# FUNDING APPLICATION

#### Section 1: APPLICANT AND PROJECT OVERVIEW

#### **Applicant Information** Α.

Applicant Organization's Legal Name: Community Home Trust

Primary Contact Person and Title: Lori Woolworth, Director of Operations and Finance

Applicant Organization's Physical Address: 109 Conner Drive Suite 1000, Chapel Hill, NC 27514

Applicant Organization's Mailing Address: P.O. Box 2315, Chapel Hill, NC 27515

Telephone Number: <u>919-967-1545</u>

Fax Number: 919-968-4030

Email Address: lwoolworth@communityhometrust.org

**Project Information B**. **Project Name: Chandler Woods** 

Total Project Cost: \$826,000

Total Amount of Funds Requested: \$90,000

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

Affordable Housing Fund: \$\_\_\_\_\_ Affordable Housing Development Reserve: \$90,000

Proposed Use of Funds Requested (provide a concise description of proposed project): The funds will be used to acquire 6 out of 9 townhomes being built in the Chandler Wood development. Included in this request are 2-3 bedroom units and 4-2 bedroom units. We are proposing to use the funds as follows:

Up to \$60,000 to acquire three townhomes that will be sold to buyers earning between 80-115% of the area median income. If the entire \$60,000 is not needed, due to higher financial capacity by the buyer, we would reallocate any leftover funds, as needed, to buyers earning less than 80% AMI.

Up to \$30,000 to acquire three townhomes that will be sold to buyers earning between 65-80% AMI.

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

Board Chairperson/Department Head Signature: <u>7MU</u>

Dec. 20,2018

timelines/budgets. Please submit bi-annual reports 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 periodically throughout the year in coordination with the application deadlines.

Applicants are also invited to participate in a pre-application meeting, which is a one-hour one-on-one session during which applicants can discuss their funding proposal with Town staff. To schedule a pre-application meeting, applicants should contact Sarah Vinas at 919-969-5079 or svinas@townofchapelhill.org.

#### SUBMISSION INSTRUCTIONS

Submit applications electronically in PDF form to: housingandcommunity@townofchapelhill.org.

If you have questions, please contact: Sarah Vinas at 919-969-5079 or svinas@townofchapelhill.org

Applications may not be considered for the following reasons:

- 1. Project that do not align with the eligibility criteria for these funding sources
- 2. Applicant has demonstrated poor past performance in carrying out projects or complying with funding guidelines
- 3. Applicant fails to provide required information
- 4. Incomplete or late applications

#### CHECKLIST OF REQUIRED DOCUMENTATION

#### **Application:**

- Section 1: Applicant and Project Overview
- Section 2: Project Description
  - Section 3: Performance Measurements
- Section 4: Project Budget and Pro-forma
- Section 5: Agency Description
- Section 6: Disclosure of Potential Conflicts of Interest

#### **Other Required Attachments:**

Please provide one copy of each of the following documents:

- $\boxtimes$
- Current list of Board of Directors, including addresses, phone numbers, terms, and relevant affiliations

- Current Bylaws and Articles of Incorporation
- IRS tax determination letter [501(c)(3)] (if applicable)
- Most recent independent audit (if applicable)

#### Section 2: PROJECT DESCRIPTION

Please provide a thorough description of the project (by answering the "who," "what," "when," and "where" questions about your project). **Do not assume the reader knows anything about the project**.

#### A. Project Name

1. Project Name. Chandler Woods

#### <u>B. "Who"</u>

**1.** Who is the target population to be served and how will their needs be addressed through this project? <u>Three townhomes will be sold to buyers earning between 80-115% AMI, and three townhomes will be sold buyers earning between 65-80% AMI</u>

**2.** Please indicate the income of the beneficiaries (households) to be served through the proposed project. Please see **Attachment 2** for the current income limits for the Durham-Chapel Hill MSA.

Income Group (Area Median Income)	Number of Beneficiaries	% of Total Beneficiaries	
<30% of the AMI			
31%-50% of AMI			
51-80% of AMI	3	50%	
>80% of AMI	3	50%	
TOTAL	6	100%	

**3. Project 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. **Robert Dowling**, Executive Director; works with developer, manages board relations, fundraising, and government relations.

