



## 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	\$5,353,635
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>	\$729,000
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
<b>TOTAL</b>	<b>\$10.23 million</b>

*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.*

### REMAINING SOURCES THAT CAN BE APPLIED FOR AFTER THE NOVEMBER 16 FUNDING ROUND

SOURCE	AMOUNT
Affordable Housing Opportunity Fund	\$229,000
Affordable Housing Fund	\$500,000
CDBG Neighborhood Revitalization	\$202,784
FY24 CDBG	\$270,000
FY24 HOME	\$400,00
HOME-ARP	\$1,370,000
<b>TOTAL</b>	<b>\$2,571,784</b>

## **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	HOME- ARP**
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.

\*\*HOME-ARP funds are to be used only for projects serving the following Qualifying Populations

- Homeless
- At-risk of homelessness
- Fleeing or attempting to flee domestic violence, human trafficking, etc.
- In populations where providing supportive services would prevent homelessness or would serve those with the greatest housing instability
- Veterans

## 2022 INCOME LIMITS

### US Department of Housing and Urban Development (HUD)

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

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

