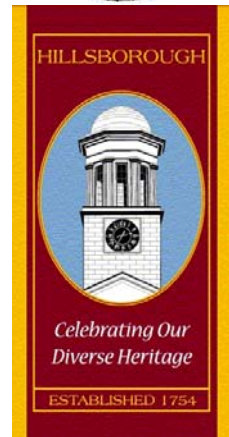


# Housing and Community Development Consolidated Plan Annual Update 2008 Draft

County of Orange, North Carolina  
Town of Carrboro, North Carolina  
Town of Chapel Hill, North Carolina  
Town of Hillsborough, North Carolina



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May 15, 2008

## Orange County Consolidated Plan for 2005-2009 Annual Action Plan 2007-2008

### BACKGROUND

In an effort to streamline several programs, the U.S. Department of Housing and Urban Development now requires all jurisdictions that receive federal Community Development Block Grant (CDBG) funds, federal HOME Program funds, Emergency Shelter Grants (ESG) and grants for Housing Opportunities for People with AIDS (HOPWA) to submit a Consolidated Plan for Housing and Community Development Programs.

The Town of Chapel Hill receives federal Community Development Block Grant funding each year and the Orange County HOME Consortium receives HOME funding each year. Since the Town of Chapel Hill is a member of the Orange County HOME Consortium, the County is permitted to submit one plan that details the housing needs and activities of the entire County including Chapel Hill.

The Consolidated Plan not only serves as an application for each of the four programs, but also seeks to further the statutory goals of these programs through a collaborative process whereby a community establishes a unified vision of housing and community development actions to address identified housing needs.

The Orange County HOME Consortium submitted the 2005 - 2009 Consolidated Plan to HUD on May 15, 2005 that was approved in July 2005. Each year, the Consortium is required to submit an annual update to the 2005 - 2009 Consolidated Plan to the U.S. Department of Housing and Urban Development by May 15<sup>th</sup> each year.

Prior to beginning to develop the 2007-2008 Annual Update, public hearings were held to hear citizen comments regarding housing and community development needs and proposed activities that should be included in the Plan. A public hearing was held by the Chapel Hill Town Council on January 30 and March 26, 2008 to receive citizen comments regarding housing needs and the proposed use of \$574,840 in CDBG funds Chapel Hill will receive in the 2008-2009 fiscal year, \$20,193 of CDBG residual funds that will be reallocated for use in the 2008-2009 fiscal year, and \$810,652 (including local match of \$148,896) in HOME funds that the Orange County HOME Consortium will receive in the 2008-2009 fiscal year. The Orange County Board of County Commissioners held a public hearing on February xx, 2008 regarding housing needs and the proposed use of the \$810,652 in HOME funds. Comments from these public hearings are attached to this Summary.

After the public hearings, the HOME Program Review Committee comprised from each member of the consortium as well as the Manager or his representative reviewed applications for the HOME Program to develop the proposed HOME Program Design for the 2007-2008 Program Year. A total of five (5) applications were received from local non-profit organizations and other local governmental units requesting approximately \$890,369.

Town staff reviewed applications received for Community Development Block Grant (CDBG) in a similar manner. A total of nine (9) applications were received from non-profit organizations and the Town requesting approximately \$783,150.

After both spending plans were developed and a draft Annual Update was completed, citizens were allowed to review the document and provide comments to local staff during the official public comment period of April 10 to May 10, 2008. No comments have been received to date. Any comments received will be forwarded to the HUD office under separate cover.

Each jurisdiction approved the Update prior to submission to HUD.

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Citizen Participation  
Summary of Comments and Community Development Application Requests  
Staff Report

The citizen comments received at the January 30 and March 26, 2008 public forums and applications for funding are summarized below. All agencies that requested funding were required to submit an application.

Activities eligible for Community Development funding must meet one of three National Objectives:

- Benefit low- and moderate-income persons; or
- Aid in the prevention or elimination of slums and blight; or
- Treat urgent needs posing an immediate threat to public health and welfare.

Affordable Housing/Public Improvement Requests

Examples of eligible activities include acquisition and/or renovation of property, second mortgage assistance, and site development.

The following applications and comments were considered:

1. Community Alternatives for Supportive Abodes (CASA)

CASA requests \$232,619 of Community Development funds to renovate five duplexes on Pritchard Avenue Extension. Once renovated, the one-bedroom units would house ten persons earning less than 30% of the area median income. Eligible residents would be homeless or have a disability.

Comment: The preliminary plan includes \$30,000 for this request. The preliminary HOME Program plan also includes \$435,226 for this project. The combination of these funds would satisfy the CASA's request for funds. Renovation of apartments for very low income rental opportunities is an eligible use of Community Development funds. This project would also compliment the goals and strategies of the 10-Year Plan to End Chronic Homelessness in Orange County.

2. Chapel Hill Department of Housing

The Chapel Hill Department of Housing requests \$281,065 of Community Development Program funds for the following purposes: \$198,000 to pay a portion of the cost to modernize nine apartments to conform and comply with Section 504 and the Uniform Federal Accessibility Standards (UFAS) as mandated by HUD; \$61,800 to continue the Five-Year Refurbishing Program to refurbish about 40 apartments; \$19,265 replace appliances; and \$2,000 to replace playground equipment.

The modernization work on nine apartments throughout the public housing communities would be in compliance with Section 504 of the Rehabilitation Act of 1973. This provision is to prohibit

discrimination on the basis of disability in programs and activities, which receive federal assistance. The total budget for this project is \$781,650.

Comment: The preliminary plan includes \$200,000 for the modernization of public housing apartments, the refurbishing program, and the replacement of appliances. The Town's public housing is an important source of affordable rental housing and the Town's investment in this property should be maintained. Although the amount included in the preliminary plan is less than the Department of Housing's request, this allocation represents 43% of the total amount of Community Development funds that are available for all projects in 2008-2009, and represents an increase in funding for public housing from the 2007-2008 Community Development allocation of \$197,000.

### 3. Orange Community Housing and Land Trust

In its application, Orange Community Housing and Land Trust requests a grant of \$150,000 for its Homebuyer Assistance Program for existing Land Trust homes and for homes that will be brought into the Land Trust in FY 2008-2009. The Land Trust intends to combine Community Development funds with HOME Program funds and funds from the Town's Affordable Housing Fund to subsidize the purchase price of Land Trust homes. The Land Trust also made this request at the January 30, and March 26, 2008 public forum.

Comment: The preliminary plan includes \$100,000 for the Land Trust's Homebuyer Assistance Program. We recommend supporting this program because it helps maintain the Town's investment in affordable housing.

#### Public Service Requests

The use of funds for public service activities is eligible under federal Community Development regulations. Examples of public service activities include programs concerned with employment, crime prevention, child care, health, drug abuse, education, fair housing counseling, energy conservation, homebuyer down payment assistance or recreational needs. The amount of Community Development funds used for public services cannot exceed 15% of the Town's Community Development grant (\$86,226 for FY 2008-09).

In the past, the Council has funded public service projects that support other Community Development objectives and activities, especially public housing and Neighborhood Revitalization. Some emphasis has also been placed on job training for low-income residents. We evaluated the following applications in terms of previous performance and their relationship to other Community Development objectives. In general, we are recommending that some funding be set aside for community services, but that the Council emphasize affordable housing objectives as contained in the Consolidated Plan.

To be eligible for Community Development assistance, a public service must be either a new service or a quantifiable increase in the level of an existing service at the time when the organization first applies for funding for the program. Once a program is funded, it is allowable to continue to receive funding for the program in succeeding years, even if there is no significant increase in services provided. The idea behind this rule is that Community Development funds are not to be used to supplant funds from other sources for existing programs.

