equity goals into your organizational goals?

As a housing non-profit, Habitat recognizes our responsibility to actively center racial equity in organizational strategy and goals. To help lay this groundwork, funding and paid time off is provided for all staff to participate in racial equity training through the Racial Equity Institute (REI). In 2021, Habitat implemented a new onboarding policy which requires racial equity training for all new hires. We have partnered with the racial equity consultant group BIWA | Emergent Equity to guide staff and board members in an intentional, months-long process of understanding and identifying characteristics of white supremacy that may persist within our organizational culture and perpetuate harm.

Habitat staff are currently in the process of developing a 5-year strategic plan to guide our work. These organizational goals include plans to conduct a review of Habitat's applicant demographics as compared to County, state and national data and to create a local strategy to address systemic barriers to Black Homeownership. We are in the process of applying for grant funds to support this effort. We have taken inspiration from a model piloted by Habitat for Humanity of Greensboro and hope to collaborate with the North Carolina Housing Coalition for maximum impact. Also included in the strategic plan is a goal to create a formalized scoring system by which to prioritize Habitat's advocacy and policy priorities, with racial equity impacts included as a priority consideration for how to focus our efforts.

Orange Habitat is also part of a nation-wide collaborative of Habitat affiliates sharing resources and best practices with the goal to promote Black homeownership. Homeownership is a critical tool for building intergenerational wealth and stability. Black Americans continue to face significant barriers to homeownership due to the ongoing impact of racist policies such as redlining, compounded by entrenched discriminatory practices in housing and finance systems. The resulting gap in homeownership rates can be seen in our own community: in Orange County 67% of white households own their home compared to 44% of Black households. This racial gap in homeownership rates is a primary driver of the wealth gap in America. In 2019, white households held a median net wealth 8 times greater than that of Black families (\$188,200 vs. \$24,100). As a result, Black parents have dramatically less wealth, assets, and economic security to pass on to their children, driving economic, educational, and housing disparities for the next generation. In Orange

County, more than 150 Black-led households have partnered with Habitat to purchase their first home. Habitat homeowners in Orange County who identify as Black own a combined \$14 million in equity, or an average of \$116,000 per homeowner.

- d. Please fill in the below questions and provide any additional context on the racial composition of the organization and board leadership:
 - i. % of staff that are people of color: 23%
 - ii. % of board that are people of color: 31%
 - iii. % of staff that have attended racial equity training: 46%

Note: Habitat has a significant number of new hires who have not yet had the opportunity to complete racial equity training but will do so this fiscal year through the Racial Equity Institute (REI). Racial equity training is a required component of Habitat's onboarding process with a 100% staff participation standard.

- e. Please describe any additional activities your organization is doing to address racial equity.

In 2021, Habitat amended organizational policy to better serve the Latinx population by expanding the definition of qualifying households to include those with TPS or DACA status, in addition to U.S. citizens and legal permanent residents. Habitat can now offer the stability of homeownership to a vulnerable and marginalized segment of the Orange County population. In recent application periods, Habitat intentionally focused outreach efforts on the Latinx community and families at risk of displacement from local manufactured home parks. We will continue to seek ways to meet our responsibility of service to historically marginalized populations and to identify and address barriers to homeownership for Orange County residents.

ATTACHMENTS

Description of Required Attachments

1. Financial Audit

- a. Please include your organization's most recent financial audit. For organizations with prior year revenues totaling \$500,000 or more a financial audit, prepared by a certified public accountant is required. Agencies with prior year revenues of less than \$500,000 may submit a completed [Schedule of Receipts and Expenditures](#) form (see application materials), in lieu of an audit/report. Agencies with a certified audit/report do not need to complete the form.

2. Organization Budget

- a. Please submit an organizational budget. Among other relevant revenue and expenditure information, please include line items on any government grants or loans by jurisdiction. If your organization has run a deficit, please include that information here.

3. Project Financials

- a. Please submit the following information about the project in a Microsoft Excel document or similar format, as relevant:
 - Project Budget/Development Costs
 - Sources and Uses
 - Operating pro forma (rental projects):
 - must show 20+ year cash flow projections that includes documentation of key operating assumptions, estimated rental income, operating expenses, net operating income, and any anticipated debt service, including a separate line item for any debt service (principal and/or interest) associated with Town loans requested as part of this application. Pro forma should project expenses far enough out to show when debt service ends (i.e., more than 20 years if necessary). Applicants may use the attached template or a similar version of their own.
 - Rental Income Breakdown: must show rent and utilities by bedroom size and AMI level, using the attached template or something similar.
 - Housing Affordability and Sale Proceeds (homeownership projects): must show sales price by bedroom size and AMI level and mortgage sources and amounts, using the attached template or something similar. If the applicant is the lender, also include the mortgage amortization schedule.

4. Articles of Incorporation

5. List of Board of Directors

- a. Provide the following information about each board of director's member: name, occupation or affiliation of each member, officer positions, gender, race/ethnicity.

