

earning 60% AMI and below. In late 2016, Community Home Trust (CHT), which had right of first refusal on The Landings, was contacted to acquire the property.

A year of due diligence revealed a weak financial position and issues with vacancies and deferred maintenance. However, as a nonprofit affordable housing provider, CHT acquired The Landings in order to preserve it as part of Carrboro's affordable housing stock. CHT took over the property on January 1, 2018 and hired a new management company.

All LIHTC projects are required to maintain operating reserves, and reserves for The Landings were originally set at \$188,000. When CHT took ownership, the reserves were down to \$82,000 and it is estimated that the reserves will drop to \$25,000 by June 30, 2019.

Three major issues are causing The Landings to lose money: deferred maintenance, vacancies and extraordinary damages to apartments. CHT has been working to address these issues by catching up on deferred interior and exterior maintenance, decreasing vacancies, and making significant repairs/replacements to two apartments which were unfit for habitation. CHT expects these challenges "to be greatly improved" by June 30, 2019. However, all of these issues are interconnected and cost CHT in either lost revenue or maintenance expenditures.

History

On June 13, 2017, the Board of Aldermen approved a grant of \$16,000 to the Community Home Trust from the Affordable Housing Special Revenue Fund. This grant was to offset affordable housing acquisition costs related to past due OWASA bills for The Landings at Winmore. The past due bills were the result of OWASA undercharging the property for water usage.

<https://carrboro.legistar.com/LegislationDetail.aspx?ID=3077765&GUID=3E13020C-AB4E-4032-8EB4-96AD56B359D3>

Eligibility Analysis

Staff has evaluated this application through the Town's affordable housing fund eligibility analysis. Staff determined this application meets all requirements of the Guidelines of the Affordable Housing Special Revenue Fund. Attachment D contains a breakdown of this analysis.

Board Consideration

Community Home Trust requested a grant of \$50,000 to replenish operating reserves for The Landings at Winmore. Specifically, this grant would settle \$26,000 owed to vendors for past maintenance, repair and replacement work, and the remainder of the grant would be available to fund future maintenance, repair and replacement costs. However, the AHAC recommended funding this request at the level of \$30,000 due to fund constraints and in anticipation of the launch of the new Affordable Housing Special Revenue Fund application process. The CHT request amounts to more than half of the available fund balance (~\$96,000), and the AHAC anticipates more funding applications in the spring of 2019 when the new process is expected to launch, pending Board approval. Retaining a higher fund balance in anticipation of receiving multiple applications will allow the AHAC to fund additional projects and with a more equitable distribution, while still meeting the immediate needs of The Landings.

FISCAL & STAFF IMPACT: Funding at the \$30,000 level allows CHT to satisfy its goal of paying off debt for past maintenance as well as have additional funds to place in its operating reserves for future repairs. If the full CHT request were approved, only \$46,000 would remain in the Affordable Housing Special Revenue Fund for future allocations through June 30, 2019.

RECOMMENDATION: The Affordable Housing Advisory Commission recommends the Board consider approving a grant to Community Home Trust in the amount of \$30,000. If the Board approves funding the request at the \$30,000 level, a resolution is provided as Attachment A.