

**Orange County Consolidated Plan for 2000-2005  
Annual Update 2004-2005  
Summary**

**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 2000- 2005 Consolidated Plan to HUD on May 15, 2000 that was approved in July 2000. Each year, the Consortium is required to submit an annual update to the 2000- 2005 Consolidated Plan to the U.S. Department of Housing and Urban Development by May 15<sup>th</sup> each year.

Prior to beginning to developing the 2004-2005 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 2, 2004 and March 24, 2004 to receive citizen comments regarding housing needs and the proposed use of \$711,000 in CDBG funds Chapel Hill will receive in the 2004-2005 fiscal year, and \$739,050 (plus a local match of \$166,286) that the Orange County HOME Consortium will receive in the 2004-2005 fiscal year. The Orange County Board of County Commissioners held a public hearing on February 3, 2004 regarding housing needs and the proposed use of \$739,050 in HOME funds the County HOME Consortium will receive in fiscal year 2004-2005.

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 2004-2005 Program Year. A total of nine (9) applications were received from local non-profit organizations and other local governmental units requesting approximately \$900,000.

Town staff reviewed applications received for Community Development Block Grant (CDBG) in a similar manner. A total of eight applications were received from non-profit

organizations and the Town requesting approximately \$1,108,170.

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 12, 2004 to May 13, 2004.

Each jurisdiction approved the Update prior to submission to HUD.

### **Housing Priorities**

The Consolidated Plan for Orange County identified the following housing priorities for 2000-2005.

1. Provide rehabilitation assistance for very low and low-income homeowners and renters.
2. Reduce the number of owner-occupied and rental housing units without indoor plumbing.
3. Provide assistance to households at less than 80 percent of median family income to connect existing public water and sewer systems.
4. Facilitate the construction of new or substantially rehabilitated housing units that are affordable to families below 60% of the area median income.
5. Facilitate the construction of up to 50 new units of rental housing affordable to very low and low-income families.
6. Create transitional housing units for shelter residents who can live independently.
7. Assist local non-profit human service agencies to provide a continuum of housing options for special populations, including older adults, the disabled, the mentally ill, and persons with AIDS.
8. Facilitate the purchase of new and existing housing units by first-time homebuyers with incomes 80% and below of the area median income. **(NEW)**
9. Provide rental assistance to families earning less than 50% of median family income **(NEW)**

### **Non-Housing Community Development Priorities**

1. Provide economic development opportunities to low and moderate income citizens in Chapel Hill.
2. Revitalize the business areas serving low-income neighborhoods of Chapel Hill.
3. Provide funds to activities that support other Community Development objectives and activities or serve public housing residents. **(NEW)**

### **Description of Key Projects**

The 2000-2005 Consolidated Plan for Orange County identifies the following key

projects:

- ❑ Land acquisition, rehabilitation, and public services for children in the Pine Knolls and Northside neighborhoods.
- ❑ Rehabilitation and refurbishment of public housing in the Lindsay Street and Airport Garden neighborhoods.
- ❑ Housing rehabilitation deferred loans to low-income owner and renter households.
- ❑ Acquisition and rehabilitation of rental units for lease by severe, persistently mentally ill county residents.
- ❑ Capitalization of a Community Revitalization Fund to support the purchase/rehabilitation of existing structures for resale to low-income families.
- ❑ Construction of a 32-unit townhouse development in the Meadowmont subdivision in Chapel Hill.
- ❑ Second mortgage assistance to first-time homebuyers for purchasers of housing developed and/or sponsored by local non-profit organizations at scattered locations in the County.
- ❑ Public service activities that compliment Neighborhood Revitalization activities or serve public housing residents including after-school programs and summer work programs.
- ❑ Funding for acquisition of land for future development by area non-profit organizations.
- ❑ Acquisition and rehabilitation of rental units for lease by low-income families and individuals.
- ❑ Property acquisition and construction of housing for persons with developmental disabilities.
- ❑ Construction of detached single-family housing and rental housing in the Rusch Road area of Chapel Hill.

### **CITIZEN PARTICIPATION**

On February 2, 2004 and March 24, 2004, the Chapel Hill Town Council held public hearings to receive citizen comments about how 2004-2005 Community Development, HOME and Capital Fund (formerly the Comprehensive Grant) funds could be spent. The Orange County Board of Commissioners held a public hearing on February 3, 2004 to receive citizen comments regarding housing needs in the community and the possible expenditure plan for 2004-2005 HOME Program funding.

All comments received at the public hearings and applications submitted for funding are summarized below.

### **Summary of Comments and Community Development Requests**

The Chapel Hill Town Council received the following citizen comments at public hearings held on February 2, and March 24, 2004. Applications for funding are also summarized below. We note that all agencies that requested funding were required to submit an application.

### Affordable Housing Requests

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.

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

The following comments and applications were considered:

#### 1. Chapel Hill Department of Housing

The Chapel Hill Department of Housing requests \$455,000 of Community Development Program funds for the following purposes: \$313,000 to pay a portion of the cost to renovate twenty-six apartments in the Airport Gardens public housing community; \$76,000 to continue the Five-Year Refurbishing Program to refurbish about thirty-eight apartments; \$60,000 and to replace the roofs on the buildings at the Oakwood public housing community and the South Estes Drive Community Center; and \$6,000 to install and repair playground equipment.

Town Staff Comment: The plan includes \$150,000 to fund a portion of the renovation of Airport Gardens, \$50,000 for refurbishing apartments and \$6,000 for playground equipment. The Town's public housing is an important source of affordable rental housing and the Town's investment in this property should be maintained. The \$150,000 would help with the cost of renovating the eight remaining units at Airport Gardens, and includes \$15,000 for a portion of the Assistant Housing Director's salary for oversight of the renovation work.

We propose to use current year (2003-2004) Community Development Neighborhood Revitalization funds to replace the roofs on the buildings at the Oakwood public housing community and the South Estes Drive Community Center. The renovation of public housing units is an eligible Community Development activity.

#### 2. Chapel Hill Department of Housing – Transitional Housing

The Chapel Hill Department of Housing requests \$125,000 of Community Development funds to purchase a home for the Transitional Housing Program. Funds would be used to acquire and renovate a house. The Transitional Housing Program provides a supportive environment that fosters a transition to private market housing for public housing residents.

Town Staff Comment: The Community Development plan does not include funds for this program. The recommended 2004-2005 HOME Program Plan includes \$125,000 for the acquisition of a house for the Town's Transitional Housing Program.