The following agencies submitted applications for Public Service activities:

1. Chapel Hill Police Department

The Chapel Hill Police Department requests \$29,466 to continue the Youth Employment Program for youth aged 14-18 living in the Pine Knolls, Northside and public housing neighborhoods. During the summer, approximately 25 youth would work up to 20 hours per week for seven weeks in various Town Departments and local non-profit organizations. Youth would also participate in an orientation session focusing on performance expectations, employment-related behaviors, and financial education.

Comment: We recommend granting the request for \$29,466 for the Youth Employment Program. Based on our monitoring of the program, it has continued to be a highly successful program and to meet its goals by providing valuable work experience for the participants. In post-program surveys, both supervisors and youth report that it was a positive educational and work experience. In addition, the program supports the Town's current neighborhood revitalization efforts in the Northside, Pine Knolls and public housing communities.

2. Chapel Hill Downtown Partnership

The Chapel Hill Downtown Partnership requests \$15,000 for its Real Change from Spare Change program, which educates the community on issues of panhandling and homelessness and supports the current street outreach program in Chapel Hill. The target population for the street outreach program is chronically homeless, mentally ill clients.

Comment: Although the proposed program would address an identified need for the homeless population in Chapel Hill, we do not recommend funding this request. The Town received applications for housing projects this year that were of high quality and would result in the provision of housing units to low-income individuals and families throughout Chapel Hill. In making a choice between funding the housing requests and the public service requests such as this one, we favored applying the grant funding to the housing requests that would provide units. As an example, the CASA project would provide ten housing units for homeless and disabled individuals. In addition, we believe that this program could be eligible for alternative sources of funding.

3. Chapel Hill Training Outreach Program

The Chapel Hill Training Outreach Program requests \$15,000 to continue to operate an after-school program at the South Estes Drive public housing community. The Center provides free after school care for about 14 children.

Comment: The preliminary plan includes \$15,000 for this project, maintaining the 2007-2008 level of support. We believe that the provision of after-school services is an important activity and supports the Town's efforts in providing services to public housing residents. The Town has supported the program since 2003 and it continues to meet its goals by providing quality after school care and academic support for the children.

4. Chapel Hill – Carrboro YMCA

The Chapel Hill Carrboro YMCA requests \$15,000 to operate an After School Program for 12 youths living in the South Estes Drive and Airport Gardens public housing communities and the

Pine Knolls neighborhood. A representative from the YMCA also made this request to the Council at the January 30, 2008 public forum.

Comment: The preliminary plan includes \$15,000 for this request. Since 1994, the Town has provided Community Development funds to the YMCA for its After School Program. The program has successfully merged with the YMCA's existing after school program held at the YMCA facility. In the current year, twelve children are being served by the program. The YMCA continues to operate a program that meets the goals and objectives established by the Performance Agreements.

#### 5. EmPOWERment, Inc.

EmPOWERment requests \$10,000 for its Career Explorers Summer Intern Program, a collaborative effort with local merchants to provide summer employment opportunities for local high school rising juniors and graduating seniors. Fifteen (15) positions would be available; applicants must live in the Pine Knolls or Northside neighborhoods and live in low- to moderate-income households earning below 80% of area median income. The interns would work 36 hours per week and spend 4 hours per week with the program administrator learning about financial management, general life skills, and gaining exposure to life and career experiences.

Comment: We do not recommend funding for this program. The Career Explorers program is ineligible for Community Development funding because it has existed for several years and served the same number of 15 youths. The federal regulations state, "to be eligible for CDBG assistance, a public service must be either a new service or a quantifiable increase in the level of an existing service above that which has been provided by or on behalf of the unit of general local government."

#### 6. HR Consulting

HR Consulting requests \$50,000 to operate a Financial Literacy and Money Management Training programs to teach low-income families how to budget and build wealth.

Comment: Although the proposed program would address an important issue, we believe this application is ineligible for Community Development funds because the applicant, as a for-profit entity, does not meet the definition of a Subrecipient under the Federal Community Development regulations. The definition of a Subrecipient is a public or private non-profit agency, authority or organization receiving Community Development funds to undertake eligible activities; or a for-profit entity administering microenterprise assistance.

## Summary of Comments and 2008-2009 HOME Program Funding Applications

The following agencies submitted applications for 2007- 2008 HOME Program funding.

### 1. Community Alternatives for Supportive Abodes (CASA)

CASA requests \$232,607 of HOME Program funds to be used for costs associated with the renovation of ten one-bedroom apartments on Pritchard Avenue Extension in Chapel Hill.

Comment: CASA also requested \$232,619 of Community Development funds for this project. The preliminary recommendation includes \$435,226 of HOME Program funds for this project. The preliminary Community Development plan includes \$30,000 for this request. If funding from both sources is approved, this request would be fully funded. We believe that CASA's proposal compliments the current efforts underway to end chronic homelessness and supports the statements and action in the 10-Year Plan to End Chronic Homelessness in Orange County.

### 2. EmPOWERment, Inc.

EmPOWERment Inc. requests \$21,500 of HOME Program funds for pre-development costs for property located in the Pine Knolls neighborhood. EmPOWERment intends to build a three bedroom home on the site to be sold to a household earning less than 80% of the area median income.

EmPOWERment also requests \$75,000 of HOME Program funds to renovate rental properties it owns and other properties it manages on behalf of Affordable Rentals, OPC Mental Health Association.

Comment: The preliminary plan does not include funding for these projects. EmPOWERment could request the Consortium to consider reallocating funds that were previously allocated to the organization for other activities to fund the application for pre-development costs. The Committee does not recommend funding for the proposed rehabilitation program at this time because the scope of work included in the application was not clear.

### 3. Habitat for Humanity

Habitat for Humanity requests \$300,000 to provide deferred payment zero-interest second mortgages on fifteen homes throughout Orange County that would be built in 2008 and 2009. Each qualified buyer would receive a \$20,000 second mortgage. Homes would be sold to households earning between 30% and 80% of the area median income.

Comment: The preliminary plan includes \$120,000 for this request. This amount would allow Habitat to provide assistance to six homebuyers.

### 4. Town of Hillsborough

The Town of Hillsborough requests \$56,250 of HOME Program funds to construct infrastructure to make sewer service available to 32 existing homes and facilitate construction of 6 new houses in partnership with Habitat for Humanity.

Comment: The preliminary HOME Program plan matches the request for \$56,250.



## 5. Orange Community Housing and Land Trust

Orange Community Housing and Land Trust requests \$150,000 to assist buyers with purchasing Land Trust homes in Orange County. The majority of homes will be located in the Chapel Hill / Carrboro area. The Land Trust made a general request for HOME funds at the Council's January 30, 2008 Public Forum.

Comment: The preliminary plan includes \$100,000 for this request. The preliminary Community Development plan also includes \$100,000 to support this request.

The Land Trust also requests \$55,000 to assist with operating costs associated with HOME-funded developments. Funds would be used to support staffing needed to manage the increased volume of activity that is expected of the Land Trust as a result of inclusionary housing policies.

Comment: The Committee's recommendation includes \$33,000 for this request, the maximum allowed under federal regulations. Because the Land Trust meets the Department of Housing and Urban Development's criteria for designation as a Community Housing Development Organization, it can receive a maximum of 5% of the HOME Program grant for operational support for HOME assisted projects.

## Annual Strategic Plan

As a growing community, the Orange County and the Town of Chapel Hill must successfully balance a diverse array of housing and community development issues. Given the range of competing needs, the community must invest its scarce public resources wisely. Therefore, as a general principle, the Town will attempt to expend public funds in a way that leverages the commitment of private sector support whenever possible.

The following presentation utilizes this performance-centered approach to outline the County and Town’s approach to housing and community development in the upcoming year. This approach includes identifying goals, objectives and strategies; determining what resources are necessary to achieve these goals; analyzing and evaluating performance data; and using that data to drive improvements in organization. All objectives and performance indicators are based on a one year time frame.

