

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

COVER PAGE

Organization Contact Information

Legal Name: Town of Chapel Hill Tax ID
Number: 56-6001199

Physical Address: 405 Martin Luther King Jr. Boulevard, Chapel Hill, NC 27514
Mailing Address: Same as above

Organization's Website: www.townofchapelhill.org Date of Incorporation: 1819

Executive Director Name: Loryn Clark

Telephone Number: 919-969-5076 E-Mail: lclark@townofchapelhill.org

Funding Request

Project Name: 2200 Homestead Road Total Number of Units Included in Funding
Request: ~120 units

Total Project Cost: \$20,000,000 - \$22,000,000 Total Amount of
Funds Requested: \$200,000

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: <u>\$200,000</u> | <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*): These funds will be used for predevelopment activities and/or site work at 2200 Homestead to prepare individual parcels for Homestead Collaborative partners to develop affordable housing units. Activities may include design and project management work for zoning and development plan approval, demolition of the existing building, site grading and paving, installing water, sewer, and stormwater infrastructure, and construction of community amenities, such as the greenway, open spaces, sidewalks, outdoor seating, community garden, basketball half-court, and landscaping throughout the site. This is a follow-up to the bond funding request of \$3.5 million, as we were awarded \$3.3 million at that time.

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: Rayn Clark Executive Director Date: 10.2.20

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.

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: Rayn Clark Executive Director Date: 10.2.20

ORGANIZATION INFORMATION

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

The Town of Chapel Hill's Office for Housing and Community's mission is to create partnerships, catalyze affordable housing, and build community. Our vision is to support a vibrant and inclusive Chapel Hill where all residents have access to affordable housing and opportunities to thrive.

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.

of FTE – Full-Time Paid Positions: 4 Town Staff

of FTE Part-Time (less than 40 hours/wk) Paid Positions: 0

Emily Holt, the Town's Affordable Housing Development Officer, will be the project manager for the projects described in this application. Emily has been managing the Town's affordable housing development projects since joining the Town in 2018. During that time she has helped to facilitate progress on the Town's flagship affordable housing development project and to initiate predevelopment activities on three additional Town-owned sites that Council has prioritized for affordable housing. Prior to joining the Town, she helped to manage public housing redevelopment and neighborhood revitalization planning efforts in communities around the U.S., implement affordable housing and community development research and evaluation projects, and provide technical assistance to public agencies to design and implement affordable housing strategies and programs. Emily has a Bachelors and a Masters Degree in Public Policy.

Nate Broman-Fulks, the Town's Affordable Housing Manager, will oversee the predevelopment activities proposed in this application. Nate has expertise managing local government affordable housing efforts as the Affordable Housing Manager for the Town of Chapel Hill and previously managing the affordable housing efforts for the Town of Carrboro. This management experience includes development site identification and analysis, implementation of affordable housing strategic plans, creating and monitoring performance measurement systems and communication tools, and building community collaboration. Nate has a Bachelors in Political Science, and Masters Degrees in Public Administration and International Studies.

Loryn Clark, the Town's Executive Director of the Office for Housing and Community, and Sarah Vinas, the Town's Assistant Director of the Office for Housing and Community, will serve as advisors for the project. Together, Loryn and Sarah bring over 30 years of affordable housing, community development, and planning experience to the project.

Town staff are currently working with a design and engineering consulting team to assist in predevelopment planning for the Homestead Road mixed income development project. This consulting team is comprised of members from local firms **MHAworks** and **Coulter Jewell Thames** that have extensive design, planning, and engineering experience in Chapel Hill and the surrounding Triangle Area.

The Town is also working alongside a development team comprised of four local affordable housing development partners: **Self Help Ventures Fund, CASA, Community Home Trust, and Habitat for Humanity of Orange County**. Self Help is acting as the master developer and land developer and the other partners will each develop a separate portion of the site: CASA the multifamily rental units, Community Home Trust the homeownership townhomes, and Habitat for Humanity the homeownership duplexes.

- 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

Town of Chapel Hill:

Affordable Housing Development

- The Town currently owns and operates 336 units of public housing built between 1967 and 1994 which carry an average occupancy rate of 96% (excluding 40 units at Trinity Court which is considered uninhabitable) and a standing waiting list of nearly 300.
- In 2014 the Town partnered with DHIC to develop 149 affordable housing units in two projects: Greenfield Place and Greenfield Commons. The Town donated a 10-acre parcel of land to DHIC and provided substantial financial support to the project and shepherding the project through the Town's development review process to ensure tight deadlines were met. The projects received two competitive 9% Low Income Tax Credit awards, were completed on time, are now fully occupied, and consistently receive praise from the community as a successful model for developing affordable housing through a public-private partnership.
- The Town actively supports the development efforts of its affordable housing partners. In FY2020, the Town awarded over \$6 million to 5 affordable housing agencies to support the development of more than 275 affordable homes in Town.