### 3. Habitat for Humanity of Orange County

Habitat for Humanity requests \$200,000 of HOME and/or Community Development funds for predevelopment costs (surveying, engineering and design) and infrastructure costs for the development of a 17-acre vacant tract of land on Sunrise Road. Habitat also made a request for these funds at the February 2, 2004 public hearing.

Town Staff Comment: The plan does not include funding for this project. Federal Regulations do not allow Community Development funds to be used for pre-development costs for new construction projects. Using funds for architectural design costs for new construction projects is not an eligible Community Development activity.

We do not recommend allocating funds for the infrastructure costs because Habitat has informed us that infrastructure funds would not be spent during the 2004-2005 fiscal year. We recommend that the Council consider funding for this portion of the project using future year Community Development funds.

### 4. Orange Community Housing and Land Trust

At the February 2, 2004 Public Hearing, Orange Community Housing and Land Trust requested \$100,000 of Community Development funds to subsidize ten townhomes in the Vineyard Square development. The funds are requested as a permanent grant to the Land Trust. Funds would be used to reduce the sales price of three-bedroom townhomes from \$115,000 to \$105,000. Townhomes would be sold to first time homebuyers earning less than 80% of the area median income. In addition, once subsidized, the homes could not be sold to households earning more than 80% of the median income. According to the application submitted by the Land Trust, the townhomes are scheduled to be completed in August 2004.

Town Staff Comment: The plan includes \$100,000 for this request. Providing funds for second mortgage assistance will assist with increasing affordable housing opportunities in the community.

### 5. Rogers Road Neighborhood

Mr. Tom Tucker spoke on behalf of residents in the Rogers Road neighborhood. Mr. Tucker explained that residents were requesting extension of sewer service to Purefoy Road.

Town Staff Comment: An application was not submitted for this project. One of the Council's proposed goals is to complete a Small Area Plan for the Rogers Road area in 2005. We recommend that this request be reconsidered in future years after more planning has been completed. A combination of Community Development and HOME Program funds may be appropriate.

### **Community / Public Service Requests**

The use of funds for public service activities is eligible under federal Community Development regulations. Examples of public service activities includes 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 (\$106,650 in 2004-2005).

In addition to meeting one of the National Objectives listed above, community or public service activities must provide:

- (1) a new service; or
- (2) a quantifiable increase in the level of an existing service than what was provided over the last fiscal year.

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 emphasizes housing objectives as contained in the Consolidated Plan.

The following agencies submitted applications for Community / Public Service activities:

1. Chapel Hill Police Department

The Chapel Hill Police Department requests funds for three programs:

- \$31,900 to continue the Youth Work Program for youths ages 14-17 living in the Pine Knolls, Northside and public housing communities. During the summer, approximately thirty youths would work twenty hours per week in various Town Departments and local non-profit organizations. During the school year, ten of these children would continue to work approximately ten hours per week. Youths would also be required to participate in workshops focusing on financial education, career development, and improving interview skills.
- \$2,600 for a variety of programs for youths living in Pine Knolls, Northside or public housing communities. Programs would be coordinated with the Town's Housing and Parks and Recreation Departments, and would provide structured activities and emphasize components that will improve academic skills, prevent drug abuse and drug-related crime, leadership development, and career planning.
- \$5,500 for the Career Explorers Program. This program is designed for high school aged youth who reside in Northside, Pine Knolls, or public housing neighborhoods. Six youths will be placed in work sites in the business community. Youths would work thirty-six hours per week and spend an additional four hours sharing work experiences, learning financial skills, and participating in career exploration experiences. Funds would be used to supplement funds paid by the local businesses.

Town Staff Comment: The plan includes \$40,000 for these programs. Based on our on-going monitoring reports received, the program met the goals established in the 2003-2004 Performance Agreement. Twenty youths participated; both supervisors and youths reported that it was a positive educational 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 – Carrboro YMCA

The Chapel Hill – Carrboro YMCA requests \$13,000 of Community Development funds to continue operation of After School Programs for children living in the Pine Knolls and South Estes Drive Family communities.

Town Staff Comment: The plan includes \$13,000 to the YMCA to continue its after school program for youths living in the Pine Knolls and South Estes Drive public housing communities. Funds would be provided in the form of scholarships for eligible children.

Since 1994, the Town has provided Community Development funds to the YMCA for its After School Program at the Pine Knolls Community Center. In 1999, the YMCA established a similar program for youths living in South Estes Drive public housing community. In the current year, three children from Pine Knolls and fourteen children from South Estes are being served by these programs. The YMCA continues to operate a program that meets the goals and objectives established by the Performance Agreements.

## 3. Orange County Family Resource Centers

The Orange County Family Resource Centers 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 would provide free after school care for about thirteen children.

Town Staff Comment: The plan includes \$15,000 for this project. 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. This would be the second allocation of funds for this agency. To date, the after school program funded by 2003-2004 funds has met the goals and objectives established by the Town's Performance Agreement.

## 4. North Carolina Cooperative Extension Service, Orange County Center

NC Cooperative Extension and the Orange on the Move Coalition requests \$13,700 to develop a 10-week interdisciplinary program for overweight youth, or those who are at-risk for becoming overweight and their parents. The program would focus on nutrition, physical activity, and psychosocial skills for thirty over weight youth and their adult caregivers, with specific focus on low income and minority youths.

Town Staff Comment: The preliminary Community Development plan includes \$13,700 for this new project. Community Development funds would be used to support only kids living in Chapel Hill who lived in households earning less than 80% of the area median income. We believe that this program would support the Town's current neighborhood revitalization efforts in the Northside, Pine Knolls, and public housing communities. Funds would be used to provide scholarships to Chapel Hill residents.

## Summary of Comments and Applications for 2004–2005 HOME Program Funding

The following comments were received at public hearings held by the Council on February 2 and March 24, 2004 and the County Commissioners February 3, 2004:

1. Robert Dowling, Executive Director of Orange Community Housing and Land Trust requested second mortgage funds for two projects in Carrboro – Winmore and Pacifica (approximately \$10,000 per unit for fourteen units). Mr. Dowling stated that it would take approximately \$40,000 to make each unit in Winmore affordable, and that he would ask for Orange County Affordable Housing Bond funds for the balance. Mr. Dowling also stated that he supported Habitat for Humanity's request for funds for Sunrise Road.

Comment: Orange Community Housing and Land Trust submitted an application for this project.

2. Alex Asbun, Executive Director of Affordable Rentals Inc. stated that the agency would request funds to purchase permanently affordable rental housing.

Comment: Affordable Rentals did not submit an application for funding.