### Goal 1 – Decent and Affordable Housing for Lower-Income Households

<i>Priority 1.2 – Low income renters (&lt;60% AMI) that live in substandard housing</i>	
Strategies:	<ul style="list-style-type: none"> <li>- Continue to fund the rehabilitation of existing rental housing units</li> <li>- Monitor and enforce rent and property standards for completed projects</li> <li>- Leverage existing Town and County resources by utilizing the federal low income tax credit, HUD Section 202 and 811, and other programs to construct new rental housing</li> <li>- Provide educational opportunities related to fair housing, tenant rights, etc.</li> <li>- Continue to dialogue with the University of North Carolina – Chapel Hill on issues that affect affordable rental opportunities in the area</li> </ul>
Output Indicators:	<ul style="list-style-type: none"> <li>- 32 additional affordable rental units (Orange County/Chapel Hill)</li> <li>- 49 units of renovated public housing (Chapel Hill)</li> </ul>
<i>Priority 1.4 – Low-income renters (&lt;80% AMI) that are potential homebuyers</i>	
Strategies:	<ul style="list-style-type: none"> <li>- Provide down-payment and closing cost assistance to qualified homebuyers</li> <li>- Provide homebuyer education and counseling with an emphasis on credit</li> <li>- Provide acquisition, infrastructure, predevelopment and/or construction funding to eligible non-profits and for-profits to develop affordable housing opportunities</li> <li>- Establish homeownership program to assist existing Section 8 recipients</li> </ul>
Output Indicators:	<ul style="list-style-type: none"> <li>- Provide down-payment assistance to 10 additional lower income homebuyers (Orange County/Chapel Hill)</li> </ul>
<i>Priority 1.5 – Eliminate barriers to affordable housing</i>	
Strategies:	<ul style="list-style-type: none"> <li>- Challenge and encourage non-profit and for-profit affordable housing providers to share resources and collaborate</li> <li>- Seek legislation that would require all local governments to require new residential and commercial developers in the County and Towns seeking zoning approval and/or permits to contain at least 15% affordable units in residential projects</li> <li>- Utilize equity sharing and community land trust concepts to limit the dramatic escalation of housing costs</li> </ul>
Output Indicators:	<ul style="list-style-type: none"> <li>- Five (5) units of new affordable housing in mixed income developments (Orange County/Chapel Hill)</li> <li>- Increased awareness of barriers to affordable housing (Orange County/Chapel Hill)</li> </ul>

**Goal 2 – Provide Housing and Services for Populations with Special Needs**

<i>Priority 2.2 – Continuum of services for special populations including older adults, disabled, mentally ill, persons with AIDS and at-risk youth</i>	
Strategies:	<ul style="list-style-type: none"> <li>- Promote and make public service funds available to agencies that serve identified special populations</li> <li>- Partner with other funding agencies to encourage the development of transitional housing (SRO's, group homes) that is service-enriched</li> <li>- Continue to strengthen partnership with local service providers</li> <li>- Support applications for federal supportive housing funds</li> <li>- Provide property acquisition funding to eligible non-profits and for-profits to develop permanent housing for those with special needs</li> </ul>
Output Indicators:	<ul style="list-style-type: none"> <li>- Four (4) additional permanent housing units for those with special needs (Orange County)</li> <li>- Provide community services to 55 area youth (Chapel Hill)</li> </ul>

**Goal 3 – Promote Neighborhood and Economic Development**

<i>Priority 3.1 – Promote revitalization in selected Chapel Hill neighborhoods and economic development in general throughout the County</i>	
Strategies:	<ul style="list-style-type: none"> <li>- Strengthen partnerships with neighborhood associations (community pride, education, family services, etc.)</li> <li>- Work with neighborhoods to design and implement specific beautification strategies, including neighborhood cleanups</li> <li>- Promote recreational opportunities for area youth</li> <li>- Prioritize one to two neighborhoods located in Chapel Hill and develop revitalization plans accordingly</li> <li>- Concentrate Town funding in selected neighborhoods to create maximum impact. Programs may include redevelopment activities, CHDO Development-Infill and various rehabilitation programs.</li> <li>- Build community capacity and better coordinate neighborhood services through the regular dissemination of information. Examples may include Community Development Day workshops, self-help workshops, activity updates, etc.</li> <li>- Continue to work with area Chambers of Commerce and others to promote the economic development of the community</li> <li>- Coordinate effort of various Town departments to concentrate resources into selected neighborhoods</li> </ul>
Output Indicators:	<ul style="list-style-type: none"> <li>- Development of a small area plan for the Rogers Road Neighborhood and a Neighborhood Conservation District for the Pine Knolls neighborhood (Chapel Hill)</li> <li>- Promote county wide partnerships that are dedicated to the economic development of the County</li> </ul>

## Annual Action Plan

The following tables show the proposed sources and uses of funding available to Orange County for the fiscal year 2007-2008 from the U.S. Department of Housing and Urban Development. More detailed descriptions are provided in the Annual Plan portion of this document.

Fiscal Year 2008-2009 Funding	
Source of Funds	Amount
Community Development Block Grant	\$574,840
Community Development Block Grant Reallocation	\$20,193
HOME Investment Partnership Program	\$661,756
HOME Matching Funds	\$148,896
<b>Total</b>	<b>\$1,405,68</b>

Fiscal Year 2008-2009 Funding	
Uses of Funds	Amount
<u>HOME Program</u>	
Housing Rehabilitation - CASA	\$435,226
Homeownership Assistance - OCHLT	\$100,000
Second Mortgage Assistance	\$120,000
Sewer Construction	\$ 56,250
Operational Support - OCHLT	\$ 33,000
Administration	\$ 66,176
<u>Community Development Block Grant</u>	
Public Housing	\$200,000
Homeownership Assistance: Orange Community Trust	\$100,000
Comprehensive Rehabilitation Program	\$ 50,000
Neighborhood Revitalization	\$ 40,667
Community Alternatives for Supportive Abodes Renovation	\$30,000
Community Services	\$ 59,466
Program Administration	\$114,900
<b>Total</b>	<b>\$1,405,685</b>

Fiscal Year 2008-2009 CDBG Program Funding Amendment	
Uses of Funds	Amount
FROM: Infrastructure/Residual Funds	\$ 20,193
TO: Neighborhood Revitalization	\$ 20,193
Total	\$20,193

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## Part II. Proposed Activities and Proposed Projects

### 2008 – 2009 HOME Program Activities and Projects

**1. Housing Rehabilitation: \$435,226**

\$435,226 will be allocated to Community Alternatives for Supportive Abodes (CASA) for the renovation of ten one-bedroom apartments on Pritchard Avenue Extension in Chapel Hill. The units would be rented to very low income individuals who may have disabilities or be formerly homeless.

**2. Homeownership Assistance: \$100,000**

\$100,000 will be allocated to Orange Community Housing and Land Trust to assist first time homebuyers earning less than 80% of the area median income to purchase Land Trust homes throughout Orange County. The majority of homes would be located in the Chapel Hill/Carrboro area.

**3. Second Mortgage Assistance: \$120,000**

\$120,000 will be allocated to Habitat for Humanity to provide deferred payment zero-interest second mortgages on six homes throughout Orange County. The homes would be built in 2008 and 2009 and would be sold to households earning between 30% and 80% of the area median income.

**4. Sewer Construction: \$56,250**

\$56,250 will be allocated to the Town of Hillsborough to construct infrastructure to provide sewer service to six new homes in partnership with Habitat for Humanity.