Lori Woolworth, Director of Operations and Finance; acts as liaison between Self Help and CHT, oversees the Sales and Property Management functions

**Camille Berry,** Development and Communications Manager; secured additional financing for energy efficient grant

**Deanna Carson**, Homeownership Program Manager; provides financial and homebuyer education to potential buyers to prepare them for homeownership

Julie Held, Marketing Specialist; markets properties both online and in print

**Amy Slaughter**, Sales Specialist; works with buyers after they go under contract to help through the home buying process, including working with lenders and attorneys

**Ian Morse,** Property Manager; works with buyers to perform walkthroughs of the property and makes sure all repairs have been completed

Jim Eichel, Construction Manager; monitors constructions and works with the contractor to resolve deficiencies

#### "What" С.

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

$\boxtimes$	Acquisition		Emergency shelter
	Predevelopment costs		Transitional housing
	Infrastructure/site improvements		Supportive housing
	Rental subsidy		Rental/utility connection assistance
	New construction for homeownership		New or redeveloped rental housing
	New construction for rental		Second Mortgage Assistance
	Commercial property		Community engagement to support future
con	struction/rehabilitation	dev	elopment planning
	Owner-occupied rehabilitation	$\Box$	Other (specify):
	Rental rehabilitation		

2. Project Description. Please provide a general overview of your project, including what you are planning to produce and how you are planning to carrying out the project. 200, 202, 204, 206, 208, and 212 will be built by the developer and sold to CHT at a reduced price. However, the price is still not affordable to the target buyers in our program. The funds requested will be used to acquire four, 2 bedroom units and two, 3 bedroom units and reduce the cost, allowing us to sell the homes at an affordable price to a qualified buyer. Each home will be sold using a 99-year ground lease, which will result in permanent affordability.

D. "Where"

1. Project Location. Please be as specific as possible. The development is located on the corner of Merin Road and Homestead. Please see Exhibit A and B.

2. Project Size (if applicable). Please provide the size of development site: \_\_\_\_\_ acres

Please attach the following:



Site map showing lot boundaries, locations of structure(s), and other site features General location map (at least ½ mile radius)

#### "When" E.

Attach a **detailed** timetable showing when each work task will be completed (e.g., planning; obtaining financial commitments; design; environmental review; bidding; loan closing; key milestones in construction; marketing; final inspection; occupancy; etc.)

#### F. Project Details

If the questions below are not applicable or the requested information is not currently available, please insert N/A.

#### 1. Property Acquisition.

- a. Has your agency acquired real property in order to carry out the project, or is property acquisition planned? <u>The funds requested will be used to acquire the properties.</u>
- b. Is the property currently occupied? If so, attach a description of your plan to relocate. No

#### 2. Construction Detail.

- a. How many units will be newly constructed? 6
- b. How many units will be rehabilitated? O
- c. What is the square footage of each unit? 2 bedrooms = 1,096 sq. ft. ; 3 bedrooms = 1,180 sq. ft.
- d. What is the number of bedrooms in each unit? 2-3
- e. What is the number of bathrooms in each unit? <u>1.5-2</u>
- f. How many units will have full ADA accessibility? 0
- **g.** Is the proposed project located in a Neighborhood Conservation District? (Neighborhood Conservation Districts apply only to projects located in Chapel Hill.) <u>No</u>
- h. Please attach the following:
  - Floor plan(s)
  - Elevation(s)
  - List of Energy Efficiency measures included in the project (if applicable)
  - List of Universal Design principles included in the project (if applicable)