3. Susan Levy, Executive Director of Habitat for Humanity stated that the organization planned to apply for HOME funds for development at Sunrise Road.

Comment: Habitat for Humanity submitted an application for this project.

4. Tom Tucker spoke on behalf of residents in the Rogers Road neighborhood. Mr. Tucker explained that residents were requesting extension of sewer service to Purefoy Road.

Town Staff Comment: An application was not submitted for this project. One of the Council's proposed goals is to complete a Small Area Plan for the Rogers Road area in 2005. We recommend that this request be reconsidered in future years after more planning has been completed. A combination of Community Development and HOME Program funds may be appropriate.

The following agencies submitted applications for 2004-2005 HOME Program funding.

1. Chapel Hill Department of Housing

The Chapel Hill Department of Housing requests \$125,000 of HOME Program funds to purchase a house for its transitional rental housing program for public housing residents. The program is a stepping-stone for families between public housing and the private housing market. Funds would be used to purchase a house in Chapel Hill that would be rented to a family currently residing in public housing.

Comment: The Review Committee recommends allocating \$125,000 to the Chapel Hill Housing Department.

The Town has purchased one home on Merritt Mill Road using 2001-2002 HOME Program funds. In addition, the Town is in the process of identifying a second house for the program using \$75,000 of 1997 Orange County Affordable Housing Bond funds, \$28,117 of 2002-



2003 HOME funds, and \$32,000 of 2003-2004 HOME funds.

2. EmPOWERment, Inc.

EmPOWERment requests \$100,000 for second mortgage assistance for first time homebuyers earning less than 80% of the area median income. EmPOWERment estimates that these funds could assist ten homebuyers, and the funds would be converted into deferred second mortgages to the buyers.

Comment: The Committee recommends allocating \$100,000 for this activity. In 2002, the Consortium allocated \$100,000 for this activity to be used by any qualified non-profit organization. Though funds have not yet been spent, EmPOWERment has identified properties to utilize a portion of these funds. In addition, in 2003 the Consortium allocated \$75,000 to EmPOWERment for a Second Mortgage Assistance Program; funds have not yet been spent.

3. EmPOWERment, Inc.

EmPOWERment also requests \$75,000 to purchase three condominiums in Orange County to use as affordable rental housing for three low-income households earning less than 80% of the area median income.

Comment: The Committee does not recommend allocating funds for this activity. EmPOWERment has an outstanding allocation from fiscal year 2001 HOME Program that remains unspent to date.

4. Habitat for Humanity

Habitat requests \$25,000 to extend sewer service to a lot owned by Orange Community Housing and Land Trust on Crest Street in Carrboro. Habitat will build a home on the lot once the sewer extension has been completed. The home will be sold to a Habitat homebuyer using the land trust model, and the property will remain affordable for 99 years.

Comment: The Committee's recommendation includes \$25,000 for this project.

## 5. Habitat for Humanity

Habitat for Humanity requests \$80,000 of HOME Program funds provide four second mortgages; three of the homes are located in the Richmond Hills Subdivision in Efland; and the fourth home is located on Cain Drive in Efland Estates where Habitat has previously built eight homes. Homes will be sold to first time homebuyers earning less than 50% of the area median income. In addition, buyers must live and/or work in Orange County for one year prior to purchasing the home.

*Comment:* The Committee recommends allocating \$80,000 for this project.

## 6. Habitat for Humanity

Habitat requests \$125,000 to purchase five lots in the Winmore Subdivision in Carrboro. The funds would convert into second mortgages of \$25,000 each to five low income first-time homebuyers when they purchase their homes. The homes would be purchased by households who have lived and/or worked in Orange County for at least one year prior to applying, and who earn less than 50% of the area median income.

*Comment:* The Committee's recommendation includes \$125,000 for this activity.

## 7. Habitat for Humanity

Habitat for Humanity requests \$200,000 of HOME and/or Community Development funds for surveying, engineering and design, and infrastructure costs for the development of a 17 acre vacant tract of land on Sunrise Road.

*Comment:* The Committee does not recommend funding for this project at this time due to the lack of a proposed development plan with a projected number of units as well as the anticipated number of HOME-eligible beneficiaries.

## 8. Orange Community Housing and Land Trust

Orange Community Housing and Land Trust requests \$70,000 for Downpayment Assistance to reduce the prices of seven Townhomes and condominiums in the Pacifica development in Carrboro. The townhomes and condominiums, which are being developed by the private sector, would be placed in the Land Trust. Eligible applicants must be first time homebuyers, currently living or working in Orange County who earn less than 80% of the area median income.

*Comment:* The Committee recommends allocating \$70,000 for this request.

## 9. Orange Community Housing and Land Trust

The Land Trust also requests \$100,000 to reduce the prices of seven Townhomes in the Winmore development in Carrboro. The townhomes, which are being developed by the private sector, would be placed in the Land Trust. Eligible applicants must be first time homebuyers, currently living or working in Orange County who earn less than 80% of the area median income.

Comment: The Committee recommends budgeting \$70,000 for this project.

## B. Available Resources

The following federal resources are expected to be available during the coming Fiscal Year to address the priority needs and specific objectives identified in the strategic plan.

<b>Federal Programs</b>		
CDBG funds	\$711,000	<i>Town of Chapel Hill</i>
HOME funds	\$739,050	<i>Orange County HOME Consortium</i>
<b>Local Resources (Local General Fund)</b>		
Town of Chapel Hill Housing Loan Trust Fund	40,963	Second mortgage assistance
Town of Chapel Hill	\$68,177	<i>HOME Program Match</i>
Town of Carrboro	\$23,280	<i>HOME Program Match</i>
Town of Hillsborough	\$ 8,314	<i>HOME Program Match</i>
Orange County	\$66,515	<i>HOME Program Match</i>
<b>TOTAL RESOURCES</b>	\$1,657,299	

## C. Planned Activities

**TOWN OF CHAPEL HILL  
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM  
JULY 1, 2004 THROUGH JUNE 30, 2005**

The U.S. Department of Housing and Urban Development has informed us that the Town of Chapel Hill will receive \$711,000 of Community Development funds in fiscal year 2004-2005.

**Priority: Provide rehabilitation assistance for very low- and low-income homeowners and rental housing serving very low and low-income tenants.**

### **Public Housing Activities**

1. **Renovation of Airport Gardens**

Approximately \$150,000 will be budgeted to fund a portion of the renovation of the Airport Gardens public housing community. Funds would be used along with Public Housing Capital Grant funds and previously allocated Community Development funds to renovate the twenty-six-unit community. We also recommend that \$15,000 of this amount be used to pay a portion of the Assistant Housing Director's salary for oversight of the renovation project.