Predevelopment Planning

In 2017 the Town initiated a new strategy to develop affordable housing on Town-owned land. Over the past two years the Town's Affordable Housing Team has made great strides in this work, initiating predevelopment planning on four Town-owned sites and establishing processes and procedures for future activities and additional development projects. Specific progress and accomplishments include:

- 2200 Homestead Road:
 - In 2018, Town staff and its design and engineering team developed a Concept Plan based on community and stakeholder input and received positive feedback from the Town's Advisory Boards and Council.
 - In 2019, Town and its team conducted additional site and infrastructure planning, engaged potential end users about their interest and housing needs, explored potential funding sources, and identified a team of development partners.
- Other Prioritized Affordable Housing Sites:
 - In spring 2019, Town staff partnered with an engineering firm to conduct a feasibility study that identified potential development scenarios and cost estimates for each of the three sites.
 - In fall 2019, Council indicated support for the results of the study and the suggested next steps that Staff presented and authorized the Manager to identify a development partner for the Jay Street site.

Homestead Housing Collaborative:

Self-Help

Project Name	<u>Maplewood Square</u>
Total Project Cost	<u>\$4.6 million</u>
Date of Funding Award Approval	<u>2007</u>
Date of Project Completion	<u>2009</u>
Project completed on schedule?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Project completed within budget?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If no, how much over/under budget?	<u>N/A</u>
Other Comments:	
<ul style="list-style-type: none"> • 32-unit new construction apartment building developed in partnership with DHIC and Durham Community Land Trustees located in Durham, NC. • 26 one-bedroom units and 6 two-bedroom units, all reserved for seniors ages 55+ who earn less than 60% of AMI. • Project included construction of a new city park and site amenities include a community room plus computer work stations, tenant storage areas, covered patio and seating, common laundry room, and on-site property manager's office. • Funding sources include LIHTC, City of Durham, and Duke University. • Current occupancy 100%. 	
	

CASA

Project Name	<u>Sunnybrook Village</u>
Total Project Cost	<u>\$3.13 million</u>
Date of Funding Award Approval	<u>2015</u>
Date of Project Completion	<u>2016</u>
Project completed on schedule?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Project completed within budget?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If no, how much over/under budget?	<u>N/A</u>
Other Comments:	
<ul style="list-style-type: none"> • 42-unit purchase and rehab in Raleigh; 18 2-bedrooms and 24 1-bedrooms • Project serves households at 0-80% of AMI 	

- 11 units for households under 40% of AMI with preference for persons with disabilities, 23 units for households under 60% of AMI, 8 units for households between 60-80% of AMI
- Funders are the City of Raleigh, Wake County, and North State Bank.
- Current occupancy rate: 100%



Habitat for Humanity of Orange County

Project Name	<u>New Home Construction, Crescent Magnolia</u>
Total Project Cost	<u>Approximately \$2.5M</u>
Date of Funding Award Approval	<u>May 10, 2018</u>
Date of Project Completion	<u>December 31, 2020 (projected)</u>
Project completed on schedule?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Project completed within budget?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If no, how much over/under budget?	<u>n/a</u>
Other Comments: Habitat is wrapping up construction at Crescent Magnolia, our community of 24 attached homes for seniors ages 55 and up in Hillsborough. County bond funds were used to help pay for infrastructure.	



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

N/A Town has received two AHDR grants (\$150,000 each) for Future Development Planning activities in FY2019 Q1 and FY2020 Q3. Those activities are still ongoing. The Town has not pursued this type of development project before.

Project Name	Project Type	Amount of Funding Approved	Is the Project Completed? (Yes/No)

**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).*

The Homestead Housing Collaborative, a coordinated initiative among four nonprofit agencies with strong ties to Orange County – Self-Help, CASA, Community Home Trust, and Habitat for Humanity will develop the project. Self-Help, the Collaborative’s master developer, will use the requested funds for development of infrastructure and site improvements to prepare individual parcels for our vertical development partners to begin construction of approximately 117 affordable rental and homeownership units serving households earning from below 30% to 115% AMI. Site development includes demolition of an existing vacant building, site grading and paving, installing utility and storm water infrastructure, and construction of community amenities.

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?

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

The Community Home Trust homes will be sold subject to a 99-year ground lease, giving the Home Trust the ability to limit the appreciation realized by homeowners and keep the homes affordable to future buyers. Community Home Trust homes typically sell for 30-50% below market value.

The Habitat homes will be sold using deeds of restrictive covenants requiring 99-year affordability to buyers who earn 80% or less of the AMI. In addition, Habitat has a right of first refusal on all of its homes, and a shared equity agreement with all of its buyers 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.

CASA has committed to a 30-year affordability restriction for both the CASA Workforce apartments and CASA Horizons apartments, which is standard for affordable multifamily new construction projects.

- 6. Leverage:** How much funding is committed at the time of submission of this application? \$6,300,000; \$3 million from the Oak Foundation for the CASA-Horizons apartments and \$3.3 million from the Town of Chapel Hill for predevelopment and site work.

