

Affordable Housing Common Funding Application



Affordable Housing Bond

Affordable Housing Development Reserve

Affordable Housing Fund



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, and Affordable Housing Fund). 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.

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.

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. 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:

- | | | |
|-------------------------------------|-------------------|--|
| <input checked="" type="checkbox"/> | Section 1: | Cover Page |
| <input checked="" type="checkbox"/> | Section 2: | Disclosure of Potential Conflicts of Interest |
| <input checked="" type="checkbox"/> | Section 3: | Organization Information |
| <input checked="" type="checkbox"/> | Section 4: | Project Information |
| <input checked="" type="checkbox"/> | Section 5: | Attachments |

COVER PAGE

Organization Contact Information

Legal Name: Community Home Trust

Tax ID Number: 56-2141179

Physical Address: 105 Conner Drive Ste 1000, Chapel Hill 27514 Mailing Address: PO Box 2315, Chapel Hill, 27515

Organization's Website: www.communityhometruster.org

Date of Incorporation: 1990

Executive Director Name: Kimberly Sanchez

Telephone Number: 919-967-1545

E-Mail: ksanchez@communityhometruster.org

Funding Request

Project Name: Master Leasing

Total Number of Units Included in Funding Request: 8

Total Project Cost: \$225,726

Total Amount of Funds Requested: \$140,000

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

- | | | |
|---|---|-------------------------------|
| <input type="checkbox"/> Affordable Housing Bond: \$_____ | <input type="checkbox"/> Grant | <input type="checkbox"/> Loan |
| <input type="checkbox"/> Affordable Housing Fund: \$_____ | <input type="checkbox"/> Grant | <input type="checkbox"/> Loan |
| <input checked="" type="checkbox"/> Affordable Housing Development Reserve: \$_____ | <input checked="" type="checkbox"/> Grant | <input type="checkbox"/> Loan |

Loan Terms Requested, if applicable, (provide a concise description): _____

Proposed Use of Funds Requested (*provide a concise description, not to exceed 100 words*): We propose to use the funds to reduce the costs of rental housing to individuals and families earning less than 30% of AMI. CHT will lease apartments at about market rents and sub-lease those apartments to program participants at very affordable rent levels. The AHDR funds will assist with monthly rents, security deposits, utilities, and administration costs for 8 units. This request will extend the current 2 year program an additional two years and add 3 more units.

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

- Acquisition
- Predevelopment activities
- Infrastructure/site improvements
- Rental housing subsidy
- New construction for homeownership
- New construction for rental housing
- Owner-occupied rehabilitation
- Rental rehabilitation
- New construction of emergency shelter
- New construction of transitional/supportive housing
- Rental/utility connection assistance
- Second Mortgage Assistance

Other (specify): _____

To the best of my knowledge and belief all information and data in this application is true and current. The document has been duly authorized by the governing board of the applicant.

Signature: _____ Date: 9/30/2020
DocuSigned by:
 Kimberly Sanchez
 66E7C888166F4E8...
 Executive Director

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST AND NON DISCRIMINATION CLAUSE

Are any of the Board Members or employees of the organization which will be carrying out this project, or members of their immediate families, or their business associates:

YES NO

- a) Employees of or closely related to employees of the Town of Chapel Hill?
- b) Members of or closely related to members of the governing bodies of the Town of Chapel Hill?
- c) Current beneficiaries of the program for which funds are being requested?
- d) Paid providers of goods or services to the program or having other financial interest in the program?

If you have answered YES to any question, **please provide a full explanation below.**

According to our bylaws one member of the Chapel Hill Town Council is appointed to our Board of Directors.

NON-DISCRIMINATION

Provider agrees as part of consideration of the granting of funds by funding agencies to the parties hereto for themselves, their agents, officials, employees and servants agree not to discriminate in any manner of these basis of race, color, gender, national origin, age, handicap, religion, sexual orientation, gender identity/expression, familial status or veterans status with reference to any activities carried out by the grantee, no matter how remote.

To the best of my knowledge and belief all of the above information is true and current. I acknowledge and understand that the existence of a potential conflict of interest does not necessarily make the program ineligible for funding, but the existence of an undisclosed conflict may result in the termination of any grant awarded.

Signature: _____ Date: 9/30/2020
DocuSigned by:
 Kimberly Sanchez
 66E7C288166F4E8...
 Executive Director

ORGANIZATION INFORMATION

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

To strengthen our community with permanently affordable housing opportunities

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.

Yandry Mastromihalis, Program Coordinator – Verify applicant incomes, provide education and financial counseling to tenants. Connect tenants with resources, as needed.

Felica Stroud, Community Manager – Work with tenants with ongoing issues, act as liaison between CHT, Glen Lennox, and the tenant.

Heather Hayes, Bookkeeper – Collect rent payments. Send out statements. Pay invoices.

Lori Woolworth, Director of Operations – Oversee the program and program staff. Resolve tenant issues. Manage and monitor the budget.

Kimberly Sanchez, Executive Director – Provide strategic leadership to the organization

Amy Slaughter – Prepare tenant leases

of FTE – Full-Time Paid Positions: 9

of FTE Part-Time (less than 40 hours/wk) Paid Positions: **1**

- 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:
- a. Location
 - b. Scope and scale of project
 - c. Total development budget and financing sources
 - d. Indication of whether the projects were completed on budget and on time. If not completed on budget and on time, please describe why.
 - e. Photos/illustrations of completed project

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)
Master Leasing	Rental Housing	\$97,323	No (April 2021)

**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)*. CHT has administered master leasing for 5 units at Glen Lennox since April 2019. We would like to continue the program, which would allow the current tenants to recertify their income and remain in their current home at an affordable price, as well as expand the program to provide housing to 3 additional tenants earning less than 30% AMI who are facing homelessness.