Proposed renovation work would include the abatement of lead-based paint and asbestos, replacement of water and sewer lines to OWASA standards, installation of new washer and dryer hook-ups, replacement of wall and base cabinets and countertops to include new range hoods and sinks, replacement of windows and screens, replacement of interior and exterior doors, replacement of furnaces including air conditioning and water heaters, replacement of floor tiles, replacement of bathtub liners and surrounds, bathroom fixtures, plumbing and electrical upgrades, and interior and exterior painting. Funds will also be used for site improvements including replacement of asphalt driveways and parking lots; planting new shrubs, and replacement of storm drainage systems and retaining walls. Due to the extent of building improvements, the relocation of residents will be required and the work will have to be scheduled in phases.

2. **Refurbishing Program**

Additionally approximately 50,000 of Community Development funds will continue the public housing refurbishing program. This program includes repainting and minor repairs of public housing units.

3. Installation and Repair of Playground Equipment

Approximately \$6,000 of Community Development funds will be used to repair and replace playground equipment at various public housing sites.

These activities are located in an existing public housing community which is in an area of both low/moderate and minority concentration. This is a continuation of the Town's efforts to renovate existing public housing communities.

*Anticipated Beneficiaries:* 336 households earning less than 80% of the median income  
*Accomplishments:* 65 renovated public housing apartments  
*Anticipated Completion Date:* December 31, 2005

**\$206,000**

***Priority:* Facilitate the construction of new or substantially rehabilitated housing units that are affordable to families earning less than 80% of the median family income.**

Funds will be used for the renovation of owner occupied housing in the Northside neighborhood. We estimate that these funds could be used to rehabilitate four houses and provide for contract staff support. Funds would be provided as deferred loans to qualified homeowners that could be forgiven over time (typically twenty years, depending on the amount of the loan). The funds would be repaid to the Town if home was sold or conveyed to heirs that do not meet the income guidelines of the program within the affordability period (typically twenty years).

*Anticipated Beneficiaries:* 4 Households earning less than 80% of the area median income  
*Accomplishments:* 4 Housing Units  
*Anticipated Completion Date:* September 30, 2005

**\$100,000**

***Priority:* Facilitate the purchase of new and existing housing units by first time homebuyers with incomes 80% and below of the area median income.**

Funds will be budgeted to enable Orange Community Housing and Land Trust to reduce the prices of ten (10) townhomes in the Vineyard Square Development. Funds would be provided as a grant to the Land Trust. Funds would be used to reduce the sales price of three-bedroom townhomes from \$115,000 to \$105,000. Townhomes would be sold to first time homebuyers, earning less than 80% of the area median income. In addition, once subsidized, the homes could not be sold to households earning more than 80% of the median income.

*Anticipated Beneficiaries:* 10 Households earning less than 80% of the area median income  
*Accomplishments:* 10 first-time homebuyers earning less than 80% of the area median income  
*Anticipated Completion Date:* September 30, 2005

**\$100,000**

**Priority:** *Provide funds to activities that support other Community Development objectives and activities, especially activities that compliment Neighborhood Revitalization activities or serve public housing residents.*

Funds will be budgeted to continue neighborhood revitalization activities in the Northside, Pine Knolls, and public housing neighborhoods. Activities must serve households earning less than 80% of the HUD published area median income. Funds could be used for the following activities: second mortgage assistance; property acquisition and/or renovation; code enforcement; demolition; public improvements such as installation of sidewalks, curb and gutter improvements or parks and recreation facilities; or community service activities. This year, we recommend that the funds be used primarily for public improvements in the Northside neighborhood.

*Anticipated Beneficiaries:* Households earning less than 80% of the area median income

*Accomplishments:* Public improvements (curb and gutter and sidewalk improvements), acquisition and renovation of properties

*Anticipated Completion Date:* September 30, 2005

**\$121,700**

A total of \$40,000 will be available to the Chapel Hill Police Department to fund the following youth programs:

- \$31,900 to continue the Youth Work Program for youths ages 14-17 living in the Pine Knolls, Northside and public housing communities. During the summer, approximately thirty youths would work twenty hours per week in various Town Departments and local non-profit organizations. During the school year, ten of these children would continue to work approximately ten hours per week. Youths would also be required to participate in workshops focusing on financial education, career development, and improving interview skills.
- \$2,600 for educational programs for youths living in the Northside, Pine Knolls, or public housing communities including an academic awards program, a mentoring and leadership program for young men, a support program for parents of young children to help them to begin teaching their children to read, and trips to college campuses. Programs would be coordinated with the Town's Police, Housing and Parks and Recreation Departments, and would provide structured activities and emphasize components that will improve academic skills, prevent drug abuse and drug-related crime, leadership development, and career planning.
- \$5,500 for the Career Explorers Program. This program is designed for high school aged youth who reside in Northside, Pine Knolls, or public housing neighborhoods. Six youths will be placed in work sites in the business community. Youths would work thirty-six hours per week and spend an additional four hours sharing work experiences, learning financial skills, and participating in career exploration experiences. Funds would be used to supplement funds paid by the local businesses.

*Anticipated Beneficiaries:* 45 youths of households earning less than 80% of the area median income  
*Accomplishments:* 45 youths will receive job training skills  
*Anticipated Completion Date:* June 30, 2005

**\$40,000**

Funds would be provided to the Chapel Hill Training Outreach Project / Orange County Family Resource Center to continue to operate a community-based after school enrichment program at the South Estes Drive Family Resource Center located in the South Estes Drive public housing community.

*Anticipated Beneficiaries:* 13 children of households earning less than 80% of the area median income  
*Accomplishments:* Free childcare for 13 children  
*Anticipated Completion Date:* June 30, 2005

**\$15,000**

Approximately \$13,700 will be awarded to the North Carolina Cooperative Extension to operate a ten-week program for thirty overweight youths and their families. The program would focus on nutrition, physical activity, and psycho-social skills to promote a healthier lifestyle. The program would be held at the Chapel Hill – Carrboro YMCA. Recruitment for the program will target residents of public housing, as well as other lower income areas of Chapel Hill and Carrboro. Fund would be used to provide scholarships to Chapel Hill residents.

*Anticipated Beneficiaries:* 30 children of households earning less than 80% of the area median income  
*Accomplishments:* Improved health and nutrition education for 30 children  
*Anticipated Completion Date:* June 30, 2005

**\$13,700**

Approximately \$13,000 will be budgeted to the Chapel Hill–Carrboro YMCA to continue operation of after school programs for children living in the Pine Knolls neighborhood and the South Estes Drive public housing community.