**5. Operational Support: \$33,000**

\$33,000 will be allocated to the Orange Community Housing and Land Trust for administrative expenses related to implementing its HOME Program funded projects. As a designated Community Housing Development Organization for the HOME Program, the Land Trust is eligible to receive funds for administration of a housing program.

**6. Administration: \$66,176**

The remaining \$66,176 will be allocated to the Orange County Housing and Community Development Department for administration of the HOME program.

### Community Development Block Grant Activities and Projects

**1. Modernization of Public Housing: \$200,000**

\$200,000 will be allocated to modernize nine public housing apartments (to conform and comply with Section 504 and the Uniform Federal Accessibility Standards (UFAS) as mandated by HUD), the 5-year Refurbishing Program, and the replacement of appliances. The modernization project could use Community Development funds along with Public Housing Capital Fund Program (CFP) grant funds to modify bathrooms to have roll-in showers or bathtubs with grab bars and in-tub seats, lower medicine cabinets, handicap accessible commodes, shower spray units and bathroom fixtures; to modify kitchens to have handicap accessible appliances, sinks, range hoods and cabinets; to install visual alarm systems; to widen doorways and corridors to minimum handicap clearance; and to lower thermostat controls, electrical switches, clothes rods and shelves and mirrors.

We also recommend that \$15,000 of this amount be used to pay a portion of the Contracting Officer's salary for oversight of the modernization project.

**2. Orange Community Housing and Land Trust – Homebuyer Assistance Program: \$100,000**

\$100,000 will be allocated for the Orange Community Housing and Land Trust for its Homebuyer Assistance Program to assist low-income buyers to purchase Land Trust homes in Chapel Hill. The Land Trust intends to combine Community Development funds with HOME Program funds and funds from the Town's Affordable Housing Fund to subsidize the purchase price of Land Trust homes.

**3. Comprehensive Housing Rehabilitation Program: \$50,000**

\$50,000 will be allocated for the Comprehensive Housing Rehabilitation Program to renovate owner-occupied housing in the Northside and Pine Knolls neighborhoods. The Council has previously allocated a total of \$320,000 to this program. To date, four homes have been renovated.

**4. Neighborhood Revitalization: \$40,667**

\$32,940 will be allocated to continue neighborhood revitalization activities throughout the Town and public housing communities. Activities must serve households earning less than 80% of the HUD published area median income. Funds could be used for the following activities: property acquisition, demolition, renovation; public and neighborhood improvements such as sidewalks, curb and gutter improvements or parks and recreation facilities; second mortgage assistance; or community service activities.

We also recommend that the Council continue to authorize the Manager to approve converting Neighborhood Revitalization funds into grants to non-profit organizations for housing projects that achieve long-term affordability.

**5. Community Alternatives for Supportive Abodes (CASA): \$30,000**

\$30,000 will be allocated for the renovation of five duplexes located at 701-719 Pritchard Avenue Extension. These units will provide ten apartments to house persons who earn 30% or below of the Area Median Income and who have a disabling condition or have been homeless. CASA will partner with local service agencies for referrals and on-going tenant support service plans. Each tenant will have his/her own support service plan and receive appropriate services that match his/her needs, including mental health, substance addiction, healthcare, veteran's

services, vocational and employment, budgeting, independent living skills, emergency assistance funds and case management.

**6. Community Services: \$59,466**

- Chapel Hill Police Department Youth Employment Program: \$29,466

The Youth Employment Program provides job skills training, employment experience, and economic opportunities to youth aged 14-18 living in the Pine Knolls, Northside and public housing communities whose families earn less than 80% of area median income. During the summer, approximately thirty-five youth would work up to twenty hours per week for seven weeks in various Town Departments and local non-profit organizations. The youth would also participate in training on financial education and job interviewing skills. Work-site supervisors and the youth employees will fill out evaluations at the end of the program to help determine the success of the program.

- Chapel Hill Training Outreach Project (CHTOP) After School Enrichment Program: \$15,000

The After School Enrichment Program operates at the Family Resource Center in the South Estes public housing community, serving approximately fourteen elementary school-aged children.

- Chapel Hill Carrboro YMCA After School Outreach Program: \$15,000

The After School Outreach Program operates at the Chapel Hill/Carrboro YMCA, serving children living in the Pine Knolls neighborhood and the South Estes Drive and Airport Gardens public housing communities. Funds would be used to provide scholarships to eligible children.

**7. Program Administration: \$114,900**

\$114,900 will be allocated for administration of the Housing and Neighborhood Services division of the Planning Department. Funds would be used for oversight of the Community Development program and related affordable housing programs, as well as coordination with the U.S. Department of Housing and Urban Development to achieve compliance with federal regulations.

Funds are used to fund for a portion of the salaries of the Housing and Neighborhood Services Coordinator and the Housing and Neighborhood Services Planner, and the salary for the part-time Community Development Program Monitor. In addition to salaries, funds would be used for overhead costs such as advertising expenses, business meetings and training, supplies and professional services.



### **Part III - Geographic Distribution**

During the term of this Annual Action Plan, the Town of Chapel Hill and Orange County will target a portion of housing and community development funding in selected neighborhoods as described in the project descriptions above with the balance of financial assistance dispersed throughout the County. To promote increased housing choice and opportunity, efforts will be made to increase the number of public and assisted housing units located outside areas of minority and low-income concentration.

### **Part IV – Homeless and Other Special Populations**

The fundamental components that comprise the Orange County continuum of care system and the member agencies that provide services to the homeless are described below.

#### **Prevention**

Homeless persons access or receive assistance by calling or visiting one of the continuum agencies providing emergency assistance and/or case management. IFC's Community House and Homestart Program and other agencies and units of local government in the County refer persons to these agencies. Services in place and the members that provide prevention services include the following:

- Emergency Assistance—IFC Community Services Department, Orange Congregations in Mission, local congregations, Orange County Women's Center, Helping Hands, Orange County Department of Social Services, Joint Orange Chatham Community Action Agency and North Carolina Hillel Foundation
- Case Management—IFC Family Support Program, OPC Area Program, UNC Department of Psychiatry and Freedom House

In addition, the Mental Health Association of Orange County is launching a new program called Peer Bridgers (PB). This program is related to the hospital downsizing efforts occurring in North Carolina. The Bridgers will be matched with recently discharged patients to assist them with accessing community resources to prevent homelessness and other problems. Freedom House, a substance abuse residential treatment facility is currently increasing its capacity, particularly in the stabilization unit.

#### **Outreach**

For persons who are living on the streets, the UNC Department of Psychiatry currently has a team of health professionals staffed at IFC's emergency shelters that provide outreach. The mental health team includes a number of volunteers and a full-time staff psychiatric social worker who provides comprehensive assessments and services to the facility's persistently mentally ill population. The social worker and local police social workers with the Chapel Hill

Police Department also provide outreach to non-sheltered individuals that are referred by congregations, businesses and police agencies.

For other homeless persons, approximately 20 health professionals volunteer at three weekly clinics to screen and provide primary health care services to homeless individuals and to refer them to UNC hospitals as needed. The Family Violence Prevention Center also does outreach and public education throughout the community.

The PPOH plans to continue expanding its outreach activities to all homeless persons through continued funding. The continuum will also explore implementation of additional services.