5. Long-Term Affordability. Is the proposed project permanently affordable *(99 year affordability term)*?
 Yes
 No

If no, what is the affordability term of the proposed project? There is no long-term affordability mechanism with this program.

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

6. Leverage: How much funding is committed at the time of submission of this application? \$ 0
 What percentage of funding for the proposed project would be leveraged from sources other than the Town? 40% *(Please provide documentation of how you calculated leverage as well as funding commitment letters if applicable).*

7. Project Profile *Insert project information below*

Location <i>(insert address if available)</i>	<u>Glen Lennox (pending approval of program continuation/expansion)</u>				
Size <i>(insert acreage of development site)</i>					
Total Number of Units					
	# of Total Housing Units	# of Bathrooms	Square Footage	Proposed Rent or Sale Price Per Unit	Projected Cost Per Unit Including Utilities
Studios					
One-bedroom	<u>6</u>	<u>1</u>	<u>700</u>	<u>275</u>	<u>\$963</u>
Two-bedroom	<u>2</u>	<u>1</u>	<u>900</u>	<u>325</u>	<u>\$1009</u>
Three-bedroom					
Four-bedroom					
Area Median Income Served <i>(insert # of units by AMI)</i>					
<30%	<u>8</u>				
31-60%					
61-80%					
81-100%					
>100%					
Target Population <i>(check all that apply)</i>					
Families	<input type="checkbox"/>				
Older Adults (Age 55+)	<input type="checkbox"/>				
Disabled	<input type="checkbox"/>				
Homeless	<input checked="" type="checkbox"/>				

Veterans	<input type="checkbox"/>
Other (specify)	<input type="checkbox"/>
ADA Accessibility (insert # of total units)	0
Total Development Cost Per Unit	
Per Unit Subsidy	\$17,500 / unit for two years of housing
Town Planning Approvals Received (as of the date of application)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA

8. Energy Efficiency: Will the proposed project meet the standards and requirements of [Energy Star 2.0](#) as verified by an independent, third party expert?

- Yes
 No

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

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

10. Social Equity

1. Please describe how you have involved the intended beneficiaries of the proposed project in the planning and design process (*in 100 words or less*). Intended beneficiaries were involved in crafting the master leasing proposal and in discussing the program with local elected officials. Several potential beneficiaries worked with Devin Ross of Justice United to meet with members of the Town Council last summer.

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

CHT will concentrate on eliminating the disparities that people of color experience, especially in those areas related to CHT policies, programs and services. People of color share similar barriers with other historically marginalized groups such as people with low income, people with disabilities, LGBTQ communities, women, older adults and young people. But people of color tend to experience those barriers more deeply due to the pervasive and systemic nature of racism. By addressing the barriers experienced by people of color, we will effectively also identify solutions and remove barriers for other disadvantaged groups.

b. 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: 40%
ii. % of board that are people of color: 38%
iii. % of staff that have attended racial equity training: 80%

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

Our staff meets once a month to discuss racial issues and identify internal and external barriers for people of color. We are then trying to find solutions and develop programs to

eliminate barriers. We are also re-writing our organizational values to make sure they are inclusive and address equity issues.

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, as relevant:
 - Project Budget/Development Costs
 - Sources and Uses
 - Rental Income/Sale Proceeds by unit type
 - 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 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).

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, 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. **We expect to have all 8 units filled by May 2021.**
- b. 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 2021:

SOURCE	AMOUNT
Affordable Housing Bond	\$0*
Affordable Housing Fund <i>(funding available varies based on receipt of payments in lieu from developers of affordable housing projects)</i>	\$379,000
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>	\$278,000
HOME** <i>(Federal Funding Process lead by Orange County – amount is approximate and varies year-to-year, based on federal budget)</i>	\$350,000
TOTAL	\$1,695,000

*The next round of Bond funding is anticipated to be in FY2022

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

AFFORDABLE HOUSING BOND:

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
Acquisition	✓	✓	✓	✓	✓
New Construction		✓	✓	✓	✓
Demolition	✓			✓	✓
Future Development Planning				✓	
Homebuyer/Second Mortgage Assistance	✓	✓	✓	✓	
Land Banking				✓	
Redevelopment/ Reconstruction	✓	✓	✓	✓	✓
Rehabilitation/Renovation	✓	✓	✓	✓	✓
Housing Relocation	✓	✓		✓	
Rental Assistance	✓	✓	✓	✓	✓
Rental Subsidy			✓	✓	
Site Improvements	✓	✓	✓	✓	✓
Rental & Utility Assistance			✓	✓	

2020 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	\$19,100	\$21,800	\$24,550	\$27,250	\$30,680	\$35,160	\$39,640	\$44,120
50% area median income	\$31,850	\$36,400	40,950	\$45,450	\$49,100	\$52,750	\$56,400	\$60,000
80% area median income	\$50,900	\$58,200	\$64,450	\$72,700	\$78,550	\$84,350	\$90,150	\$69,000

Source: U.S. Department of Housing and Urban Development (HUD) 2020