



Legislation Text

File #: 16-255, **Version:** 1

TITLE:

Consideration of an Affordable Housing Funding Request from Community Home Trust

PURPOSE: The purpose of this item is for the Board to consider a request for funding out of the Affordable Housing Special Revenue Fund from Community Home Trust.

DEPARTMENT: Manager's Office

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INFORMATION: The Community Home Trust (CHT) has filed an application to the Town for funding from the Affordable Housing Special Revenue Fund. CHT's application is a grant request for up to \$20,000 to help offset acquisition costs to bring an additional home into the permanently affordable housing inventory.

The house CHT is planning to acquire is located in the Whispering Hills neighborhood of Carrboro, at 114 Lantern Way. It is a 3 bedroom, 2.5 bath duplex with 1,319 square feet of living area. In 2001, the home was sold to the current owner through EmPOWERment, Inc. The house contains \$17,500 of HOME funds and also has deed restrictions attached to it. Due to the deed restrictions, if the seller chooses to sell on the private market, half of the equity accrued would need to be repaid. Therefore, it is to the seller's advantage to sell it to a qualified affordable housing buyer, which CHT is. If CHT does purchase the home, it will be incorporated into the permanently affordable inventory and will not be able to be sold on the private market any longer, unless the Town approves it.

Carrboro's Affordable Housing Special Revenue Funds would be used to offset the acquisition costs, which includes purchase and rehab of the property. The house will then be sold to a buyer between 65-80% of Area Median Income. The Home Trust anticipates the buyer will be a household of three or more. Appropriate income documentation will be given to the Town for verification.

The request is for an amount up to \$20,000. The Home Trust does not currently have a buyer lined up. Once a buyer is identified, the exact amount needed will be identified. If the buyer and home qualify for funding from the North Carolina Housing Finance Agency (NCHFA), the amount of subsidy needed from Carrboro will likely be less than the \$20,000 requested. It is also anticipated that the \$17,500 of original HOME funds will remain in the home. A complete

budget breakdown is located on page two of the application (Attachment A).

Staff Analysis

Staff has analyzed the application against the Guidelines of the Affordable Housing Special Revenue Fund and determined that it meets all requirements for funding. Below is a breakdown of that analysis:

Application Procedures:

Application Procedure	Procedure Met
1) A complete description of the project, including the proposed location;	✓
2) A discussion of how the project meets the criteria of eligible uses and eligible beneficiaries	✓
3) Who the ultimate beneficiaries will be or are intended to be;	✓
4) If appropriate, documented income data for the intended recipients.	NA

AH Fund Eligibility Criteria:

Criteria	Requirement	This Application	Criteria Met
1. Who May Apply	Nonprofit or Individual	Community Home Trust	✓
2. Eligible Use	Meet the goal of the fund: 1. Established Eligible Use or 2. Goal/Strategy of AH Plan	1a. Eligible Use e: To acquire developed properties suitable for resale to individuals or families 1b. Eligible Use g: Provide grants for land trust projects that guarantee long-term affordability 2a. Goal 1.1 - Increase number of units that are permanently affordable 2b. Goal 1.3 - Decrease barriers to first-time homeownership	✓
3. Eligible Beneficiary	1. Home located in Carrboro 2. Owner or occupant of the property after acquisition 3. House to have an anticipated life of at least 30 years 4. Household income of 115%, priority given to households at 80% of AMI	1. Home located at 114 Lantern Way, Carrboro 2. The home will be incorporated into CHT's permanent inventory 3. House to remain affordable permanently 4. Buyers will be between 65-80% AMI	✓

FISCAL & STAFF IMPACT: The request is for up to \$20,000. If the Board were to approve the request, this would be the second approved request of fiscal year 2016-17, for a total disbursement in FY 16-17 of \$25,000. This would leave approximately \$351,000 remaining for

Affordable Housing Fund FY 16-17		
Budget Item	Revenues	Expenditures
Fund Balance from FY 15-16	\$ 176,230	
Penny for Housing	\$ 200,000	
Transfer from General Fund	\$ 130,639	
Community Home Trust (CHT) Interlocal Agreement		\$ 75,050
Home Consortium		\$ 9,719
OC Partnership to End Homelessness		\$ 13,711
Human Services Grants		\$ 32,150
CHT Request: Housing Acquisition - Approved 8/22	\$ 5,000	
CHT Request: Housing Acquisition - Considered 9/6	\$ 20,000	
Total	\$ 506,869	\$ 155,630
Total Available for FY 16-17 If Request is Approved	351.23	

disbursement in FY 16-17.

RECOMMENDATION: Staff recommends the Board consider approving the funding request.