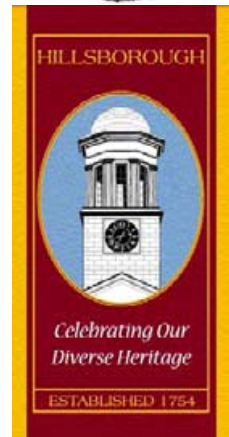


*Draft*

ATTACHMENT 1

# Housing and Community Development Consolidated Plan Annual Update 2009

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 14, 2009

## **Orange County Consolidated Plan for 2005-2009 Annual Action Plan 2009-2010**

### **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 2009-2010 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 February 4 and March 23, 2009 to receive citizen comments regarding housing needs and the proposed use of \$574,804 in CDBG funds Chapel Hill will receive in the 2009-2010 fiscal year, \$7,338 of program income received during the 2008-2009 program year, \$60,483 of CDBG residual funds that will be reallocated for use in the 2008-2009 fiscal year, and \$861,709 (including local match of \$148,895) in HOME funds that the Orange County HOME Consortium will receive in the 2009-2010 fiscal year. The Orange County Board of County Commissioners held a public hearing on February 3, 2009 regarding housing needs and the proposed use of the \$861,710 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 2009-2010 Program Year. A total of seven (7) applications were received from local non-profit organizations and other local governmental units requesting approximately \$990,000.

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 requesting approximately \$835,670.

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 9 and ends May 14, 2009. 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.

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

The citizen comments received at the February 4 and March 23, 2009 public forum 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. Habitat for Humanity, Inc. – Phoenix Place**

Habitat for Humanity requests \$200,000 of Community Development funds. Funds will be used for a portion of the infrastructure costs for a subdivision of 50 single family, affordable homes.

Comment: The recommended plan includes \$200,000 for this request. Citizens and representatives of Habitat for Humanity spoke in favor of this allocation at the March 23, 2009 Public Hearing. Habitat for Humanity's Executive Director requested full funding for the organization's 2009-2010 request at the February 4 Public Hearing. The recommended HOME plan includes \$208,534 for this project.

**2. Town of Chapel Hill Housing Department**

The Chapel Hill Department of Housing requests \$269,270 of Community Development Program funds for the following purposes: \$201,770 to perform comprehensive renovations on 8 of 15 apartments in the South Roberson community; \$47,500 to continue the five-year Refurbishing Program by completing refurbishing work in 40 apartments; \$45,000 to perform exterior painting for the Craig-Gomains community; and \$2,000 to replace playground equipment.

Comment: The recommended plan includes \$150,000 for comprehensive renovations to the Craig-Gomains Housing Community. Renovation work would include installation of new furnaces including air conditioners and water heaters, replacement of interior and exterior doors, replacement of wall and base cabinets and countertops to include new range hoods

and sinks, installation of new washer and dryer hookups, upgrade of electrical services, and replacement of water and sewer lines.

**3. Inter-Faith Council for Social Services (IFC)**

Inter-Faith Council for Social Service (IFC) requests \$100,000 of Community Development funds for pre-development and construction costs for a new men's residential shelter on UNC property.

Comment: The recommended plan includes \$65,000 for pre-development costs associated with the construction and permit process for a new men's residential facility. The IFC's Executive Director spoke in favor of the recommended allocation at the March 23, 2009 Public Hearing.

**4. Orange Community Housing and Land Trust**

Orange County Housing and Land Trust requests \$100,000 of Community Development funds to assist in providing subsidies to eligible homebuyers.

Comment: The recommended plan includes \$53,625 for the Land Trust's Homebuyer Assistance Program. The Land Trust's Executive Director requested funding for FY 2009-2010 at the February 4, 2009 Public Hearing and spoke in favor of the recommended allocation at the March 23, 2009 Public Hearing.

**5. EmPOWERment, Inc**

EmPOWERment Inc requests \$52,000 to purchase a house on Bynum Street in the Northside neighborhood to be used for an affordable rental opportunity.

Comment: We do not recommend funding for this organization at this time because of its performance history associated with the terms of the Town's Performance Agreements. We are providing technical assistance to the EmPOWERment staff to help them better understand the program requirements and improve its overall performance. In addition, we have discussed our concerns with the HUD Greensboro office, which in response has provided a consultant to work with the EmPOWERment staff to improve its organizational structure and staff capacity. We recommend that the Council postpone funding for this agency until it is able to demonstrate the ability to comply with the terms of the existing Performance Agreements.