*Anticipated Beneficiaries:* 12 children of households earning less than 80% of the area median income  
*Accomplishments:* Free childcare for 12 children  
*Anticipated Completion Date:* June 30, 2004

**\$13,000**

Program Administration

**\$101,600**

**TOTAL \$711,000**



**HOME INVESTMENT PARTNERSHIP PROGRAM  
July 1, 2004 through June 30, 2005**

**Priority:**      **Facilitate the construction of new or substantially rehabilitated housing units that are affordable to families below 60% of the area median.**

I.      Funds would be allocated to the Town of Chapel Hill to assist in the purchase of one dwelling unit to provide transitional housing for a public housing family transitioning to permanent housing.

*Anticipated Beneficiaries:*      *One (1) family earning less than 50% median income*  
*Accomplishments:*              *One (1) housing unit*  
*Anticipated Completion Date:*      *June 30, 2005*

**Development Schedule:**

Identify dwelling unit for purchase.	12/2004
Rehabilitate the house if necessary.	03/2005
Complete leasing.	06/2005

**\$125,000**

II.      Funds would be allocated to Habitat for Humanity to provide four (4) deferred second mortgages to first-time homebuyers with incomes below 80% of median income in the Richmond Hills subdivision.

*Anticipated Beneficiaries:*      *Four (4) families earning less than 50% median income*  
*Accomplishments:*              *Four (4) housing units*  
*Anticipated Completion Date:*      *June 2005*

**Development Schedule:**

Begin house construction (two homes)	04/2004
Complete construction (two homes); Sale homes	09/2004
Begin construction of remaining two homes	09/2004
Complete construction; sale homes	04/2005

**\$80,000**

III.      Funds would be allocated to Habitat for Humanity to purchase five lots in the Winmore subdivision in Carrboro. The funds will convert to second mortgages of \$25,000 each to five low-income first-time homebuyers when they purchase their homes.

*Anticipated Beneficiaries:*      *Five (5) families earning less than 50% median income*  
*Accomplishments:*              *Four (5) housing units*  
*Anticipated Completion Date:*      *June 2005*

**Development Schedule:**

Purchase lots	12/2004
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Begin house construction (Builders' Blitz)	12/2004 – 03/2005
Complete construction (two homes); Sale homes	04/2005

**\$125,000**

IV. Funds would be allocated to Orange Community Housing and Land Trust to provide down-payment assistance for up to seven (7) newly constructed townhouses and condominiums in the planned Winmore subdivision in Carrboro. The dwelling units are being developed by the private sector, and then placed in the Land Trust. Eligible families would be first-time homebuyers with incomes below 80% of median income.

*Anticipated Beneficiaries:* Seven (7) families earning less than 80% median income

*Accomplishments:* Seven (7) housing units

*Anticipated Completion Date:* December 31, 2005

**Development Schedule:**

Begin construction	06/2004
Project completion	06/2005

**\$70,000**

V. Funds would be allocated to Orange Community Housing and Land Trust to provide down-payment assistance for up to seven (7) newly constructed townhouses and condominiums in the planned Pacifica subdivision in Carrboro. The dwelling units are being developed by the private sector, and then placed in the Land Trust. Eligible families would be first-time homebuyers with incomes below 80% of median income.

*Anticipated Beneficiaries:* Seven families earning less than 80% median income

*Accomplishments:* Seven (7) housing units

*Anticipated Completion Date:* December 31, 2005

**Development Schedule:**

Begin construction	01/2005
Project completion	12/2005

**\$70,000**

VI. Funds would be allocated to EmPOWERment to provide up to ten (10) deferred second mortgages to first-time homebuyers with incomes below 80% of median income. Homebuyers would purchase existing housing located in various areas of the County.

*Anticipated Beneficiaries:* 10 families earning less than 80% median income

*Accomplishments:* 105 housing units

*Anticipated Completion Date:* December 31, 2005

**\$100,000**

VII. Funds would be allocated to Habitat for Humanity to provide funding for infrastructure improvements (extension of sewer line) to a lot owned by Orange Community Housing and Land Trust on Crest Street in Carrboro. The subsequent home built on the lot will be sold to a Habitat homeowner and the property will remain in

the Land Trust.

*Anticipated Beneficiaries:* One (1) family earning less than 50% median income  
*Accomplishments:* One housing unit  
*Anticipated Completion Date:* February 2006

**Development Schedule:**

Receive bids for sewer extension	07/2004	
Complete construction of sewer extension	10/2004	
Begin construction of home	07/2005	
Complete construction; sale home	02/2006	
		<b>\$80,000</b>

VIII. Funds would be provided for rental assistance for approximately 10-12 low income families leasing standard property in Orange County. The program will operate in a similar manner to the Section 8 Program and provide rental subsidies for a period of two years to families at or below 50% of the area median income.

*Anticipated Beneficiaries:* 10-12 families earning less than 50% median income  
*Accomplishments:* 10-12 families receive rental subsidies for two years.  
*Anticipated Completion Date:* June 20, 2006

**236,431**

**Program Administration:** **\$83,905**

**Total Funds Available:** **\$905,336**  
*(includes 25% match calculation)*

**American Dream Downpayment Initiative Program**

The American Dream Downpayment Initiative (ADDI) was signed into law by President Bush on December 16, 2003 under the American Dream Downpayment Act (Public Law 108-186) (ADDI Statute). The goal of the program is to increase the homeownership rate, especially among lower income and minority households, and to revitalize and stabilize communities. The Orange County HOME Consortium will receive \$54,145 under this program in FY 2004 - 2005.

Funds can be used for down payment, closing costs, and rehabilitation carried out in conjunction with the assisted home purchase. Under this program, assistance cannot exceed \$10,000 or 6% of the purchase price of the home, whichever is greater. These funds will be used for a County-wide Second Mortgage Program. The HOME Program Council will develop specific program guidelines.

**D. Geographic Distribution** - See above program descriptions.

**E. Homeless and Other Special Needs Activities**

**Orange County Continuum of Care Plan**

**Continuum of Care Committee**

The Continuum of Care Committee is now in a state of transition with the loss of leadership of the Inter-Faith Council in the wake of the restructuring of the Project HomeStart transitional housing program. Currently, county committee members are in preliminary discussions with the Durham Affordable Housing Coalition about a joint partnership to further continuum activities including a partnership to develop a Ten (10) Year Plan to End Homelessness.