### 3. Affordability, Marketing, and Supportive Services.

- a. Describe any methods to ensure long-term affordability of housing units, including subsidy recapture, equity sharing, deed restrictions, etc.: <u>These homes will be sold using a 99-year ground lease</u>. The ground lease requires the home be maintained as the buyer's primary residence and limits appreciation, keeping it affordable for the next buyer. Subsidy to reduce the cost to the buyer will be given in the form of a no-payment, no-interest mortgage and will be repaid and transferred to the next buyer upon resale.
- b. What are the proposed rents (including utility costs) or sales prices for completed units? <u>After subsidy, the buyer's effective price or 1<sup>st</sup> mortgage amount will be:</u>
  - 2 bedroom units >80% AMI = \$123,000 \$150,000
  - 2 bedroom units <80% AMI = \$91,000 \$112,000
  - 3 bedroom units >80% AMI = \$145,000 \$172,000
  - 3 bedroom units <80% = \$108,000 \$130,000

\*The effective buying price depends on the specific buyer's income. No buyer will pay more than 28% of their gross monthly income towards housing costs.

- c. Explain your agency's process for marketing to ensure an adequate pool of income-eligible renters to buyers: <u>Homes are marketed online through our company website and the multiple listing service. We also distribute flyers to Orange County, Town of Chapel Hill, and Town of Carrboro employees. We hold multiple community outreach events throughout the year, including events targeted towards employees of the local governments, Chapel Hill-Carrboro City Schools, UNC and UNC Healthcare.</u>
- d. What supportive services, if any, will be provided through this project? Each selected buyer will be required to attend a one-on-one financial counseling session, and an 8-hour homebuyer education class. CHT's designated staff person will assist the buyer through the entire homebuying process, making sure they understand the CHT program, and help with any questions or concerns they have with their lender and/or attorney. CHT also offers a free homeowner maintenance class that is offered after they purchase. This class teaches the new homeowner about important maintenance requirements, such as changing their air filters and smoke detector batteries.

#### Section 3: PERFORMANCE MEASUREMENTS

#### A. Goals and Objectives

Please complete the follo	wina chart with info	rmation about the pro	roject's goals and objectives.
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Goal/Objective	Measurement
Ex: Provide housing for low- to moderate-income households.	Ex: By 2016, build ten units that are affordable to low- to moderate-income households.
Provide permanently affordable housing for households earning between 65% and 115% AMI	<u>CHT will have a qualified buyer ready to</u> <u>close within 60 days from receiving the</u> <u>Certificate of Occupancy</u>
Provide property management assistance to ensure the homes are well-maintained for the sake of the surrounding communities and long-term sustainability	Buyers will have begun paying into their stewardship account for long-term maintenance and attended a maintenance class provided by CHT. Our property management department will serve as the management company for these 9 townhomes to ensure the properties are well maintained and dues remain affordable.
Buyers will be well educated and prepared for the financial responsibilities of homeownership	CHT staff will provide free financial counseling and homebuyer education services to all buyers, as well as ongoing support if necessary

#### B. Alignment with Town Council Goals and adopted affordable housing strategies.

Please explain how the proposed project aligns with the Town Council Goals and adopted affordable housing strategies. The purchase of these homes focuses on providing decent affordable housing to households who could not otherwise afford to purchase a home in Chapel Hill, as well as carrying out the inclusionary housing policies of the Town. This funding would not only benefit the first buyers, but by using a 99-year ground lease, or the land trust model, we are preventing the dramatic escalation of housing costs for future generations. By serving incomes from 65-115% we are providing affordable housing to low/moderate income households as well as workforce housing.

### Section 4: PROJECT BUDGET AND PRO-FORMA

#### A. Project Budget

Attach a **detailed project budget** showing all sources and uses of funds. Attach funding commitment letters where available or copies of funding applications previously submitted.

#### B. Terms of Project Funding

Please specify the type of funding request for which you are applying:

AHF:	Grant	🗌 Loan
AHDR:	🛛 Grant	🗌 Loan

#### C. Pro-forma (for rental property only)

If you are developing a property for rent, please attach a 20-year pro-forma showing estimated income, expenses, net operating income, debt service, and cash flow.

### Section 5: AGENCY DESCRIPTION

#### A. Organization

What is your organization's . . .

