



Town of Carrboro

Affordable Housing Special Revenue Fund Application

OVERVIEW

The Town of Carrboro established an Affordable Housing Special Revenue Fund in 2007. The goal of the Affordable Housing Special Revenue Fund is to advance the Town's goal of increasing and improving the stock of affordable housing within Carrboro and its planning jurisdiction.

The Affordable Housing Task Force was established in 2012 for the purpose of creating recommendations for an affordable housing strategy. In June of 2014, this goal was accomplished when the Board of Aldermen approved the Town's Affordable Housing Goals and Strategies document. From this work, an Affordable Housing Advisory Commission (AHAC) was formed in 2017. This Commission's responsibilities include:

- Reviewing and making recommendations to the Board of Aldermen for new or revised policies regarding the operation of the Affordable Housing Fund;
- Reviewing and making recommendations to the Board of Aldermen on affordable housing funding applications.

With this in mind, beginning in April 2019, requests for funding (as explained below) will be reviewed by the AHAC who will then make a recommendation to the Board of Aldermen regarding the request.

FUNDING

Source of Funds. The Affordable Housing Special Revenue Fund may be funded by payments made by developers in lieu of providing affordable housing units under the applicable provisions of the Land Use Ordinance. Other revenue sources for the fund may include grants, donations, loans, interest payments, or other contributions or assignments.

The principal and interest earned on funds received from developers, grants, donations, loans, interest payments, or other revenues that may become available also accrue to this fund. As the Affordable Housing Special Revenue Fund develops over time, it is anticipated that funding will be available for time-sensitive acquisition requests that arise outside the established funding cycles.

In June of 2018, the Board of Aldermen passed a half cent property tax increase. This will provide a yearly source of revenue for the fund of approximately \$112,500.

APPROVAL

In 2018 the Board of Aldermen voted to allow the Town Manager to approve or deny funding applications for no more than \$5,000 or 15% of the existing fund, whichever is lower. These applications do not have to provide performance measures and can apply outside of the funding cycles.

Any requests over this threshold that are not appropriated by the Board of Aldermen during the budget cycle will complete the following application. The application will be reviewed by the AHAC and their recommendation to approve or deny funding will go to the Board of Aldermen.

ELIGIBILITY

Nonprofits, ~~for profits, and individuals working with either type of organization~~ and individuals working with nonprofits may apply for funds to be used to address projects that meet the Town's affordable housing goals. Please see our website for a list of local housing providers: <http://www.townofcarrboro.org/982/Affordable-Housing>

Commented [RB1]: BOA: Difficult to track private housing providers - lack of accountability. Creates confusion with incentive system. If included, need greater restrictions like if more than x% of units are affordable-provider is going over and above expectation.

In order to qualify for participation in the Affordable Housing Special Revenue Fund process, the following criteria must be met by the beneficiaries (individuals), if applicable, and substantiated by the applicant (nonprofit/~~for-profit~~ organizations):

Commented [AV2]: AHAC: Recommend removing for-profit eligibility this first year. The rationale: funds are limited, a for-profit opportunity does not exist yet, and many shared the concerns of the BOA on this issue. However, the AHAC wishes to remain open to the concept and consider its inclusion in the future. In addition, they want the BOA to hear Tyran Hill's arguments for for-profit inclusion.

- a. Beneficiaries must be a resident of Carrboro or the Carrboro planning jurisdiction, or purchasing a home in Carrboro or the Carrboro planning jurisdiction;
- b. Beneficiaries or applicants must be unable to obtain a loan, either subsidized or unsubsidized, on comparable terms and conditions;
- c. Beneficiaries or applicants must be the owner of the property in fee simple or leasehold estate and have paid or have appropriate arrangements with the county tax assessor to pay the tax bill, if the property is to be rehabilitated, or have clear title if the property is to be purchased or constructed;
- d. Beneficiaries must be residing in the property to be rehabilitated, or if purchased or constructed, occupy the property when the acquisition is completed. The building or affordable unit that is subject to program funding must have an anticipated life of at least 20 years after rehabilitation, or 30 years, if constructed or ~~acquired~~;
- e. Beneficiaries must have a gross household income of 115% of the Area Median Income or less, with priority given to households at 80% of AMI and below for homeowners, and 60% of AMI and below for renters, unless otherwise described (Please see Attachment A for current income limits.);
- f. Beneficiaries must also have an intact homeowner's insurance policy, if applicable.

Commented [RB3]: BOA: Looking at rental properties, how do we safeguard that units remain affordable after we've invested in them?

Commented [AV4]: AHAC reiterated that rehab funds are awarded to owner-occupied units (owners earning 80% AMI or less prioritized) or to rental units which are owned by non-profits only. In addition, each grant or loan recipient must sign a contract which protects the Town's interests.

PROJECT REPORTING AND MONITORING

Recipients of funds for development are required to submit written progress reports to the Town by the end of the fiscal year (June 30) to monitor progress and performance, financial and administrative management, and compliance with the terms of the performance agreements. Reporting information may include: progress toward achieving performance goals, description of activities/challenges, and revisions of proposed project timelines/budgets. Please submit annual reports electronically by June 30 to: rbuzzard@townofcarrboro.org

Recipients of funds for home repairs/rehab are to submit details of work completed when submitting invoices for reimbursement of funds.