EmPOWERment's Executive Director requested funding for FY 2009-2010 at the February 4, 2009 Public Hearing and spoke in favor of including funding in the recommended budget for EmPOWERment at the March 23, 2009 public hearing.

**6. Rogers-Eubanks Neighborhood Association and the Coalition to End Environmental Racism**

The Rogers-Eubanks Neighborhood Association and the Coalition to End Environmental Racism requests that the Town coordinate with Orange County to prepare an application for Community Development and HOME Program funding to finance a construction project to connect residents of the historic Rogers-Eubanks community to Orange Water and Sewer Authority (OWASA) water and sewer services. Reverend Robert Campbell submitted a

letter outlining this request in February 2009 and spoke in favor of the request at the March 23, 2009 public hearing.

Comment: We have discussed this letter with the Orange County Department of Housing and Community Development and determined that HOME Program funds can only be used for infrastructure development for new construction projects, not for existing housing. We do not recommend Community Development funding for this project at this time because we believe that due to the potential high cost of this type of project, a coordinated plan for funding should be developed in partnership with Orange County and Carrboro.

### **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 2009-2010).

In the past, the Town of Chapel Hill 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, staff recommends that some funding be set aside for community services, but the Council emphasis has been 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 \$37,000 of Community Development funds 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: The recommended plan includes \$25,000 for the Youth Employment Program. Combined with available prior year funds for the program, this amount would fund the program at \$30,000.

## **2. Housing for New Hope**

Housing for New Hope requests \$20,000 of Community Development funds 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: The recommended plan includes \$15,000 for the Real Change from Spare Change program. The Executive Director of Housing for New Hope spoke in favor of the recommended allocation at the March 23, 2009 Public Hearing.

## **3. Chapel Hill Training Outreach Program**

The Chapel Hill Training Outreach Program requests \$15,000 of Community Development funds 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 recommended plan includes \$10,000 for this project. 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.

Comment: The recommended plan includes \$10,000 for this request. The Town has supported the program since 1994 and it continues to meet its goals by providing quality after school care and academic support for the children. A representative of the Chapel Hill – Carrboro YMCA spoke in favor of receiving the full request amount of \$15,000 at the March 23, 2009 Public Hearing.

## **Summary of Comments and 2009-2010 HOME Program Funding Applications**

**The following comments were received during the February 3, 2009 HOME Program public hearing.**

1. Susan Levy, Executive Director of Habitat for Humanity, said that this year marks Habitat for Humanity's 25<sup>th</sup> anniversary of serving Orange County. Habitat has built 180 homes and only one is not in the affordable housing inventory. She said that Habitat has also developed new subdivisions – Richmond Hills and Chestnut Oaks being the largest. It has also helped with neighborhood revitalization efforts in Chapel Hill and Hillsborough. She said that Orange County has been a key partner in Habitat's success and she thanked the County Commissioners for this. She said that this year Habitat for Humanity will be asking for \$350,000 in HOME Funds, mainly for projects in the Fairview community. She urged the County Commissioners to give consideration to those requests that are made by Orange County organizations. She said that Habitat for Humanity was committed to serve Orange County over the long haul.

Staff Comment: Funding applications were received from Habitat for Humanity, Inc., are discussed below:

2. Robert Dowling from Orange County Housing and Land Trust had some requests for HOME funding. He said that 50 homes have come to the Land Trust and he would like to ask for \$30,000 in HOME funds to help with general operations. Secondly, there is a challenge to keep the homes affordable and maintained. He is asking for \$100,000 of HOME funding towards this goal of keeping homes affordable. Lastly, there is a tax credit project in the amount of \$5.5 million to build 58 affordable rental homes in the Winmore development in Carrboro that may need assistance with impact fee reimbursement.

Staff Comment: Funding applications were received from Orange County Housing and Land Trust and are discussed below:

**The following agencies submitted applications for 2009 – 2010 HOME Program funding.**

1. **Interfaith Council For Social Service**

Interfaith Council requests \$300,000 in HOME Program funds for pre-development costs for a new men's residential shelter in Chapel Hill.