### **Supportive Services**

How homeless persons access/receive assistance: Most homeless persons are either referred for supportive services by various nonprofit agencies, County departments, congregations and hospitals or they walk in for services. Needs are assessed during an intake process at each provider location. The specific supportive services provided through the continuum and the member agencies that provide the services include the following:

- Case Management—IFC, OPC Area Program, Freedom House Recovery Center and the Department of Social Services through referral or walk-in
- Life Skills—OPC Area Program and private contract agencies through referral
- Alcohol and Drug Abuse Treatment—Freedom House Recovery Center, Horizons and OPC Area Program through referral or walk-in
- Mental Health Treatment—OPC Area Program, UNC Hospitals and free clinics at IFC shelters through referral or walk-in
- AIDS Related Treatment—UNC Hospitals, Orange House (group home for persons living with HIV) through referral
- Education and Employment Assistance—Vocational Rehabilitation Services, Orange Enterprises, Job Link, Orange County Literacy Council, The Women's Center and the Employment Skills Center through referral or walk-in
- Child Care—Child Care Services Association through walk-in
- Transportation—Chapel Hill/Carrboro Bus System provides free service and Orange County Department of Transportation through referral

## **Part V – Needs of Public Housing**

### **Supply and Demand for Public and Assisted Housing**

Public housing was established to provide decent and safe rental housing for eligible low- and moderate-income families, the elderly and persons with disabilities. Public housing includes federally subsidized, affordable housing that is owned and operated by the local public housing

authority (PHA). The PHA also administers the federal Section 8 tenant-based rent subsidy program, which assists very low-income families in paying rent for privately owned housing units of their choice.

In addition, by using other federal, state and local programs, Orange County and the Town of Chapel Hill are attempting to encourage the development and rehabilitation of other assisted affordable housing for their low- and moderate-income citizens.

**Public Housing Programs**

The Orange County Department of Housing and Community Development is responsible for the administration of the Section 8 Housing Choice Voucher Program. The Department does not operate public housing developments. Currently, the Department administers approximately 615 Section 8 vouchers with 1698 people on a waiting list.<sup>1</sup> The actual number of vouchers available in the future will depend on the level of continued HUD funding.

The Town of Chapel Hill Department of Housing administers 336 units of low-rent housing located at 13 sites (12 in Chapel Hill and one in Carrboro). The Department does not administer Section 8 tenant-based rental assistance. There is a waiting list of 336 persons for housing assistance from the Town of Chapel Hill’s Department of Housing.<sup>2</sup>

**Rental Assistance**

The Section 8 Housing Choice Voucher Program is a rent subsidy program designed to assist very low-income families in paying rent for private housing of their choice. Recipients are limited to low-income families, eligible elderly, handicapped and/or disabled persons. Section 8 program participants use vouchers for housing units that fall within certain rent levels and that have been inspected by a Section 8 inspector to assure that they comply with U.S. Department of Housing and Urban Development’s Housing Quality Standards.

**Waiting Lists**

The Orange County Department of Housing and Community Development maintains a list of eligible families that have applied for Section 8 assistance who are waiting for rental assistance to become available. According to the current PHA plan, there were 1698 families on the waiting lists for Section 8 vouchers. Some key characteristics of the households on the waiting lists include the following:<sup>4</sup>

<b>Table 1: Public Housing Waiting List (Orange County)<sup>3</sup></b>		
Characteristics		Families
Total Families on Waiting List		
Race/ Ethnicity	White Black Other	
Family Income	Extremely Low- Income Very Low-Income Low-Income	

- Of the 1698 families on the waiting list, 60% are very low-income and 40% are extremely low-income

<sup>1</sup> Orange County Housing Authority, Streamlined 5-Year Plan for Fiscal Years 2005-2010.

<sup>3</sup> Orange County Housing Authority, Streamlined 5-Year Plan for Fiscal Years 2005-2010.

<sup>4</sup> Orange County Housing Authority, Streamlined 5-Year Plan for Fiscal Years 2005-2010.

- Families with children comprise 71% of those on the waiting list
- Almost one-quarter of those on the waiting list are families with disabilities
- African-Americans, at 67%, represent the largest racial group

The Town of Chapel Hill Department of Housing also maintains a general community-wide public housing waiting list. According to the current PHA plan, there were 356 families on the waiting lists for public housing. Annual turnover for the public housing waiting lists is 65 families. Some key characteristics of the households on the waiting lists include the following:<sup>6</sup>

Characteristics		Families
Total Families on Waiting List		
Race/ Ethnicity	White	73
	Black	280
	Other	3
Family Income	Extremely Low- Income	320
	Very Low-Income	20
	Low-Income	16
Unit Size	1 Bedroom	127
	2 Bedrooms	139
	3 Bedrooms	70
	4 Bedrooms	16
	5 or more Bedrooms	4

- Of the 356 families on the waiting list, 90% are extremely low-income
- Families with children comprise 64% of those on the waiting list
- African-American families, at 79%, represent the largest racial group
- Families waiting for a two-bedroom unit account for 39% of those on the waiting list

## Part VI - Anti-Poverty Strategy

### Overview

The 2000 Census reported that 15,318 people in Orange County (14.1%) had incomes below the poverty level—an increase of 3,576 people since 1990. In addition to their housing problems, they often have other social service needs. They face a variety of problems that prevent them from improving their economic situation, escaping poverty and obtaining adequate and affordable housing. Many of them lack the basic skills necessary to obtain and hold decent jobs. Some of them are single mothers who need affordable childcare while they seek or maintain jobs. Others need treatment for medical or substance abuse problems. Many of those living below the poverty level are children who would benefit from special programs to address their educational, recreational and self-esteem issues.

In Orange County, 18 businesses closed or laid-off workers in 2004. The high costs of homeownership and the lack of safe, affordable rental housing continues to be major issues for low-income families. Rental households face serious challenges with high cost, inadequate supply and competition with university students for limited housing stock. Transportation to and

<sup>5</sup> Town of Chapel Hill Department of Housing, Streamlined 5-year Plan for Fiscal Years 2005-2009 and Streamlined Annual Plan for Fiscal Year 2007-2008

<sup>6</sup> Town of Chapel Hill Department of Housing, Streamlined 5-year Plan for Fiscal Years 2005-2009 and Streamlined Annual Plan for Fiscal Year 2007-2008.

from work, childcare transportation and access to childcare remain key obstacles for low-income families that are transitioning from dependency to independence.<sup>7</sup>

Orange County and the Town of Chapel Hill have targeted significant CDBG and HOME resources within core low-income areas to execute its anti-poverty strategies. These resources will act as catalysts to invite additional public and private investment of capital and services; increase the quantity and quality of affordable housing; and help low to moderate-income residents acquire needed information, knowledge and skills to improve their employment opportunities.

Under North Carolina's Work First initiative, Orange County has developed a local plan to assist those most in need and forms the basis for its anti-poverty activities. Orange County's current Work First population faces major obstacles in obtaining and retaining employment because they are competing for jobs with a highly skilled workforce. Unskilled and semi-skilled workers without a high school diploma or a recent connection to the workforce are unable to obtain jobs that provide a living wage. Barriers such as substance abuse, criminal records and chronic physical and mental health problems have no quick fix. They are resolved as a result of participant commitment, adequate resources and over time. Under the Work First initiative, Orange County will provide the following:<sup>8</sup>

- First Stop—provides a continuum of services including job search and job preparedness
- Childcare—provides daycare subsidy payments
- Transportation—provides expanded transportation routes, vehicle donations and financial assistance to address transportation needs
- Substance Abuse Services—provides initial screening, assessment, and residential and outpatient treatment services
- Family Violence Option—provides full assessment of domestic violence, counseling and support group sessions, and coordination of services such as emergency housing, transportation and legal services
- Child Welfare Services—provides collaboration of services to ensure the safety and well-being of children
- Emergency Assistance—provides housing, food and utility assistance

The anti-poverty strategy is the unifying thread that ties the housing, homeless, public housing and non-housing community development strategies together as one comprehensive plan for reducing the number of families that fall below the poverty level. The strategic plan, goals and objectives noted throughout this part along with the activities being undertaken as part of the Work First initiative promote self-sufficiency and empowerment.