- 1. Mission statement? To strengthen our community with permanently affordable housing opportunities for low and moderate income households.
- 2. Incorporation date (Month and Year)? March 1990
- 3. Estimated Total Agency Budget for this fiscal year? \$ <u>\$978,000</u>

4. Total number of agency staff (full time equivalents): <u>9.5</u>

#### B. Agency Track Record and Community Support

Please describe your agency's experience and ability to carry out the proposed project, including:

- 1. Evidence of coordination of this application with other organizations to complement and/or support the proposed project. <u>Community Home Trust continues to partner with Habitat for Humanity to offer free homebuyer education classes to clients of both agencies.</u>
- Involvement of intended beneficiaries of the project in the planning process <u>Because these</u> properties are built directly by the builder, there is little or no opportunity for beneficiaries to be involved in the building or design process. The location, design, and layout of the buildings has already been determined.
- Past achievements in carrying out similar projects and evidence of successful record of meeting proposed budgets and timetables. <u>CHT sells between 15-30 homes each year using the land</u> trust model. In over 15 years, we have successfully completed over 340 transactions similar to the proposed project. Similar successful projects in recent history include: 11 homes at Burch Kove, 17 homes in Ballentine, and 12 in the Claremont neighborhood.
- 4. Collaborative relationships with other agencies, <u>This project does not allow for much</u> collaboration, however, we continue to receive referrals from the Jackson Center, CEF, and <u>Habitat</u>.
- 5. Plans to develop linkages with other programs and projects to coordinate activities so solutions are holistic and comprehensive <u>We continue to partner with Habitat for Humanity to ensure</u> each buyer receives homebuyer education.
- 6. Any other features relating to organization capacity that you consider relevant, (i.e. property management experience, including accepting Section 8 Vouchers, etc.). We currently property management services to 62 units, spread over 3 developments. We will be adding Chandler Woods to this list, which includes 9 additional units. We provide this service for a nominal quarterly fee which allows dues to remain affordable to our buyers and properties continue to be well maintained.

### Section 6: DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

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

a)	Employees of or closely related to employees of the Town of Chapel Hill?
	YES 🔄 NO 🖂
b)	Members of or closely related to members of the governing bodies of Chapel Hill?
	YES 🔀 🛛 NO 🗔
c) (	Current beneficiaries of the project/program for which funds are requested?
•	
d)	Paid providers of goods or services to the program or having other financial interest in the
pro	ogram? YES NO 🔀

If you have answered YES to any question, **please explain below**. The existence of a potential conflict of interest does not necessarily make the project ineligible for funding, but the existence of an **undisclosed** conflict may result in the termination of any grant awarded. <u>We currently have 1 board member that is also on the Town Council.</u>

## Section 7: ATTACHMENTS

## Attachment 1

#### The Affordable Housing Fund

In 2002, the Town Council established an Affordable Housing Fund (AHF) to preserve owner-occupied housing in Chapel Hill for affordable housing purposes. Since then, the eligible uses of the Affordable Housing Fund have expanded and include:

- 1. Provide loans to non-profit organizations to purchase existing properties. Funds may be used in the following manner:
  - a. To exercise the Town's right of first refusal on existing properties;
  - b. To provide funds to non-profit organizations to purchase properties within the Chapel Hill city limits, especially in the Northside and Pine Knolls neighborhoods and in situations where the Town has a right of first refusal. Funds may be used for acquisition costs, first options, or earnest money. Funds used for first options shall be structured as a loan to the non-profit agency and must be repaid to the Town upon sale of the property to a qualified buyer. If the non-profit agency does not purchase the property, the funds must be repaid to the Town by the non-profit agency.
- 2. To provide funds to non-profit organizations to be used to renovate properties and prepare them for sale or rent to qualified households earning less than 80 percent of the area median income.
- 3. For homeownership assistance to reduce the sales price of new and existing homes so that they will become more permanently affordable.
- 4. To pay the Town's local match contribution for federal affordable housing grants.
- 5. For the construction of new affordable housing for sale or rent.
- 6. For rental and utility assistance, including security deposits for housing and utility services, for eligible households within Chapel Hill city limits.