## **I. Emergency Shelter Assessment**

The Inter-Faith Council (IFC), a local non-profit agency, began providing shelter for Orange County's homeless population in 1985. The shelter facility is known as Community House and is the only emergency housing resource for families in Orange County. It is designed to provide only short-term emergency shelter for families and singles. A recent report from Community House indicates a consistent level of need for shelter by homeless persons in Orange County. During fiscal year 2002-2003, the InterFaith Council

Community House reported serving 1,069 individuals including approximately 29 children. Of this number 528 (49%) were African-American; 413 (39%) were White; 65(6%) were Hispanic and 63 (6%) were of other race and ethnicity. While the majority of Community House clients are African-American over the past several years, there has been an increase in the number of clients of other racial and ethnic groups including Hispanics. Approximately 60% of those that stay in the shelter claim housing issues as the premier life occurrence that lead them to the Triangle area seeking employment without adequate funds to get re-established.

Staff of the Community House believes that the facility needs an additional 50 permanent beds each for men, women and children. Community House also has a need for 20-25 temporary beds for situations where it is extremely hot or extremely cold.

The InterFaith Council Community House provides the only physical emergency shelter in Orange County. Additional coverage in the County is provided by Orange Congregations in Mission (OCIM), a Hillsborough based non-profit organization. OCIM provides crisis relief services for those people at risk of homelessness or struggling with difficult life situations. Services include the food pantry, medicines, and rent and utility assistance.

For battered women, emergency shelter is available only in the neighboring counties of Durham and Chatham; however, other advocacy and support services are available in Orange County.

The mission of the Family Violence Prevention Center of Orange County is to prevent and end family violence through community education and the provision of direct services including emergency assistance, case management, and court advocacy. While these services are critical, the provision of emergency shelter within the boundaries of Orange County continues to be a challenge that must be met in order to provide total comprehensive services to persons with domestic violence issues.

## **II. Transitional Housing and Supportive Housing Needs**

One of the biggest obstacles facing this population (homeless, low-income, domestic violence issues) is the lack of safe, transitional, unsubsidized housing. Both the IFC and Freedom House cited the need for developing single room occupancy housing in Orange County. This type of facility would provide options to residents of the shelter, Project

HomeStart and Freedom House.

Another need identified by special needs housing providers is additional case management for special needs clients. The need for access to immediate mental health care, additional staff at the shelter, and an increase in the number of services provided to the homeless population was also identified. It was further suggested that there is a need for a second homeless shelter in Hillsborough, the northern part of Orange County.

Freedom House estimates that there is a need for an additional 10 units of housing for its clients. The organization also identifies a need for supportive services including job training, case management, substance abuse treatment, and life skills training.

Several key components must be addressed in any program that is designed to overcome the barriers to finding affordable housing for the special needs population: access to transportation; recovery and rehabilitation programs; and other support systems.

Thus, as previously discussed, there are a limited number of transitional housing facilities in Orange County. While some individuals may be able to secure a public housing unit through the Town of Chapel Hill or a Section 8 Certificate through Orange County, others that are not able to secure more permanent housing often move frequently from one temporary housing situation to another. The transitional housing facilities in Orange County are described below.

### **Project HomeStart**

Project HomeStart, initially a transitional housing program for up to 15 homeless families at any given time, has, after the loss of renewal HUD funding, reinvented itself into both an emergency and transitional housing facility for women and children. Through offering both emergency shelter services and longer term housing options, HomeStart serves the community by helping homeless individuals meet their basic needs, and provides them more choices for learning new skills for breaking the cycle of homelessness.

A recent report from HomeStart (as it is now known) indicates the following service levels. During fiscal year 2002-2003, the InterFaith Council HomeStart reported serving 67 individuals including approximately 43 children. Of this number 31 (49%) were African-American; 22 (39%) were White; 8 (6%) were Hispanic and 6 (6%) were of other race and ethnicity. Nearly 47% of those at HomeStart indicate that the primary reason for homelessness was domestic violence. This illustrates a community need for providing emergency shelter and longer-term housing at HomeStart for women who are victims of domestic violence.

### **Freedom House**

The Freedom House Recovery Center is developing drug and alcohol free housing for low income and homeless residents of Chapel Hill. This transitional housing is designed for twenty-four individuals in recovery from chemical dependency was completed and occupied in late 1999.

The combination of structured transitional housing, substance abuse treatment, job skills training, and employment services will enable low income and homeless individuals an opportunity to rebuild their lives through sobriety and employment.

In 2002-2003, Freedom House served \_\_\_\_ individuals. In addition, the Life Skills program served \_\_\_\_ people.

### **CaraMore Community**

The CaraMore Community is a facility that provides transitional housing for people with persistent and severe mental illness. CaraMore supervises two group homes and seven apartments. In addition to housing, CaraMore also offers its residents with community living, vocational and job development training.

### **Oxford House**

The 6-unit Oxford House facility provides transitional housing for six substance abusing men. The organization is scheduled to open another 6-unit facility. Typically, clients enter the program for fifteen months. Oxford House is an unsubsidized facility.

### **Abundant Life Center**

Located on West Rosemary Street in Chapel Hill, the Abundant Life Center provides very low cost rental housing for 28 single men. This is the only single room occupancy facility in Orange County. The Abundant Life Center is currently an unsubsidized facility.

### **Booth Road Group Home**

Booth Road is a group home that houses six adults with persistent and severe mental illness. The Group Home provides its residents personal care services, transportation to clinics and pharmacies, and supervision with administration of medications. The Center also provides assistance to clients that are able to live independently.

## **III. Permanent and Permanent Supportive Housing**

Homeless families presently face many barriers to finding adequate and affordable permanent rental housing in Orange County. In the Chapel Hill/Carrboro area, families face competition with students who often pool incomes and drive up rents. In Northern Orange County, the existing rental housing stock is quite limited.

To address this problem, for example, the HomeStart strategy/model will help address these barriers in several ways. Specifically, a Housing Coordinator will be responsible for aiding families in the difficult task of finding adequate, affordable, permanent housing. This person would also coordinate with the existing subsidized housing providers to match family needs with available resources. A unique case management system provides follow-up support and services to families for up to six months after they leave the transitional housing component. It is recognized that families will need assistance in transitioning from a highly supportive environment to one that encourages and fosters independence. Similarly, the Orange Person Chatham Mental Health Agency provides some limited housing counselor along with case management for their clients seeking rental housing.

