

MEMORANDUM

TO: Roger L. Stancil, Town Manager

FROM: Kenneth C. Pennoyer, Business Management Director
J.B. Culpepper, Planning Director
Loryn Clark, Housing and Neighborhood Services Manager

SUBJECT: Budget Ordinance Amendment for the Affordable Housing Fund

DATE: October 28, 2009

PURPOSE

The purpose of this memorandum is to request that the Council appropriate funds from the repayment of an acquisition loan made to the Community Home Trust. Enactment of the attached budget ordinance would budget \$136,000 in the Affordable Housing Fund.

BACKGROUND

On March 26, 2007, the Council adopted a resolution to: (1) change the name of the fund to the Affordable Housing Fund; (2) allow the Fund to be used for the acquisition of properties, renovation of properties, and to reduce the cost of housing to create affordable homeownership opportunities; and (3) require Council approval prior to providing grants of over \$40,000 for renovation or homeownership assistance expenses.

The Fund was established with \$150,000 from the Housing Loan Trust Fund. Funds received by the Town for payments in lieu of affordable housing are also directed to the Affordable Housing Fund. Currently \$304,323 is available for eligible activities.

DISCUSSION

In August 2009, the Town provided a \$136,000 loan from the Affordable Housing Fund to the Community Home Trust to purchase a home in the Northside neighborhood. The Home Trust has sold the home to a qualified lower income household, and repaid the Town's funds. Enactment of the attached ordinance would recognize this loan repayment as revenue and appropriate the funds to the revolving loan fund line item in the Affordable Housing Fund. Once appropriated, the funds would be available to purchase properties for affordable homeownership opportunities.

RECOMMENDATION

We recommend that Council enact the attached budget ordinance budgeting \$136,000 of revenue received to the revolving fund activity in the Affordable Housing Fund.