### The Affordable Housing Development Reserve

The Affordable Housing Development Reserve (AHDR) is dedicated exclusively to the development and preservation of affordable housing. Priority is given to rental projects that serve households with incomes 60% and below the Area Median Income (AMI) and homeownership projects that serve households with incomes 80% and below the AMI.

### **Priority Project Areas**

### 1. Land Bank & Land Acquisition

Description: A land bank is a mechanism by which property can be strategically acquired, assembled, and redeployed to serve a community purpose, with a goal of creating inclusive, mixed income neighborhoods.

**Related Strategies and Goals:** 

- a. Fund land bank to acquire land for future affordable housing (rental and ownership) development. (AFFORDABLE RENTAL HOUSING STRATEGY)
- b. Acquire and preserve vacant land along transit corridors for future affordable development (AFFORDABLE RENTAL HOUSING STRATEGY).
- c. Address the development pressures of the Pine Knolls and Northside neighborhoods by supporting a housing and cultural preservation program in the neighborhoods (AFFORDABLE RENTAL HOUSING STRATEGY).

Eligible Activities: Property and land acquisition and associated program expenses with emphasis in Northside and Pine Knolls neighborhoods and along transit corridors.

### 2. Rental Subsidy and Development Program

Description: Eligible projects support the development of rental housing opportunities for households earning less than 80% of the AMI or providing subsidies to reduce the monthly housing expenses for households earning less than 80% of the AMI. The 80% AMI threshold reflects the Town's priority to support housing for people at a range of income levels, but priority will be given to those with incomes below 60% AMI.

**Related Strategies and Goals:** 

- a. Establish useful incentives to encourage development of affordable rental in all target income ranges. (AFFORDABLE RENTAL HOUSING STRATEGY)
- b. Identify other properties that may be appropriate for redevelopment and encourage the production of affordable rental units through the use of incentives. (AFFORDABLE RENTAL HOUSING STRATEGY)

Eligible Activities: Security and utility connection fee assistance program, rental subsidy program, gap subsidies to developers to provide affordable units, new or redeveloped rental housing construction.

### 3. Home Ownership Development and Assistance Program

Description: The Town's Affordable Housing Strategy states a goal of increasing the availability and access to housing for households and individuals with a range of income, from those who are homeless to middle-income. Eligible projects support the development of owner occupied housing opportunities to create and preserve affordable housing opportunities for households earning up to 120% of the AMI. Priority will be given to those with incomes below 80% AMI.

### Related Strategies and Goals:

- a. Address the development pressures of the Pine Knolls and Northside neighborhoods by supporting a housing preservation program in the neighborhoods. (AHS)
- b. Middle Income/Workforce Housing Second Mortgage Assistance Program. (CP)

c. Major and minor rehabilitation of existing housing. (CP)

Eligible Uses: Programs involving new construction, renovation, and redevelopment of existing units and second mortgage assistance programs.

#### 4. Future Development Planning

Description: Eligible projects include strategic and master planning activities for specific areas to serve a community purpose, with a goal of creating inclusive, mixed income neighborhoods.

**Related Strategies and Goals:** 

- a. Partner for ambitious development that includes affordable rental on Greene Tract. (AFFORDABLE RENTAL HOUSING STRATEGY)
- b. Initiate future development planning for the Greene Tract with ownership partners. (Council Goal 2016)

Eligible Activities: Pre-development costs, community engagement programs, professional services for strategic and master planning.

### Attachment 2

# FY 2015 Income Limits

# US Department of Housing and Urban Development (HUD)

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

Income Level	1 person	2 people	3 people	4 people	5 people	6 people	7 people	8 people
30% area median income	\$14,150	\$16,200	\$20,090	\$24,250	\$28,410	\$32,570	\$36,730	\$40,890
50% area median income	\$23,600	\$27,000	\$30,350	\$33,700	\$36,400	\$39,100	\$41,800	\$44,500
80% area median income	\$37,750	\$43,150	\$48,550	\$53,900	\$58,250	\$62,550	\$66,850	\$71,150

Source: U.S. Department of Housing and Urban Development (HUD) 3/2015

# Chandler Woods, Chapel Hill

# Section 2: E. When

Construction will begin on units 202-208 in January/February 2019 with completion estimated around June/July 2019.