Staff Comment: The Committee recommends \$185,000 in HOME Program funds for pre-development and infrastructure costs for a new men's residential shelter. A \$100,000 grant from CDBG will be applied to pre-development costs during Phase I and Phase II of the project as well.

2. **Orange County Housing and Land Trust**

Orange County Housing and Land Trust requests \$100,000 to reduce the price of homes selling in the Land Trust to meet buyers' affordability needs.

Staff Comment: The Committee recommends \$100,000 for this request.



3. **Orange County Housing and Land Trust**

Orange County Housing and Land Trust requests \$30,000 to provide operating support to the Land Trust.

Staff Comment: The Committee recommends \$30,000 to provide operating support to assist with operating costs of the organization. The funds will be used to support additional staffing needed to manage the increased volume of activity they expect to manage in 2009-2010 as a result of inclusionary housing policies and housing resales.

4. **Housing for New Hope, Inc.**

Housing for New Hope, Inc., requests \$50,000 in HOME Program funds for tenant-based rental assistance for homeless individuals and families. The targeted program participants are homeless and chronically homeless individuals and families that reside in Orange County.

Staff Comment: The Committee recommends \$50,000 for this request.

5. **Habitat for Humanity, Inc.**

Habitat for Humanity, Inc., requests \$250,000 for infrastructure costs for a proposed subdivision of 50 single family, affordable homes known as Phoenix Place. Funds will be used for a portion of the infrastructure costs for the subdivision on Purefoy Drive in the Rogers Road community.

Staff Comment: The Committee recommends \$208,534 in HOME Program funding.

6. **Habitat for Humanity, Inc.**

Habitat for Humanity, Inc. requests \$60,000 to provide deferred payment, zero-interest second mortgages on three homes in the Fairview community of Hillsborough. Each qualified buyer would receive a \$20,000 second mortgage. Homes will be sold to households earning between 30% and 80% of the area median income.

Staff Comment: The Committee recommends \$60,000 for this request.

7. **OPC/Chrysalis**

OPC Area Program requests \$200,000 to be used for renovations and repair on 23 properties currently owned by the Chrysalis Foundation for Mental Health, Inc.

Staff Comment: The Committee recommends \$162,000 for housing rehabilitation. Additionally, the Town of Chapel Hill will provide \$35,000 in CDBG funds. Therefore a total of \$197,000 will be available for this purpose.

## 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 1.1 – Low income (&lt;80% AMI homeowners) that live in substandard housing</i>	
Strategies:	<ul style="list-style-type: none"> <li>- Continue to fund urgent repairs for qualified units</li> <li>- Continue to fund substantial rehabilitation for qualified units</li> <li>- Continue to incorporate handicap, weatherization and lead-based paint improvements into all substantial rehabilitations</li> </ul>
Output Indicators:	<ul style="list-style-type: none"> <li>- 23 additional affordable rental units (Orange County)</li> </ul>
<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>- 23 additional affordable rental units (Orange County/Chapel Hill)</li> <li>- 16 units of renovated public housing (Chapel Hill)</li> </ul>
<i>Priority 1.3 – 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 service for 15 additional lower income homebuyers. (Orange County/Chapel Hill)</li> </ul>
<i>Priority 1.4 – 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>- Ten (10) units of new affordable housing in mixed income developments (Orange Co./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 2.1 – Service-enriched transitional housing for homeless persons with special needs</i>	
Strategies:	<ul style="list-style-type: none"> <li>- Promote and make public service funds available to homeless agencies that operate emergency shelters</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 the local Continuum of Care</li> <li>- Provide property acquisition funding to eligible non-profits and for-profits to develop transitional housing</li> </ul>
Output Indicators:	<ul style="list-style-type: none"> <li>- Provide financial assistance to support the pre-development costs associated with the construction of a residential center for homeless men (Orange County/Chapel Hill)</li> </ul>
<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 to 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 providers</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>- Provide community services to 55 area youth (Chapel Hill)</li> <li>- Provide rental subsidies for 20 homeless individuals moving to permanent housing</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 2009-2010 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 2009-2010 Funding	
Source of Funds	Amount
Community Development Block Grant (estimated as of 4/2009)	\$574,804
Program Income 2008-2009	\$7,338
Community Development Block Grant Reallocation	\$60,483
HOME Investment Partnership Program	\$661,756
HOME Matching Funds	\$148,895
HOME Program Income	\$51,058
<b>Total</b>	<b>\$1,504,334</b>