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<sup>7</sup> Orange County Department of Social Services, "Work First County Plan: October 1, 2005 to September 30, 2007"

<sup>8</sup> Orange County Department of Social Services, "Work First County Plan: October 1, 2005 to September 30, 2007"

The County and Town will coordinate efforts among its many partner organizations to ensure that the goals outlined in the consolidated plan are met. These partners include neighborhood residents, representatives of health and human service agencies, businesses, churches, nonprofit developers, lenders and for-profit entities. The key principles of the County's plans are described in the following sections.

## **Part VII – Lead-Based Paint Reduction**

The federal Residential Lead-Based Paint Hazard Reduction Act of 1992 (Title X of the Housing and Community Development Act of 1992) amends the Lead-Based Paint Poisoning Prevention Act of 1971, which is the law covering lead-based paint in federally funded housing. These laws and subsequent regulations issued by the U.S. Department of Housing and Urban Development protect young children from lead-based paint hazards in housing that is financially assisted or being sold by the federal government.

In Orange County, evaluations (risk assessments) of the prevalence of lead-based paint in housing units are conducted by project and lead abatement is prescribed for all dwellings targeted for rehabilitation. In addition, all assisted housing tenants are informed of the hazards of lead-based paint. The Orange County Health Department provides ongoing consultation to local housing staff.

## **Part VIII – Other Actions**

### **Institutional Structure and Coordination of Resources**

#### **Public Institutions and Private Organizations**

Important partners in achieving Orange County's low-income housing goals include the following public institutions and private organizations.

#### **Public Institutions**

The Orange County Consortium is made up of several local government entities. These entities have various responsibilities for administering programs and activities through a variety of departments as described below.

- The Orange County Housing and Community Development Department is responsible for administration of the Section 8 program for the County, the CDBG Small Cities program and serves as the lead agency for the Orange County HOME Consortium.
- The Chapel Hill Planning Department is the administrator of the Town's CDBG entitlement program. The department is also responsible for long-range planning and policy design for housing development and for implementing the Town's affordable housing program. In April of 2008, the Town created a Comprehensive Affordable Housing Overview that provides a concise, point-in-time snapshot of affordable housing capacity in Chapel Hill as well as a summary of affordable housing strategies and priorities.
- The Town of Carrboro administers the Carrboro CDBG Small Cities program and the planning department is responsible for planning and policy design for housing development. The Town also has a successful revolving loan fund for small business.

- The Hillsborough Planning Department is responsible for planning and policy development for the Town, including the recently adopted 2010 plan.

### **Non-Profit Organizations**

Most of these nonprofit organizations work closely together on housing issues. Local government staffs work with the nonprofits on a regular basis, since many nonprofit activities are supported with local funds. Communication could be improved between housing development agencies and social service agencies that provide support and empowerment for families receiving housing assistance.

- The Orange Community Housing and Land Trust (OCHLT) is a housing development corporation, whose operating budget is funded by Orange County, Chapel Hill and Carrboro. The organization utilizes the land trust model for homeownership to create permanently affordable housing opportunities for Orange County residents.
- Habitat for Humanity of Orange County is a strong local affiliate of the national organization.
- InterFaith Council for Social Service (IFC) operates a homeless shelter and is a chief advocate for the homeless population. IFC also offers a program to prevent homelessness through financial assistance to families that are at risk of losing their permanent housing.
- Orange Congregations in Mission serves northern Orange County, offering programs that prevent homelessness through financial assistance to families that are at risk of losing their permanent housing.
- The Joint Orange-Chatham Community Action Agency is a local community action agency offering a wide variety of rehabilitation, weatherization, counseling and financial assistance to very low-income families.
- EmPOWERment, Inc. is a community development corporation that promotes models of community building, problem solving and social action to mobilize low-income communities to build shared vision and power for community change.
- Affordable Rentals, Inc. is an organization whose goal is to make affordable rental housing possible for residents with annual incomes between 30% and 50% of the area median.
- The Chrysalis Foundation for Mental Health is a private, nonprofit organization that promotes affordable housing through property acquisition, rehabilitation, and development for persons with mental disabilities in Orange, Person and Chatham Counties.
- The Weaver Community Housing Association is a cooperative housing association specializing in the provision of rental housing for low-income families.

### **Private Industry**

Private lenders (especially those interested in achieving the lending goals of the Community Reinvestment Act), public lenders like Rural Development, builders, realtors and developers,

are entities whose assistance is crucial to the success of housing initiatives undertaken in Orange County.

Utility companies develop construction and energy conservation standards to reduce energy costs. They also provide information and training on energy-saving practices in home, such as how to install insulation and weather stripping. Low-interest loans are available from utility companies for the purchase and installation of insulation, high efficiency heat pumps and other energy conservation measures.

Many commercial banks have responded to the Community Reinvestment Act with programs to finance decent, affordable housing. Banks in Orange County with such programs include Wachovia, Central Carolina Bank, RBC Centura Bank, First Citizens, BB&T, Harrington Bank and Hillsborough Savings Bank/NBC Bank. These special lending programs are targeted to households that do not qualify for the lenders' regular programs and may have rates slightly lower than conventional rates, lower down payment requirements or special underwriting treatment.

### **Public Housing Authorities**

The Town of Chapel Hill Department of Housing operates 336 conventional public housing units. (There are no plans for demolition of public housing in the Town of Chapel Hill.)

The Orange County Housing and Community Development Department operates the Section 8 Housing Voucher Program. The program provides approximately 623 vouchers to low income families. The Orange County Board of Commissioners serves as the governing board and the managerial affairs of the County conform to applicable County ordinances and policies. A resident advisory board has been established to include Section 8 residents in the decision-making process. The Orange County Board of Commissioners is the elected body that sets policy for the public housing functions and approves the Annual Public Housing Agency Plan.

### **Coordination**

With the creation of Orange Community Housing Corporation (now Orange Community Housing and Land Trust), Orange County, Chapel Hill, Carrboro and Hillsborough demonstrated the desire to cooperate among the several jurisdictions to provide the best housing assistance that will serve the low-income residents of Orange County. With respect to coordination of resources, all agencies will continue their history of communication regarding projects in progress, applications submitted to state and federal funding agencies, programs that are particularly successful or troublesome, and other sharing of information and sources of funds.

The existing coordination of services has been further enhanced with the creation of the Orange County HOME Consortium whose members include Orange County, Carrboro, Chapel Hill and Hillsborough.

The previously described infrastructure has been successful in providing some housing for the low-income population; the need for supportive services for families benefiting from these programs and other low-income families has become more critical. These services are provided by only a few non-profit social service organizations and are not provided in conjunction with an established housing program.

This is particularly true for special populations who have critical case management needs. Housing counseling is also needed to help low-income persons locate and manage affordable



housing. Assistance may also be needed when navigating the publicly assisted programs as well as when applying privately for housing. Thus, this phenomenon represents a gap in the delivery system that must be addressed in order to maintain viable neighborhoods.

Additionally, in an effort to facilitate communication with other local housing nonprofit organizations regarding primarily homeownership programs, the Orange Community Housing and Land Trust has spearheaded the creation of the Affordable Housing Alliance (AHA) – a coalition of non-profit org representatives that discuss and coordinate various first-time homeowner classes. The group meets on a monthly or semi-monthly schedule.

## **Part IX Monitoring Plan**

The Orange County Consortium is committed to a comprehensive program of monitoring and evaluating the progress of housing and community development activities. The goal of the consortium is to ensure long-term compliance with the applicable regulations and standards, particularly the National Affordable Housing Act. The Town of Chapel Hill conducts monitoring of agencies receiving funding from its CDBG program. Orange County monitors agencies receiving HOME funding through the consortium.