PERMITTED USES OF FUNDING

Development & Acquisition

- Loans:
1. To guarantee the payment of loans or subsidize the interest rate on loans made by financial institutions to beneficiaries for the purpose of acquiring affordable housing.
 2. To provide direct deferred payment loans to beneficiaries to supplement loans made by financial institutions for the purpose of acquiring affordable housing.

Land Banking: To assist in the purchase of land for conveyance to nonprofit affordable housing agencies.

Construction: To pay some or all of the expenses associated with the construction of affordable housing.

Acquisition: To acquire developed properties suitable for resale to individuals or families. Applicants qualifying under the percentage of AMI shall be approved in advance by the Board of Aldermen.

Pre-development Costs: To pay some or all of the pre-development costs (such as feasibility studies, appraisals, land options and preparation of an application) for projects to be developed for the purpose of providing rental or owner-occupied affordable housing.

Land Trust: To provide grants to organizations for land trust projects that guarantee long-term affordability of a property through a 99-year renewable ground leases or for maintenance of land trust housing stock.

Subsidy: To provide permanent subsidies to reduce the sale price of new or existing housing units so as to make them more affordable.

Rehabilitation & Preservation

- To provide for emergency home repairs of properties in the affordable housing stock. *
- To provide for the maintenance of properties in the affordable housing stock that are falling into disrepair.*
- To guarantee the payment of loans or subsidize the interest rate on loans made by financial institutions to beneficiaries for the purpose of rehabilitating affordable housing.
- To provide direct deferred payment loans to beneficiaries to supplement loans made by financial institutions for the purpose of rehabilitating affordable housing.
- To provide grants or loans to nonprofits to avoid losing homes in the permanent affordable housing stock as a result of foreclosure.

Commented [RB5]: BOA: Long term affordability?

Lawyer: Reviewed the funding agreement and added long term affordability requirement in the document. Noted that Town agreements are with non-profit providers who also have long term affordability standards in place with the owners.

Commented [AV6]: AHAC: Noted that repair and rehab money goes to owner occupied housing or rentals owned by nonprofits dedicated to affordable housing.

Housing Stabilization

- To provide rental and/or utility deposit grants for Housing Choice Voucher, Permanent Supportive Housing (PSH), Rapid Re-housing, HUD-VASH and Housing Opportunities for Persons w/ AIDS (HOPWA) recipients relocating to rental units in Carrboro as a result of their current rental units no longer accepting a housing subsidy listed above.*
- To provide rental and/or utility deposit grants for those who have been assessed by the Coordinated Entry process as it relates to homelessness and have identified safe, decent, and affordable housing. *
- Assistance may be used for payment of security deposits, utility connections and/or rental payments given extenuating circumstances.*

*Starred items requesting no more than \$5,000 or 15% of the existing fund, whichever is lower, do not have to provide performance measures and can apply outside of the funding cycles.

FUNDING PRIORITIES

The fund is dedicated to the development and preservation of affordable housing. Priority goals include increasing the supply of affordable housing units, increasing the quality of housing stock while maintaining affordability, and helping people stay in the homes they have (both owners and renters).

Priority project areas include:

- Rental projects that serve households with incomes 60% and below the Area Median Income (AMI)
- Homeownership projects that serve households with incomes 80% and below the AMI.

GENERAL APPLICATION INFORMATION AND PROCEDURES

Funding applications are accepted three times a year: **October 1, January 1, and April 1.** Funding is based on the availability of funds. Only as many funding cycles will be completed as necessary to use the available funds. All application documents should be submitted electronically to Rebecca Buzzard, 919-918-7438 or rbuzzard@townofcarrboro.org. Applications are reviewed by the Affordable Housing Advisory Commission and evaluated using a scoring rubric, which is available as Attachment C. The AHAC's recommendations for funding are then forwarded to the Board of Aldermen for final approval.

Commented [RB7]: BOA: There is not a lot of competition – problem doesn't exist. Makes the fund less nimble and able to make rapid acquisitions, for example. CASA: Would prefer rolling – flexibility is important. But dates do not conflict with other funding schedules.

Commented [AV8]: AHAC: Funding deadlines are necessary to ensure equity among grantees/projects and to assist with budgeting funds throughout the year. Other municipalities have funding cycles. Disagrees regarding competition. There are 4 proposals currently in the pipeline and note that the application process has been communicated heavily in the AH community. Finally, the AHAC notes that currently they do not have the funding level needed to accommodate off cycle, urgent acquisition needs. However, they want to add language in the application that states that as the Reserve Fund develops, funds may be available for time-sensitive needs. See page 2.

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 (once per year):

- ☐ 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)

Commented [RB9]: BOA: Applicants should not have to provide the same documents each time they apply.