## Other Special Needs

### Elderly

The County has approved a Master Aging Plan (M.A.P.) for fiscal years 2000 – 2004 that provides a comprehensive and coordinated delivery of community services to senior citizens over the life span who has different levels of functional capacity. The MAP Task Force was comprised of a Steering Committee and three functional subcommittees – well fit; moderately impaired; and severely disabled. During the discussions of the well-fit committee, that group identified Housing as one of their priority issues. Specifically, they conclude the following.

1. A lack of public and private affordable housing alternatives for older persons exist;
2. Aging in place is difficult due to the lack of home maintenance, repair, and modification including home safety and security;
3. Housing is not built to accommodate changing needs of older persons; and
4. High property taxes.

Further, they indicate the consequences of inaction regarding these issues are:

- a. Older residents will not be able to continue to live independently.
- b. Older residents may be forced to move out of Orange County.
- c. Older persons will be forced to live in sub-standard housing.

Affordable housing, while discussed in the other functional subcommittees, has not emerged as a priority issue among the moderately impaired; and the severely disabled committees to date. An estimate of the number of well-fit seniors that are in need of housing services is also not available at this time.

### Master Aging Plan

Of the top 20 Master Aging Plan's issues/objectives, three address the need to ensure adequate supply of senior housing. Goal IIB-a1 (ranked number 7) recommended a countywide assessment of current senior housing and recommended needs projected through the year 2020. An adequate supply of senior housing was prioritized as one of the top issues to be funded for FY2002, and \$6,000 was set-aside in the adopted Master Aging Plan. The project was delayed by BOCC to determine if information on senior housing needs already existed by county housing agencies. The Orange County Advisory Board on Aging and the Orange County Affordable Housing Board determined that a special needs survey on senior housing (ownership and rental) did not exist that covered all socioeconomic groups. The County enlisted the services of a graduate student from the UNC School of Social Work to complete the assessment by conducting a senior housing survey by phone. The results of the phone survey are still being compiled for presentation.

#### **F. Removing Barriers to Affordable Housing**

**The Consolidated Plan for Orange County identifies the following barriers to affordable housing:**

*High cost of public improvements.* In most of southern Orange County, there is virtually no

vacant land available that is served by public utilities. In unincorporated Orange County, although land accessible to urban services is available, the cost of extensions is expensive.

Also, many existing residences lack adequate plumbing facilities due to the high cost of public utility connections.

*Lack of adequate transportation.* While the public transportation system in the Chapel Hill-Carrboro urban area is free and comprehensive, access to jobs and facilities outside the urban area are limited by a lack of transportation. Many of the people who work in Orange County live in neighboring counties, partly by choice and partly as a result of an inability to find affordable housing in the County.

*High cost of rental housing.* The rental housing market, particularly in Southern Orange County continues to be inflated by the university students.

*High cost of homeownership.* The average sales price for new and existing homes in unincorporated Orange County was \$235,633 in 2002 and in Chapel Hill the average sales price was \$364,000, approximately \$175,000 more than what a family of four at 100 percent of median income could afford.

*Private Developer Community.* The private developer community may be considered a barrier to affordable housing given their apparent lack of interest in providing low and moderately priced new housing.

## **Local Response**

Orange County enacted a density bonus for affordable housing in 1990, allowing up to 50% increase in density for developments that are all affordable and sold to qualifying low and moderate-income households.

In June 1993, the Board of Orange County Commissioners adopted an ordinance establishing a system of impact fees to be collected in Orange County as well as the municipalities in the County. Presently, the fee is \$750 per residential dwelling unit in the Orange County School District and \$3,000 in the Chapel Hill/Carrboro School System. Revenue generated is used to finance a portion of the cost of new public school space recreated by new residential growth. Before enactment, the Board of Commissioners acknowledged the need to establish a policy to cover low-income residential construction. The Board of County Commissioners has adopted a policy for reimbursement of impact fees for non-profit housing organizations serving first-time homebuyers at 80% and below of median income within budget restraints. On March 4, 1998, the Board of County Commissioners approved a policy revision to include rental housing developed by non-profit organizations.

Within the designated urban services areas of Chapel Hill where access to employment, transit, day care, schools, and public utilities is located, the supply of vacant land is small and the price is high. In addition to the high cost of plan preparation, processing fees, utility installation, street improvements, and lengthy review schedules all add to development costs. In response, the Chapel Hill Town Council has responded by making special accommodations for assisted housing development including: waiving processing fees, expediting review schedules, and modifying street improvement requirements.

On April 12, 1999, the Chapel Hill Town Council amended the Town's Development



Ordinance (now Land Use Management Ordinance) and created a new zoning district – Residential Special Standards–Conditional (RSS-C). The main features of this conditional use-zoning district are that it would allow higher density for housing developments (twelve units per acre), a ten-foot minimum street setback and no buffer requirement. The Town has developed standards to evaluate projects that are submitted for this use in this zoning category, including a requirement that the project must have a long-term affordability component.

This zoning district was created by the Town in response to a request from Orange Community Housing and Land Trust, a local non-profit affordable housing developer, when they approached the Town Council with a proposal to develop fourteen townhomes on a Town-owned lot on Scarlette Drive in Chapel Hill. Though this zoning category is not limited to affordable housing projects, allowing a density of twelve units per acre will help make affordable housing projects more feasible.

On March 6, 2000, the Chapel Hill Town Council passed a resolution to increase the availability of affordable housing for low- and moderate-income households in Town. The new policy states the Council's expectation that any rezoning requests with a residential component incorporate a 15% affordable housing feature into their plans with a mechanism to ensure ongoing affordability. Developers with rezoning requests work with Orange Community Housing and Land Trust to market these homes to persons earning less than 80% of the median income.

Also, in Chapel Hill, the Town's recently amended Land Use Management Ordinance requires developers with Major Subdivision or a Planned Development Housing proposal with 5 or more single-family or two-family residential lots to build at least 25% of the units at less than 1,350 square feet of floor area. The Ordinance also allows for a substitution of affordable housing for floor area restrictions. The Town Council may allow a developer of a Major Subdivision or Planned Development Housing to provide initial and continued affordability of at least 15% of the dwelling units. The dwelling units must be priced to be affordable to individuals and families who have incomes at or below 80% of the area median income for a family of four. Restrictive covenants must be recorded with the dwelling unit(s) to ensure the continued and ongoing compliance with these restrictions and shall be sold to individuals and families who have incomes at or below 100% of the area median income by family size as published periodically by the Department of Housing and Urban Development.

As an alternative to providing affordable housing, a developer may also make a payment-in-lieu of affordable housing to the Town. The amount of the payment is calculated by multiplying the number of affordable housing units to be provided by an estimate of funding that would be needed to make a homeownership opportunity in the proposed development available to individuals and families with annual income at or below 80% of the area median income.