6. Project Information

- a. For all projects, please submit a detailed timeline showing when each work task will be completed over the duration of the project. Please include when you plan to expend the Town's funding for the project. For ARPA funding applications, project funding must be expended by 12/31/26.
- b. Please submit the rental income policy that will be used for the project
- c. Please submit the background check policy that will be used to screen potential tenants

- d. For development and renovation projects, please submit the following:
 - Site map showing lot boundaries, locations of structure(s), and other site features
 - General location map (at least ½ mile radius)
 - Floor plan(s)
 - Elevation(s)
 - Property Appraisal
 - Evidence of zoning compliance
 - Map showing proximity to bus stops, grocery store, schools and other amenities (including distance in miles from project site and amenities)

Non-Profit Corporations:

- 1. IRS Federal Form 990**

A copy of the organization's most recent Form 990 is required for nonprofit applicants. The specific form depends upon the organization's financial activity. Review the IRS' table guide, for more details. For Form 990-N (e-postcard) filers, include a copy of the postcard, with the organization's application materials.

- 2. NC Solicitation License**

A copy of the organization's current solicitation license is required. Organizations that solicit contributions in North Carolina, directly or through a third party, must renew their licenses annually. For more details, refer to the NC Secretary of State's licensing website and its Frequently Asked Questions Guide (PDF), about exemptions. If exempt per N.C.G.S. § 131F-3, include a copy of the exemption letter with the organization's application materials.

- 3. IRS Federal Tax-Exemption Letter**

A copy of the organization's **current** IRS tax-exempt letter that confirms its nonprofit status is required. An organization can request a copy of its letter from the [IRS' Customer Account Services](#).

For-Profit Corporations:

- 1. Tax Returns**

- a. Most recent two years of corporate tax returns.

- 2. YTD Profit and Loss Statement and Balance Sheet**

- 3. Tax Returns**

- a. Most recent two years personal tax returns and financial statements for all persons who have more than 19.9% ownership interest in the organization

- 4. References**

- a. Two business references with name, address, and telephone number

- 5. Signed "Authorization to Release Information"** for each person who has more than 19.9% ownership interest in the organization

- 6. Completed W-9 Form**



OVERVIEW OF AFFORDABLE HOUSING FUNDING SOURCES

Purpose: This document is intended to provide a summary of the Town’s affordable housing funding sources available to assist in creating a vibrant and inclusive community. The Overview includes a brief description of each funding source, as well as the eligible uses of each source.

TOWN FUNDING AVAILABLE FOR AFFORDABLE HOUSING PROJECTS FISCAL YEAR 2022-23:

SOURCE	AMOUNT
Affordable Housing Bond	\$4,002,944 - 5,352,944*
American Rescue Plan Act (ARPA)	\$2,500,000
Affordable Housing Fund <i>(funding available varies based on receipt of payments in lieu from developers of affordable housing projects)</i>	\$450,000
Affordable Housing Development Reserve	\$688,395
Community Development Block Grant (CDBG)** <i>(Federal Funding - amount is approximate and varies year-to-year, based on Federal Budget)</i>	\$524,237
HOME** <i>(Federal Funding Process lead by Orange County – amount is approximate and varies year-to-year, based on federal budget)</i>	\$439,392
TOTAL	\$8,604,970 - 9,954,970

Amounts listed are budgeted amounts as of July 1, 2022

**Amount available depends on whether a previously awarded project receives 2022 9% Low Income Housing Tax Credits*

***CDBG and HOME use a separate funding application. See below for additional information.*

AFFORDABLE HOUSING BOND and American Rescue Plan Act (ARPA):

On November 6, 2018, voters approved the Affordable Housing Bond Referendum. Voter approval of the Bond gives the Town Council authority to issue up to \$10 Million in bonds to support affordable housing projects in the community.

Eligible Uses:

1. Land Acquisition
2. Home Repairs and Comprehensive Rehabilitation
3. Construction of New Affordable Housing Units

Threshold requirements:

1. The applicant can demonstrate site control (if applicable).

2. The project is located within the Town of Chapel Hill city limits or ETJ.
3. The project falls within one of the eligible uses for Bond funding approved by the Town.
4. The application is complete and submitted by the established deadlines.
5. The proposed project includes at least 10 homes/units.
6. The proposed project must draw funding awarded within three years of the approval of funding award by the Town.

Application Process: The Town will periodically announce a request for proposals for Bond funds via the Town's website and other communications channels. Applications are reviewed and evaluated by the Housing Advisory Board (HAB) and then presented to the Town Council for final approval.

For more information on Affordable Housing Bond funds, visit the Town's [Affordable Housing Website](#).

AFFORDABLE HOUSING FUND (AHF):

In 2002, the Town Council established the AHF to preserve owner-occupied housing in Chapel Hill for affordable housing purposes.