Applications may not be considered for the following reasons:

1. Project does 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

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PLEASE CALL OR EMAIL REBECCA BUZZARD WITH FUNDING QUESTIONS: 919-918-7438 OR rbuzzard@townofcarrboro.org

FUNDING APPLICATION

DATE: _____

Section 1: APPLICANT AND PROJECT OVERVIEW

A. Applicant Information

Applicant/Organization's Legal Name: _____

Primary Contact Person and Title: _____

Applicant/Organization's Physical Address: _____

Applicant/Organization's Mailing Address: _____

Telephone Number: _____

Email Address: _____

B. Project Information

Project Name: _____

Total Project Cost: _____

Total Amount of Funds Requested: _____

Please specify which permitted use of funding is being requested (A-K):

Proposed Use of Funds Requested (*provide a concise description of proposed project and how it meets the criteria of eligible uses*):

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.

Signature: _____

Executive Director or other Authorized Signatory

Date

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: _____

B. "Who"

1. Who is the target population to be served and how will their needs be addressed through this project? If this is a repair or rehabilitation project, please address how the beneficiary meets eligibility requirements and provide substantiation, such as a deed, homeowner insurance policy statement, etc.

2. Please indicate the income of the beneficiaries (households) to be served through the proposed project. Please see **Attachment A** for the current income limits for the Durham-Chapel Hill MSA. Please also provide documented income data for the intended recipients, such as the most recent tax return, if submitting on behalf of an individual.

Income Group (Area Median Income)	Number of Beneficiaries	% of Total Beneficiaries
<30% of the AMI		
31%-60% of AMI		
61-80% of AMI		
81-100% of AMI		
101-115% of AMI		
TOTAL		

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:

C. "What"

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

- ☐ Acquisition
- ☐ Pre-development costs
- ☐ Rental subsidy
- ☐ Ownership subsidy
- ☐ New construction for homeownership
- ☐ New construction for rental
- ☐ Rehabilitation for owner-occupied or rental (including urgent repairs - see *)
- ☐ Land banking
- ☐ Grant to land trust
- ☐ Rental deposit / utility connection assistance (Max \$1,000 - see *)
- ☐ Loan payment or loan subsidy
- ☐ Foreclosure assistance
- ☐ Other (specify): _____

**Starred items requesting no more than \$5,000 or 15% of the existing fund, whichever is lower, do not have to provide performance measures and can apply outside of the funding cycles.*

2. 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.

D. "Where"

1. Project Location. Please be as specific as possible.

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)

E. "When"

☐ 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? _____
- b. Is the property currently occupied? If so, attach a description of your plan to relocate.
- c. Please attach an appraisal of the property.

2. Construction/Rehabilitation Detail.

- a. How many units will be newly constructed?
- b. How many units will be rehabilitated?
- c. What is the square footage of each unit?
- d. What is the number of bedrooms in each unit?
- e. What is the number of bathrooms in each unit?
- f. How many units will have full ADA accessibility?
- g. Is the proposed project located in Carrboro Town limits, ETJ, or transitional area?

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. Design, 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.:
- b. What are the proposed rents (including utility costs) or sales prices for completed units?
- c. Explain your agency's process for marketing to ensure an adequate pool of income-eligible renters to buyers:
- d. Describe the use of energy efficient principles, universal design, and/or materials with extended life span.
- e. What supportive services, if any, will be provided through this project?

Section 3: PERFORMANCE MEASUREMENTS

A. Goals and Objectives

Please complete the following chart with information about the project's goals and objectives.

Goal/Objective	Measurement
<i>Ex: Provide housing for low- to moderate-income households.</i>	<i>Ex: By 2020, build ten units that are affordable to households earning less than 80%AMI.</i>
_____	_____
_____	_____
_____	_____

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

Please explain how the proposed project aligns with the Board of Aldermen Goals and adopted affordable housing strategies.

Section 4: PROJECT BUDGET AND PRO-FORMA

A. Project Budget

- ☐ Attach a **detailed project budget** in Excel format showing all sources and uses of funds. Indicate which funds are committed or pending and include the % of committed funds toward this project. Attach funding commitment letters where available or copies of funding applications previously submitted.
- ☐ Has an appraisal been conducted? If so, please attach.

B. Terms of Project Funding

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

- ☐ 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: ORGANIZATION DESCRIPTION

A. Organization

What is your organization's . . .

1. Mission statement?
2. Incorporation date (Month and Year)?
3. Estimated Total Agency Budget for this fiscal year? \$
4. Total number of agency staff (full time equivalents):

B. Organization Track Record and Community Support

Please describe your organization'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
2. Involvement of intended beneficiaries of the project in the planning process
3. Past achievements in carrying out similar projects and evidence of successful record of meeting proposed budgets and timetables
4. Collaborative relationships with other agencies,
5. Plans to develop linkages with other programs and projects to coordinate activities so solutions are holistic and comprehensive
6. Any other features relating to organization capacity that you consider relevant, (i.e. property management experience, including accepting Section 8 Vouchers, etc.).

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 Carrboro
YES ☐ NO ☐
- b) Members of or closely related to members of the governing bodies of Carrboro?
YES ☐ NO ☐
- c) Current beneficiaries of the project/program for which funds are requested?
YES ☐ NO ☐
- d) Paid providers of goods or services to the program or having other financial interest in the program?
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. _____