Fiscal Year 2009-2010 Funding	
Uses of Funds	Amount

<u>HOME Program</u>	
Pre-Development Costs-Interfaith Council	\$185,000
Housing Rehabilitation-OPC/Chrysalis	\$162,000
Infrastructure Costs-Habitat for Humanity	\$208,534
Homeownership Assistance-OCHLT	\$100,000
Second Mortgage Assistance-Habitat for Humanity	\$ 60,000
Rental Assistance-Housing for New Hope	\$ 50,000
Operations Support-OCHLT	\$ 30,000
Administration	\$66,176
<u>Community Development Block Grant</u>	
Infrastructure Development-Habitat for Humanity	\$200,000
Public Housing Modernization-Town of Chapel Hill	\$150,000
Predevelopment Costs-Inter-Faith Council	\$65,000
Homeownership Assistance-OCHLT	\$53,625
Public Service Activities	\$60,000
Program Administration	\$114,000
Total	\$1,504,335

## **Part II. Proposed Activities and Proposed Projects**

### **2009 – 2010 HOME Program Activities and Projects**

**1. Housing Rehabilitation: **\$162,000****

\$162,000 will be used for renovations and repair on 23 properties currently owned by the Chrysalis Foundation for Mental Health, Inc. A portion of this funding will be applied as a cash match for the HUD Supportive Housing operating dollars that are received by eight of the 23 units.

**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: **\$ 60,000****

\$60,000 will be allocated to Habitat for Humanity to provide deferred payment zero-interest second mortgages on three homes throughout Orange County. The homes would be built in

2009 and 2010 and would be sold to households earning between 30% and 80% of the area median income.

**4. Infrastructure Costs: **\$208,534****

\$208,534 will be allocated to Habitat for Humanity for a portion of the infrastructure costs for a subdivision of 50 affordable, green, single family homes on approximately 19.4 acres on Purefoy Drive in the Rogers Road Community. The site is owned by Habitat for Humanity, Orange County, NC, Inc.

**5. Operational Support: **\$ 30,000****

\$30,000 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. Rental Assistance: **\$ 50,000****

\$50,000 will be allocated to Housing for New Hope, Inc for tenant-based rental assistance for homeless individuals and families.

**7. Pre-Development and Infrastructure Costs: **\$185,000****

\$185,000 will be allocated to Inter-Faith Council for Social Service (IFC) for pre-development and construction costs for new men's residential shelter on UNC property.

**8. 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. Infrastructure Development: **\$200,000****

Funds will be allocated to Habitat for Humanity for a portion of the infrastructure costs for the Phoenix Place subdivision located in the Rogers Road neighborhood. Habitat intends to build fifty single-family homes for households earning less than 80% of the area median income on this site. The recommended HOME Program Plan includes \$157,475 for this request.

**2. Modernization of Public Housing: **\$150,000****

Funds will be allocated to perform comprehensive renovations at the South Roberson Street Public Housing Community. Renovation work would include installation of new furnaces including air conditioners and water heaters, replacement of interior and exterior doors, replacement of wall and base cabinets and countertops to include new range hoods and sinks, installation of new washer and dryer hookups, upgrade of electrical services, and replacement of water and sewer lines.

**3. Pre-development Costs: **\$65,000****

Funds will be allocated to the InterFaith Council for Social Services for infrastructure and predevelopment costs related to the development of a 50 plus bed transitional housing facility for homeless men. The facility would be located on a 1.66-acre of property located on Martin Luther King, Jr. Boulevard and would also include staff offices, meeting areas and a medical clinic for homeless residents. The recommended HOME Program plan includes \$185,000 for this request.

**4. Homeownership Assistance Program: **\$53,625****

Funds will be allocated to the Orange Community Housing and Land Trust for its Homeownership Assistance Program to assist low-income buyers with the 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 and Housing Loan Trust Fund to subsidize the purchase price of Land Trust homes. The Land Trust would also be able to use funds from the Town's Affordable Housing Fund and Housing Loan Trust Fund for this purpose. The preliminary HOME Program plan includes \$100,000 for this request.