Construction should begin on unit 212 in June/July 2019 with completion estimated around October/November 2019.

## Section 4: A. Project Budget

2 Bedroom – Over 80% Unit (x 2 units)

CHT Purchase Price	\$146,000	
Selling Costs and Contingency	\$4,000	
Total Costs	\$150,000	
Estimated per unit subsidy	\$20,000	
Average Buyer's 1 <sup>st</sup> Mortgage*	\$130,000	

2 Bedroom – Under 80% Unit (x 2 units)

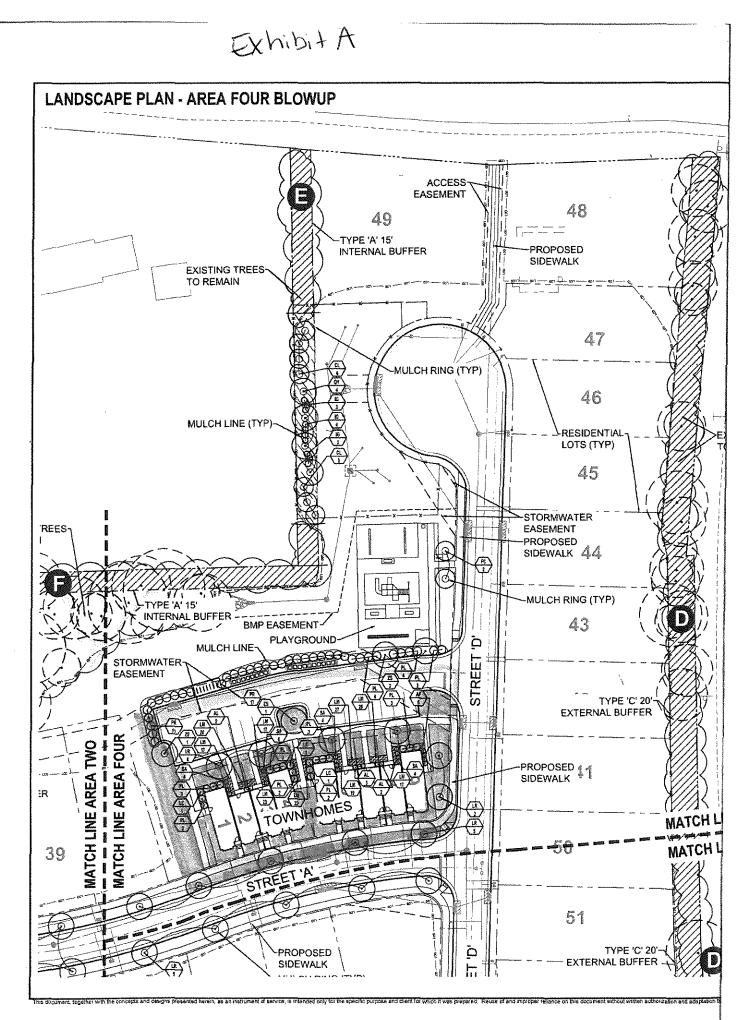
CHT Purchase Price	\$108,000
Selling Costs and Contingency	\$4,000
Total Costs	\$112,000
Estimated per unit subsidy	\$10,000
Average Buyer's 1 <sup>st</sup> Mortgage*	\$102,000

3 Bedroom – Over 80% Unit (x 1 unit)

CHT Purchase Price	\$168,000
Selling Costs and Contingency	\$4,000
Total Costs	\$172,000
Estimated per unit subsidy	\$20,000
Average Buyer's 1 <sup>st</sup> Mortgage*	\$152,000

#### 3 Bedroom – Under 80% Unit (x 1 unit)

CHT Purchase Price	\$126,000	
Selling Costs and Contingency	\$4,000	
Total Costs	\$130,000	
Estimated per unit subsidy	\$10,000	
Average Buyer's 1 <sup>st</sup> Mortgage*	\$120,000	