### **Town of Chapel Hill CDBG Program**

The Town of Chapel Hill has developed procedures for monitoring agencies that receive Community Development funding from the Town. A risk assessment of each agency is performed based on the agency's activities and its organizational strengths and past performance. The assessments help to determine the level of review necessary to monitor each agency and the order in which they will be monitored. Generally, the monitoring process involves:

- Thoroughly reviewing Town files, including performance agreements, quarterly progress reports, reimbursement requests and other communications
- Conducting one or more site visits that entail inspecting construction or rehabilitation work, observing classes or other services in action, gathering information and discussing progress of each program
- Evaluating the agency's administrative and financial management (per Community Development Block Grant requirements) by inspecting and obtaining copies of by-laws, personnel policies, fidelity bonds, audits, certificates of insurance, financial records, etc.
- Reviewing documentation to ensure the agency is satisfying other federal requirements such as the U.S. Department of Housing and Urban Development's contractor requirements and the U.S. Department of Labor's Davis Bacon requirements
- Evaluating the effectiveness and timeliness of the delivery of services
- Reviewing reporting procedures

After obtaining and evaluating all the necessary information, the Town's monitor writes an assessment letter to each agency that summarizes the findings and suggests organizational or program changes that are either required or that may be useful to the organization.

This process allows Chapel Hill to have an increased level of interaction with agencies that receive CDBG funds and to ensure that funds are spent accurately and in a timely manner. Throughout the year, the Town will use this process to monitor each agency that is approved for funding.

### **Orange County HOME Consortium**

Orange County will implement a Monitoring Plan for the year that ensures subgrantees—and in particular, Community Housing Development Organizations (CHDOs)—comply with regulations and requirements pertaining to their status and their daily administrative and programmatic operations. Actual project performance will also be reviewed to determine consistency with proposed program achievements. The plan will include:

- Completing an initial desk review of documents received by the County
- Reviewing HUD subgrantee regulations and requirements—including subrecipients and CHDOs
- Scheduling a site visit with the County's nonprofit housing organization Affordable Rentals, Inc.
- Reviewing the expenditure rates of all subgrantees and providing technical assistance where needed to ensure timely expenditure of funds
- Closely monitoring all rental projects to ensure continued eligibility and to track program income generated by these projects

Orange County and the Town of Chapel Hill have been coordinating on-site monitoring visits when an organization has used HOME and CDBG for projects. This has worked well and has served to eliminate confusion. In the coming fiscal year,

## **Part X HOME Program Requirements**

### **Resale and Recapture Provisions**

All properties receiving financial assistance from Orange County for homeownership activities must ensure that the housing remain affordable to families with incomes of 80% or less of the area median for at least 99 years from the date of initial assistance.

### **Right of First Refusal**

A right of first refusal or right to purchase is accomplished by means of a Declaration of Restrictive Covenants on the property purchased by the first-time homebuyer. Any assignment, sale, transfer, conveyance or other disposition of the property will not be effective unless the following procedures are followed.

If the original homebuyer or any subsequent qualified homebuyer contemplates a transfer to a non low-income household, the buyer must send Orange County and/or the sponsoring nonprofit organization a notice of intent to sell at least 90 days before the expected closing date. If Orange County and/or the sponsoring nonprofit organization elects to exercise its right of

refusal, it will notify the buyer within 30 days of its receipt of the notice and will purchase the property within 90 days.

If neither Orange County nor the sponsoring nonprofit organization advises the buyer in a timely fashion of its intent to purchase the property, then the Buyer is free to transfer the property in accordance with the equity sharing provisions described below.

### **Equity Sharing**

Orange County provides its financial assistance as deferred second loans secured by a 40-year Deed of Trust and Promissory Note, forgivable at the end of 40 years. This Deed of Trust and Promissory Note constitute a lien on the property, subordinate only to private construction financing or permanent first mortgage financing.

The 99 year period of affordability for each individual housing unit is secured by a declaration of restrictive covenants that incorporate a right of first refusal that may be exercised by a sponsoring nonprofit organization and/or Orange County. This declaration of restrictive covenants is further secured by a deed of trust. The nonprofit organization and/or the County are responsible for compliance with the affordability requirement throughout the affordability period, unless affordability restrictions are terminated due to the sale of the property to a non-qualified buyer.

If the buyer no longer uses the property as a principal residence or is unable to continue ownership, then the buyer must sell, transfer or otherwise dispose of their interest in the property to a new homebuyer whose annual income does not exceed 80% of the area median. However, if the property is sold during the affordability period to a non-qualified homebuyer to be used as their principal residence, the net sales proceeds<sup>9</sup> or "equity" will be divided equally between the seller and the County. If the initial County contribution does not have to be repaid because the sale occurs more than 40 years after the County contribution is made, then the seller and the County will divide the entire equity realized from the sale.

Any proceeds from the recapture of funds will be used to facilitate the acquisition, construction, and/or rehabilitation of housing for the purposes of promoting affordable housing.

### **Tenant Based Rental Assistance (TBRA) Program**

The Orange County HOME Consortium has implemented a Tenant Based Rental Assistance Program with HOME funds. Funds are used to subsidize rents for families that earn 50% or less of the annual area median income. The current County Section 8 Housing Choice Voucher Program serves approximately 623 families countywide. However, the waiting list for the program was closed in October 2001 because of the lengthy wait for assistance, which at the time was three to four years. The waiting list remains closed at this time with approximately 964 applicants currently on the list. There is no current expectation that new Section 8 vouchers will be available from HUD in the foreseeable future.

The rental housing market in Orange County is inflated by the ability of University of North Carolina at Chapel Hill students to pay market rents, which is beyond the means of families with incomes below 50% of the area median. In 2000, it is estimated that rental units represent 43%

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<sup>9</sup> New sales proceeds equals the gross sales price less selling costs, the unpaid principal amount of the original first mortgage and the unpaid principal amount of the initial County contribution and any other initial government contribution secured by a deferred payment promissory note and deed of trust.

of the County-wide housing market and approximately 67% of those rental households experience an extreme cost burden—paying between 30% and 50% of their income for housing expenses. Additionally, experience in Orange County has shown that local rents often run an average of 15% to 20% higher than those HUD published Fair Market Rents, which explains why such a high percentage (35%) pay more than 50% of their income for rental housing costs. The ability of low-income families to afford the available rental housing in the community is a problem far greater than the ability of the current Section 8 Program to address adequately. Thus, this Tenant Based Rental Assistance Program is proposed for the upcoming fiscal year.

The Orange County Housing and Community Development Department, the HOME Program Administrator, also operates the County's Section 8 Housing Choice Voucher Program. The proposed TBRA program design mirrors the current Section 8 Program with the exception of the HOME requirement that TBRA contracts have a term no longer than two years. Specifically, the currently approved Section 8 Program Administrative Plan governs tenant selection, eligibility calculations and property standards. The County's Section 8 program staff handles program administration and tenants will be selected from the existing Section 8 Program waiting list. Care will be taken in explaining the differences between the HOME TBRA and Section 8 Housing Voucher Program at the time of full application and TBRA participants will be allowed to maintain their name on the Section 8 waiting list. HOME Funds will primarily be used for rental assistance; however, security deposit assistance may be needed in some cases.

#### **Match Requirement**

Under the Orange County HOME Consortium's agreement, the participating municipalities are required to provide a 25% match of HOME funds after subtracting administrative costs. In addition, the Town of Chapel Hill's contribution to the matching funds is 41%. The matching funds are budgeted by Orange County, Carrboro, Hillsborough and Chapel Hill at the beginning of each program year.