**5. Community Services: **\$60,000****

- **Chapel Hill Police Department Youth Employment Program: \$25,000**

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: \$10,000**

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: \$10,000**

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.

- **Housing for New Hope: \$15,000**

The Homeless Outreach and Housing Support Program assists the homeless and chronically homeless to improve their lives through obtaining and maintaining permanent housing and supportive services. Funding would be used to pay a portion of the salary for a Homeless Outreach worker.

**6. Program Administration: \$114,000**

Funds 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 will be allocated for a portion of the salaries of the Housing and Neighborhood Services Manager, the Housing and Neighborhood Services Planner, and 100% of 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 and affiliated organizations, 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, Housing for a New Hope a non-profit organization operates a street outreach program in downtown Chapel Hill. A team of two provides outreach to non-sheltered individuals to link them with services that will lead to the acquisition of permanent, supportive housing.

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.

### **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—InterFaith Council, Freedom House Recovery Center and the Department of Social Services through referral or walk-in

- Life Skills— Private contract agencies through referral
- Alcohol and Drug Abuse Treatment—Freedom House Recovery Center, and Horizons 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 2,167 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>

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

<sup>2</sup> Town of Chapel Hill Department of Housing, Streamlined 5-year Plan for Fiscal Years 2005-2009 and Streamlined Annual Plan for Fiscal Year 2008-2009

## **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>

Characteristics		Families
Total Families on Waiting List		2,169
Race/ Ethnicity	White	716
	Black	1453
	Other	0
Family Income	Extremely Low- Income	869
	Very Low-Income	1300
	Low-Income	

- Of the 2169 families on the waiting list, 60% are very low-income and 40% are extremely low-income
- Families with children comprise 70% 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

<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.

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>

- 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

<b>Table 2: Public Housing Waiting List<sup>5</sup></b>		
Characteristics		Families
Total Families on Waiting List		240
Race/ Ethnicity	White	32
	Black	200
	Other	8
Family Income	Extremely Low- Income	226
	Very Low-Income	10
	Low-Income	4
Unit Size	1 Bedroom	127
	2 Bedrooms	139
	3 Bedrooms	70
	4 Bedrooms	16
	5 or more Bedrooms	4

## **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, 21 businesses closed and six (6) firms laid-off workers in 2007. 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 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

<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.

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

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 through a structured workshop where sessions are held daily for a six week period per class.
- 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.

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.

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

## **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 Housing Choice Voucher 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 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 2009 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 (OCIM) 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.

## **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, SunTrust, 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 615 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, however, 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**

#### **Monitoring Plan Objectives**

The objectives are to ensure subrecipients and CHDOs:

- Comply with HOME Program regulations governing their administrative, financial, and programmatic operations.
- Produce quality affordable housing for low income households in an expeditious and cost-effective manner.
- Gain capacity to manage HOME funds they receive.
- Complete CHDO Certification or Recertification each year.

#### Monitoring Techniques and Strategy

Monitoring is an on-going process in all HOME projects. HOME Program staff maintains frequent contacts with each HOME subrecipient or CHDO during every phase of the project. Staff is especially involved throughout the pre-development phase by providing technical assistance to project developers in determining HOME occupancy requirements and rent limitations. During the development stage staff provides oversight of housing activity as it relates to procurement and Davis-Bacon requirements (as applicable). At project completion staff continues its oversight of the project or program in order to measure compliance with the regulations on a long-term basis. Monitoring is provided as a means of providing technical assistance to each project in order to ensure activities are eligible, income and rental levels are appropriate, and program matching requirements are being met.

A risk analysis is conducted by HOME Program staff to systematically analyze each HOME subrecipient or CHDO. This assessment is used to identify how frequently to contact the various subrecipients or CHDOs.

Various techniques are used to meet the goals of monitoring:

*Desk monitoring* is accomplished on projects and programs using written communication, telephone communication, and meeting with subrecipients or CHDOs. Separate files including financial reports are established for each project and each CHDO, and are maintained in the Orange County Housing and Community Development Department (OCHCD).

HOME Program staff provides program information and a project checklist of required documentation to each subrecipient or CHDO. HOME Program staff maintains various records in order to track the progress of all subrecipient and CHDO projects through all stages of their development. Project set-ups, the Match log, WMBE records, and project completion reports for each project are maintained in the OCHCD office.