Application Process: Funds are available through the AHF on a rolling basis, with applications being accepted at any time. Applicants are evaluated by the Town Manager, with Council approval required for requests for housing renovation or homeownership assistance above \$40,000.

Eligible Uses: The AHF has a variety of eligible uses, including:

1. Preservation of owner-occupied housing
2. Land acquisition
3. Renovation
4. Affordable housing construction
5. Rental and utility assistance

For more information on the Affordable Housing Fund, visit the [Town's website](#).

AFFORDABLE HOUSING DEVELOPMENT RESERVE (AHDR):

In fiscal year 2014-15, the Town Council allocated over \$688,000 for affordable housing and approved an allocation strategy for this funding, establishing an Affordable Housing Development Reserve (AHDR).

Eligible Uses: The AHDR is dedicated exclusively to the development and preservation of affordable housing. Priority project areas are:

1. Land bank and land acquisition
2. Rental subsidy and development
3. Homeownership development and assistance
4. Future development planning.

Threshold requirements:

1. The applicant can demonstrate site control (if applicable).
2. The project is located within the Town of Chapel Hill city limits or ETJ.
3. The project falls within one of the priority project areas identified by the Town.
4. The application is complete and submitted by the established deadlines.

Application Process: AHDR applications are accepted three times per year (~ every 4 months). Applications are reviewed and evaluated by the Housing Advisory Board (HAB) and then presented to the Town Council for final approval.

For more information on the Affordable Housing Development Reserve, visit the [Town's website](#).

Federal Funding Sources Not Covered By This Application

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)

The CDBG Program was created by the U.S. Congress in 1974 and is administered by the Department of Housing and Urban Development (HUD). The primary objective of the program is to develop viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities for low- and moderate-income peoples.

Eligible Uses: [CDBG eligible activities](#) include, but are not limited to: Acquisition of Real Property, Relocation and Demolition, Rehabilitation, Public Facilities and Improvements, and Public Services. Ineligible activities include Political Activities, Certain Income Payments, Construction of New Housing, or buildings for the General Conduct of Government.

Application Process: Applications are accepted once a year and reviewed by an Application Review Committee, which makes a recommendation for funding to the Chapel Hill Town Council for final approval.

For more information about the CDBG program, visit the [Federal CDBG website](#) and the [Town website](#).

THE HOME INVESTMENT PARTNERSHIP PROGRAM (HOME)

In 1990, Congress enacted the HOME Investment Partnerships Act in an effort to provide a new approach to housing assistance at the federal level. This federal housing block grant affords state and local governments the flexibility to fund a wide range of housing activities.

Eligible Uses:

1. Projects that expand the supply of decent, safe, sanitary and affordable housing, with emphasis on rental housing, for very low- and low-income citizens

2. Projects that strengthen the abilities of state and local governments to design and implement strategies for achieving adequate supplies of decent affordable housing
3. Projects that encourage public, private and nonprofit partnerships in addressing housing needs.

Application Process: Applications are accepted once a year and reviewed by a committee coordinated by Orange County.

For more information about the HOME program, visit the [Federal HOME website](#) and the [Town website](#).

OVERVIEW OF ELIGIBLE USES BY FUNDING SOURCE

Uses	CDBG	HOME	AHF	AHDR	BOND/ARPA
Acquisition/Land Banking*	✓	✓	✓	✓	✓
New Construction		✓	✓	✓	✓
Demolition	✓			✓	✓
Future Development Planning				✓	
Homebuyer/Second Mortgage Assistance	✓	✓	✓	✓	
Redevelopment/ Reconstruction	✓	✓	✓	✓	✓
Rehabilitation/Renovation	✓	✓	✓	✓	✓
Housing Relocation	✓	✓		✓	
Rental Assistance	✓	✓	✓	✓	✓
Rental Subsidy			✓	✓	
Site Improvements	✓	✓	✓	✓	✓

* HOME and CDBG funding allow landbanking if there is a plan in place for the property which includes a CDBG/HOME eligible end use (e.g. demolition and rehabilitation in target neighborhoods) within the time frame permitted by those programs.

2022 INCOME LIMITS

US Department of Housing and Urban Development (HUD)

Durham-Chapel Hill Metropolitan Statistical Area
(Durham, Orange, and Chatham Counties)

<i>Income Level</i>	1 person	2 people	3 people	4 people	5 people	6 people	7 people	8 people
30% area median income	\$20,100	\$22,950	\$25,800	\$28,650	\$32,470	\$37,190	\$41,910	\$46,630
50% area median income	\$33,450	\$38,200	\$43,000	\$47,750	\$51,600	\$55,400	\$59,250	\$63,050
80% area median income	\$53,500	\$61,150	\$68,800	\$76,400	\$82,550	\$88,650	\$94,750	\$100,850

Source: U.S. Department of Housing and Urban Development (HUD) 2022