### **Part XI American Dream Downpayment Initiative Requirements**

The Orange County HOME Consortium will utilize 2004-2005 funds from the American Dream Downpayment Initiative (ADDI) to increase the homeownership rate, especially among lower income and minority households, and to revitalize and stabilize communities. Specifically, funds will be provided as deferred payment second mortgage loans with a term of 30 years. The amount of the loans will not exceed 6% of the purchase price of a single-family house or \$10,000. All loans will be secured by a Note and a Deed of Trust with additional restrictive covenants requiring properties to remain affordable for 99 years. All homebuyers must contribute at least \$1,000 toward the downpayment costs. Additionally, all prospective buyers will be required to participate in an established homebuyer education program that will include financial counseling as well as housing counseling.

Special efforts will be made to market this program to tenants of public housing as well as Section 8 Housing Choice Voucher participants by providing information via flyers and/or brochures. Additionally, for public housing tenants, consortium staff will schedule time at resident council meetings to provide information and guidance to public housing residents. Material will also be sent to all assisted housing developments and individual contact will be made with development managers for assistance with identification of prospective program participants. For tenants of manufactured housing, the consortium will distribute promotional material to current Section 8 tenants residing in mobile homes or manufactured housing. Where possible, material will also be provided to mobile home park operators who may share

the information with their residents and/or assist program participants in reaching their residents.

## **Part XII - Anti-Displacement Plan**

Orange County will replace all low- and moderate-income dwelling units that are either occupied or deemed “vacant but suitable for occupancy” but which are subsequently demolished or converted to a non-housing use in connection with an activity assisted with funds provided under the Housing and Community Development Act of 1974, as amended, as described in 24 CFR 570.606(c) (1).

All replacement housing will be provided within four years after the commencement of the demolition or conversion. Before entering into a contract committing Orange County to provide funds for an activity that will directly result in demolition or conversion Orange County will make public a notice in local newspapers and submit to HUD the following information in writing:

- A description of the proposed assisted activity
- The location on a map and number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than as low- or moderate-income dwelling units as a direct result of the assisted activities
- A time schedule for the commencement and completion of the demolition or conversion
- To the extent known, the location on a map and the number of dwelling units by size that will be provided as replacement dwelling units
- The source of funding and a time schedule for the provision of the replacement dwelling units
- The basis for concluding that each replacement dwelling unit will remain a low- or moderate-income dwelling unit for at least 10 years from the date of initial occupancy
- Information demonstrating that any proposed replacement of dwelling units with smaller dwelling units (for example, a two-bedroom unit with two one-bedroom units), is consistent with the housing needs of lower-income households in the County

If such data are not available for the last four items at the time of the general submission, Orange County will identify the general location on an area map and the approximate number of dwelling units by size and provide information identifying the specific location and number of dwelling units by size as soon as it is available.

The Orange County Department of Housing and Community Development is responsible for tracking the replacement of housing and ensuring that it is provided within the required period. The department is also responsible for ensuring that relocation assistance, as described in 570.606(c)(2), is provided to any lower-income person displaced by the demolition of any dwelling unit or the conversion of a low- or moderate-income dwelling unit to another use in connection with an assisted activity.

Consistent with the goals and objectives of activities assisted under the Act, Orange County will take the following steps to minimize the displacement of persons from their homes:

- Coordinate code enforcement with rehabilitation and housing assistance programs
- Evaluate housing codes and rehabilitation standards in reinvestment areas to prevent their placing undue financial burden on long-established owners or tenants of multifamily buildings
- Stage rehabilitation of apartment units to allow tenants to remain during and after rehabilitation by working with empty units or buildings first
- Locate temporary housing to house persons who must be relocated temporarily during rehabilitation
- Adopt public policies to identify and mitigate displacement resulting from intensive public investment in neighborhoods

### **Part XIII – Affirmative Marketing Plan**

The County of Orange has adopted the following HOME Affirmative Marketing Policy for use in the Orange County HOME Program in accordance with 24 CFR 92.351. The policy adopted September 2005 applies to all rental and homebuyer projects containing five or more HOME-assisted units.

1. Methods for informing the public, owners, investors and potential tenants about fair housing law and affirmative marketing policy.
  - a. Application or proposal packets for HOME projects will include a fair housing brochure and language that discrimination in housing is prohibited. A copy of the County's Civil Rights Ordinance (that includes Fair Housing) and the Affirmative Marketing Policy will be available upon request.
  - b. All newspaper advertisements and brochures used to publicize the HOME program and solicit participation from the public will display the Equal Housing Opportunity logo. In addition, an Equal Housing Opportunity Poster is on display in the Housing and Community Development office and discrimination complaint forms are made available to the public.
2. Requirements and practices that owners must follow to comply with affirmative marketing.

Any method used by an owner to advertise a unit for sale or rent must indicate the owner's adherence to fair housing practices. This could be demonstrated by using the Equal Housing Opportunity logo or phrase.

3. Procedures to be used to inform and solicit applications from persons in the housing market area whom are not likely to apply.

- a. The Housing and Community Development Department will conduct outreach to very low income and minority neighborhoods. Flyers and brochures will be distributed to community centers and community based non-profit organizations. Applications will periodically be taken at sites within the neighborhoods to give homeowners with transportation difficulties the opportunity to apply for HOME assistance. Special presentations regarding the HOME projects will be made periodically to churches and community groups and other similar groups.

All rental vacancies on HOME assisted units must be reported to the County's Housing and Community Development office to be posted and made available to the public. Low-income persons applying for or receiving housing assistance use the property listings to locate housing units. Since the County receives referrals from other social service agencies, this should assure that very low income, minority or homeless families would have the opportunity to be informed of available rental units.

4. Documentation by County and owners to assess results of efforts to affirmatively market units.
  - a. The Housing and Community Development Department will maintain an Affirmative Marketing File in which all notices to the media, public service announcements, news articles, and paid advertisements are kept.
  - b. The Housing and Community Development Department has developed a rental rehabilitation application form to be used by landlords in accepting applications from prospective tenants. The purpose of this form is:
    1. To assist the landlord in gathering information such as rent history and employment, etc.
    2. To provide notice that the owner adheres to fair housing practices and to encourage citizens to report any discrimination to the Housing and Community Development Department. This will be another means of notifying the public of their fair housing rights.
    3. Data concerning the family's race, ethnic group, sex and age of head of household will be requested with an explanation that the information is being collected voluntarily to assure non-discrimination in leasing the unit.
    4. To provide the owner a means of documenting compliance with affirmative marketing, the owner will be required to retain these applications and submit them to the Housing and Community Development office as each vacancy is filled.
  - c. Owners are required to submit a copy of all published rental or resale advertisements as documentation of compliance with the Affirmative Marketing Plan.
5. Description of how an owner's efforts will be assessed and what corrective actions will be taken when an owner fails to follow affirmative marketing.
  - a. Initial leasing of all units will be monitored closely to assure that lower income families initially occupy all units and that affirmative marketing was used. In those units leased to tenants unassisted through Section 8 vouchers, the rental application forms will be

reviewed to determine the effectiveness of advertisements and outreach attempts. Annually, the tenants in each HOME rental rehabilitation unit will be recertified as an eligible low or moderate-income household.

First time homebuyers assisted through the HOME program will be required to comply with all fair housing practices in the sale of their property. Homeowners will be monitored annually during their periods of affordability for compliance with all HOME program requirements.

- b. Each owner's affirmative marketing attempts will be assessed annually. If a blatant disregard of the policies has been demonstrated, the Housing and Community Development Department will refer the matter to the Department of Human Rights and Relations to be considered as a possible violation of the County's Civil Rights Ordinance.

As a last resort, after counseling and continued lack of compliance, an owner may be required to repay, upon demand, the HOME assistance received from the County. The owner's agreement will clearly state the procedures and reasons for the County to declare an owner in default of the terms of the agreement thereby calling the promissory note due for immediate payment.

#### **Part XIV - Definition of Income**

Orange County and the Town of Chapel Hill will utilize the Section 8 definition of income in all of its housing and community development programs.