Housing Quality Standard inspections are also conducted by representatives of the subrecipient or CHDO. Qualified inspectors conduct inspections on all rehab projects that then prepares a work write-up to correct deficiencies.

*On-site monitoring* is conducted during various phases of each project or program. Initially, subrecipients or CHDOs new to the HOME Program receive an on-site monitoring visit by the HOME program staff member for the purpose of technical assistance. This visit is conducted prior to the first funding request of the sub-recipient.

The purpose is to increase the subrecipient's or CHDO's understanding of program requirements and to discuss the following:

- Eligible activities / allowable costs

- Compliance with OMB circulars
- Maintenance of appropriate program documentation / reporting requirements.
- Financial standards and systems
- Procurement procedures
- Building standards requirements
- Deadline for expenditure of funds

The subrecipients or CHDOs are notified in advance of the time of the visit.

#### Project Completion / Program Close-out

Upon completion of a project, the subrecipient or CHDO files a project completion report along with WMBE and match reports.

On-site HQS inspections are conducted every two years by certified Housing and Community Development staff. In addition, where appropriate, Rural Development program staff, state/county health inspectors, and local/state fire inspectors HOME units associated with Section 8 subsidy are inspected annually by the local HRA and reports are filed at the local HRA Section 8 administrator's office.

Occupancy and rents are annually re-certified. The subrecipient or CHDO with rental projects are required according to their Development Agreement to provide a Unit Status Report each July 31 which provides a financial report for the previous fiscal year including the current rent amounts and also should provide certification that the property is leased by persons meeting the income criteria. This requirement is applicable for the term of the period of affordability established for each project in order to meet HOME program rules.

#### Corrective and Remedial Action

If it is determined that the subrecipient or CHDO has not met a requirement of the HOME Program, the County will provide written notice of this determination and give the subrecipient or CHDO an opportunity to demonstrate within thirty days that it has done so. If unable to demonstrate compliance, the County will take corrective action or remedial action. Said actions will be designed to prevent a continuation of the deficiency; mitigate, to the extent possible, its adverse effects or consequences; and prevent its recurrence.

Subrecipients or CHDOs may be required to submit and comply with proposals for action to correct, mitigate and prevent a performance deficiency through one or more of the following:

- Prepare and follow a schedule of actions for carrying out the affected activities, consisting of schedules, timetables, and milestones necessary to implement the affected activities;
- Establish and follow a management plan that assigns responsibilities for carrying out the remedial action;
- Cancel or revise activities likely to be affected by the performance deficiency, before expending HOME funding for the activity.

## **Areas of Monitoring**

**Administrative and programmatic monitoring** is conducted by the Orange County HOME Program staff. The areas of compliance include eligible activity requirements, environmental compliance, occupancy/income targeting, affordability/rental limitations, housing quality standards and additional requirements stated in the National Affordable Housing Act and at 24 CFR Part 92. Records of said monitoring are maintained in the office of the Orange County Housing and Community Development Department

**Financial monitoring** is conducted by the Orange County HOME Program staff in consultation with the Orange County Finance Department. The areas of compliance monitoring include financial regulations and OMB circulars; program disbursements; equipment and records; financial management standards; procurement; conflict of interest; and audits. Records of said monitoring are maintained in the office of the Orange County Housing and Community Development Department

## **Monitoring Schedule**

- ✓ Each CHDO will be recertified each year.
- ✓ Each CHDO and/or subrecipient receiving HOME funding will be monitored each program year in which HOME funds are expended for an eligible activity.
- ✓ Each new CHDO and/or subrecipient will receive an onsite monitoring visit in the first year.

✓  
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 Orange Community Housing and Land Trust, 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.

## 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 be 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

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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.

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 615 families countywide. The current waiting list totals 2,169 applicants. 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% 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 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 are used for rental assistance only at this time.

### **Match Requirement**

Under the Orange County HOME Consortium's agreement, the participating municipalities are required to provide a 25% cash match of HOME funds after subtracting administrative costs. In addition, the contributions are: Chapel Hill (41%); Orange County (40%), Carrboro (14%), and Hillsborough (5%) at the beginning of each program year.

## **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.