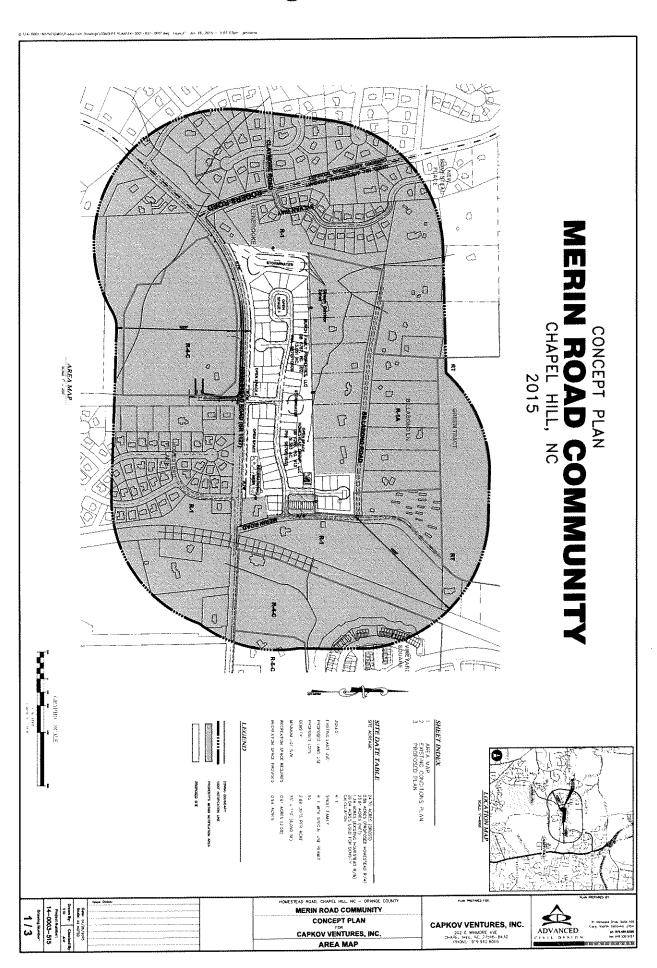
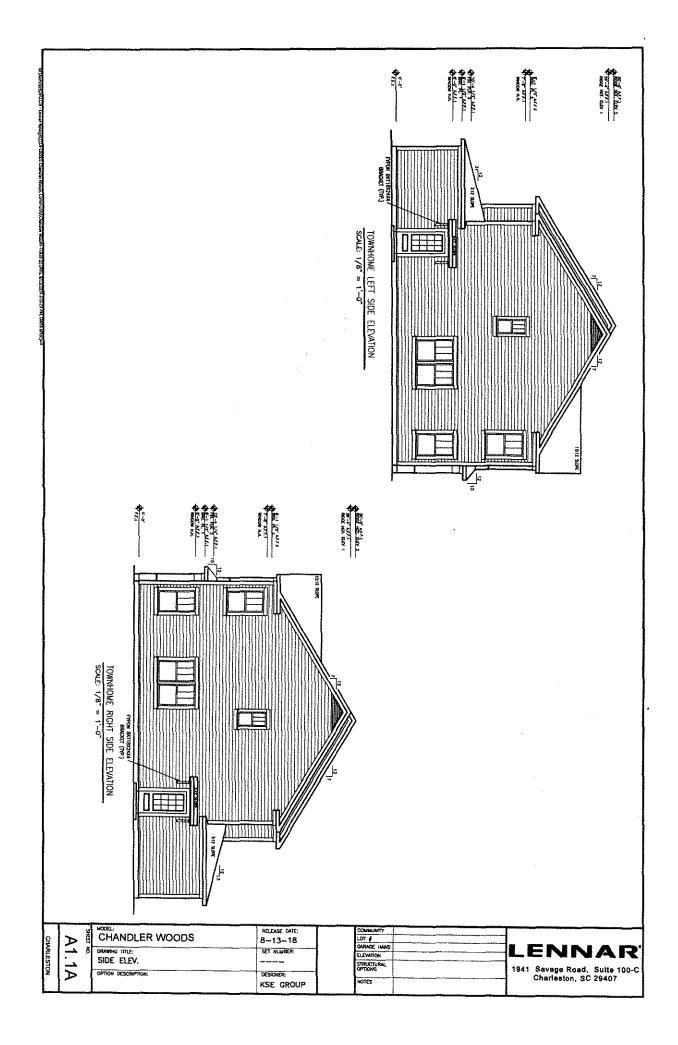
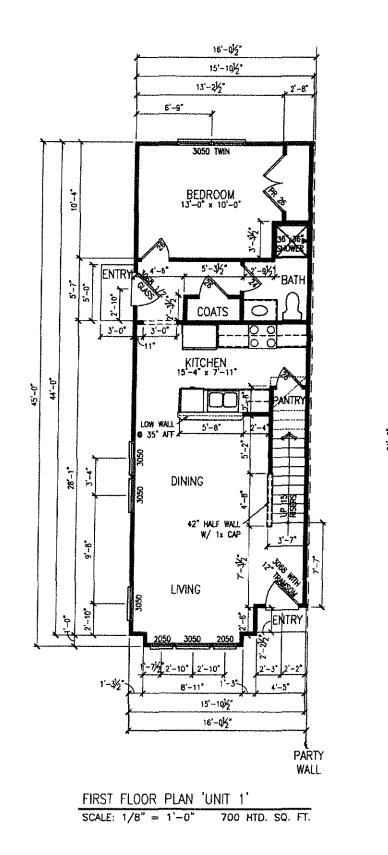