What percentage of funding for the proposed project would be leveraged from sources other than the Town? 77% (Please provide documentation of how you calculated leverage as well as funding commitment letters if applicable).

The total anticipated project costs at this time, including site development and vertical construction, are \$21,271,326. The total anticipated requests from the Town are \$4,990,000; \$3,300,000 for site development from bond funding approved in June 2020, \$200,000 for site development in this AHDR cycle and \$1,490,000 for vertical construction in a future funding cycle.

7. Project Profile

Insert project information below

Location <i>(insert address if available)</i>	<u>2200 Homestead Road</u>				
Size <i>(insert acreage of development site)</i>	<u>8 acres</u>				
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	<u>0</u>				
One-bedroom	<u>28</u>	<u>1BA</u>	<u>700</u>	<u>\$300-\$896</u>	
Two-bedroom	<u>55</u>	<u>1.5-2BA</u>	<u>850-1100</u>	<u>\$400-\$947; \$125k - 145k</u>	
Three-bedroom	<u>26</u>	<u>2-2.5BA</u>	<u>1100-1500</u>	<u>\$400-\$703; \$120k - \$180k</u>	
Four-bedroom	<u>8</u>	<u>2BA</u>	<u>1185</u>	<u>\$130k - 190k</u>	
Area Median Income Served <i>(insert # of units by AMI)</i>					

<30%	45				
31-60%	29				
61-80%	39				
81-115%	4				
Target Population (check all that apply)					
Families	<input checked="" type="checkbox"/>				
Older Adults (Age 55+)	<input checked="" type="checkbox"/>				
Disabled	<input checked="" type="checkbox"/>				
Homeless	<input checked="" type="checkbox"/>				
Veterans	<input checked="" type="checkbox"/>				
Other (specify)	<input checked="" type="checkbox"/>	Persons recovering from substance addiction			
ADA Accessibility (insert # of total units)	~30+				
Per Unit Subsidy	\$	29,915 / unit for site development with bond and AHDR funding			
Town Planning Approvals Received (as of the date of application)	<input type="checkbox"/> Yes				
	<input checked="" 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:

The townhomes and duplexes will achieve energy efficiency certification through Advanced Energy's SystemVision program. All SystemVision homes are third-party verified and performance tested for air tightness and framing, ventilation and moisture management, insulation and windows, HVAC sizing/installation and duct tightness, pressure balancing, and combustion safety and appliances. The apartments will be built to the standard of the North Carolina Model Energy Code.

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

Specific features will be identified as the design gets further refined. Habitat has committed that all 18 of their units will be built with universal design features. At least 8 of CASA's units will be accessible to persons with disabilities, and Community Home Trust has committed to incorporating one-level living and accessibility features into some of their two-bedroom units.

10. Social Equity

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

The Town conducted extensive outreach for the 2200 Homestead Road parcel, including two community engagement meetings in 2018 designed to gather input from potential beneficiaries of the development as well as partners, neighbors, and the Chapel Hill Community. Additional community engagement will be planned during the refinement and presentation of the development plan. Throughout the planning process the Town has met with parties representing potential target populations of the site and continues to meet with these groups as the site design and housing program evolve.

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

The Town has identified equity as a cornerstone of our organization's [strategic plan](#). Additional, over the last several years, the Town has intentionally focused on strengthening our diversity, equity, and inclusion efforts, consistent with Council's goals. In 2018 the Diversity, Equity, Inclusion steering committee was established with employees from across the organization. The DEI Steering Committee created an internal Diversity and Inclusion Plan that establishes goals and direction for diversity engagement for all employees and provide employees with tools and skills to embrace diversity and equity using the town's RESPECT values. The steering committee worked with VISIONS Inc. to lead the diversity, equity and inclusion initiative, engage in skill-building and organization development, and to provide input, ideas, implementation and feedback in DEI efforts. More recently, the Town joined the Government Alliance on Race and Equity and is in the process of developing a Town-wide Racial Equity Plan that will create a framework for external racial equity work going forward.

c. 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: 50% (Affordable Housing and Community Connections Staff)
- ii. % of board that are people of color: 62% (Town Council)
- iii. % of staff that have attended racial equity training: 100% (Affordable Housing and Community Connections staff)

d. Please describe any additional activities your organization is doing to address racial equity. The Town has a long-standing commitment to affordable housing and human services, which aim to address disparities by race and achieve racial equity in Chapel Hill. Some of our efforts in this area include:

- [Human Services Program](#)
- [Building Integrated Communities](#)
- [Language Access efforts](#)
- [Summer Youth Employment Program](#)
- [Affordable Housing Funding programs](#)
- [Transitional Housing Program](#)

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. See Attachment 1-2

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. See Attachment 1-2

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).

See Attachment 3

4. Articles of Incorporation N/A

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. See Attachment 5

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.
See Attachment 6A
- 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 N/A
 - Map showing proximity to bus stops, grocery store, schools and other amenities (including distance in miles from project site and amenities)

See Attachments 6B

Non-Profit Corporations: N/A

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: N/A

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