Exhibit B

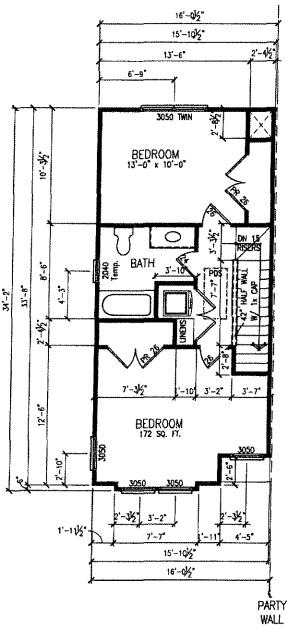


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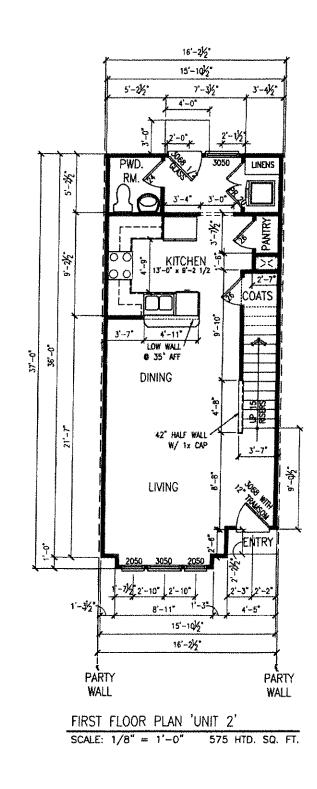


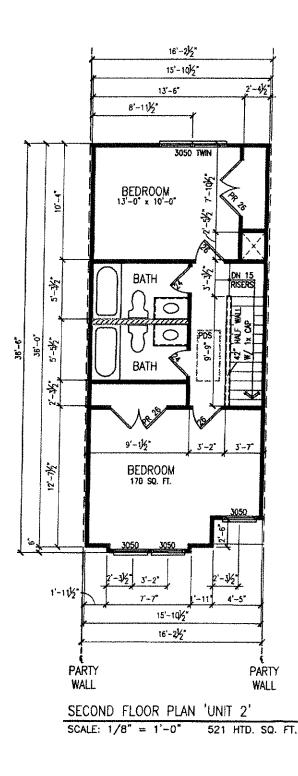
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 SECOND FLOOR PLAN 'UNIT 1'

 SCALE: 1/8" = 1'-0"
 480 HTD. SQ. FT.





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