Since policies that require the development of affordable housing have been adopted in Chapel Hill, 60 units of affordable housing have been or will be created, and 17 units between 1,100 and 1,350 square feet are under development. Of the total 77 units, 63 will be developed by the private sector. In addition, developers have contributed \$104,500 to the Town and \$73,500 to the Orange Community Housing and Land Trust as payments-in-lieu of affordable housing. The results to date are encouraging.

In Carrboro, the zoning ordinance offers flexibility in the design of infrastructure, and

includes a wide variety of allowable housing types, including mobile homes, modular homes, townhouses, and condominium developments. The review process is streamlined to avoid unnecessary delays, and the resulting supply of affordable units is relatively large.

In Hillsborough, while density bonuses are not provided for in the Zoning Ordinance, other regulations are supportive of affordable housing including numerous overlay and mobile home park districts that allow singlewide mobile homes. Also, doublewide mobile homes, duplexes and modular homes are allowed in all residentially zoned areas including the Historic District. Site plan review for multi-family development is expedited by the use of consultants and approvals can generally be obtained in about three months. Further, the Orange County zoning regulations allow numerous housing types in residential districts including mobile homes, duplexes, and modular homes. This is allowed in approximately 350 square miles of the 400 square miles in Orange County.

### **Revolving Acquisition Fund**

The Town of Chapel Hill's Comprehensive Plan adopted by the Council on May 8, 2000 recommends that the Town establish a "First Option Fund" as a strategy to address the effects on neighborhoods of the conversion of owner-occupied residences to rental properties. According to the Comprehensive Plan, the fund would "encourage owners of affordable homes to provide a local nonprofit or the Town with the first option to buy when they are considering selling their properties. This approach was suggested by the Northside Focus Area Report as a way to keep home prices affordable and prevent further loss of single-family homes through conversion to rental units."

After discussions with non-profit affordable housing providers, the Town Council we established a fund focusing on the acquisition of properties for the purpose of nurturing owner occupancy. Therefore, the "First Option Fund" was renamed the "Revolving Acquisition Fund. On January 28, 2002 the Chapel Hill Town Council established the Fund using \$150,000 from the local Housing Loan Trust Fund.

The purpose of the fund is to provide non-profit affordable housing providers a source of funds that could be accessed quickly to purchase properties that might otherwise be sold to non-lower income households or be used for relatively high cost rental housing. This fund could assist with maintaining or creating additional affordable homeownership opportunities in Chapel Hill. The Revolving Acquisition Fund could prevent the loss of some single-family homes through conversion to rental units in the Northside and Pine Knolls neighborhoods and for properties where the Town has a right of first refusal such as Tandler or Culbreth Park. A right of first refusal is a legal, recorded document that would require a property owner to notify the Town or a designated non-profit agency prior to placing their home on the market and give the Town or the designated agency the first opportunity to purchase the house for fair market value.

The main goal for the Revolving Acquisition Fund is to preserve owner occupied housing for affordable housing purposes. Some homes purchased with these funds may require renovation and/or second mortgage assistance so that the property is more affordable to a household earning less than 80% of the area median income by household size. We would continue to use funds from the Town's Housing Loan Trust Fund and/or the Community Development Neighborhood Revitalization program to provide this subsidy.

Buyers of properties purchased with these funds would agree to use the home as their primary residence and to provide a right of first refusal to the Town or a designated

non-profit agency. To date, the Revolving Acquisition Fund has been used once by Orange Community Housing and Land Trust. Funds were used to purchase a home in the Culbreth Park subdivision for resale to lower income households using the land trust model. A second home is pending.

### **Northside Neighborhood Conservation District**

The Land Use Management Ordinance adopted by the Chapel Hill Town Council on January 27, 2003 includes a provision for creating Neighborhood Conservation Districts. The purpose of creating a Neighborhood Conservation District is to preserve and protect unique and distinctive older in-town residential neighborhoods or commercial districts, which contribute significantly to the overall character and identity of the Town.

As stated in the Land Use Management Ordinance, a Neighborhood Conservation District is created as an overlay zoning district by enactment of an ordinance to designate the district. The rezoning ordinance would identify the designated district boundaries. The Land Use Management Ordinance also states that a conservation plan shall be approved as part of a Zoning Atlas Amendment creating a Neighborhood Conservation District.

To be designated a Neighborhood Conservation District, an area must meet the following criteria. The Northside neighborhood meets all of the criteria listed above.

- (1) The area must contain a minimum of one block face (all the lots on one side of a block);
- (2) The area must have been platted or developed at least 25 years ago;
- (3) At least 75% of the land area in the proposed district is presently improved; and
- (4) The area must possess one or more of the following distinctive features that create a cohesive identifiable setting, character or association;
  - a. scale, size, type of construction, or distinctive building materials;
  - b. lot layouts, setbacks, street layouts, alleys or sidewalks;
  - c. special natural or streetscape characteristics, such as creek beds, parks, gardens or street landscaping;
  - d. land use patterns, including mixed or unique uses or activities; or
  - e. abuts or links designated historic landmarks and/or districts.
- (5) The area must be predominantly residential in use and character.

According to the Land Use Management Ordinance, a proposal for designation as a Neighborhood Conservation District may be initiated in one of three ways:

1. At the direction of the Town Council, or
2. At the request of owners representing 51% of the land area within the proposed district, or
3. At the request of 51% of property owners in a proposed district.

In this case, the Council has initiated the process by adopting a resolution on February 24, 2003.

On April 14, 2003, the Council adopted a resolution that: (1) authorized the formation of a Northside Neighborhood Conservation District Committee; (2) adopted a charge for the Committee; and (3) established the boundaries of the study area.

On February 23, 2004, the Chapel Hill Town Council adopted the following regulations for the Northside Neighborhood Conservation District:

1. Maximum Building Height, Other than Town Center-2 District and Office/Institutional – 1 Districts (primary): 20 feet
2. Maximum Office/Institutional -1 Building Height (primary): 29 feet
3. Maximum Town Center-2 Building Height (primary): 40 feet (except for areas that abut land zoned R-2, R-3, or R-4; in such areas, the maximum primary height limit shall be 30 feet)
4. Maximum Building Height, Other than Town Center-2 District (secondary): 35 feet
5. Maximum Town Center-2 Building Height (secondary): 50 feet
6. Duplexes: Two-family duplex-type dwellings (defined in the Land Use Management Ordinance as “Dwelling, Two-family - - Duplex” are not permitted in the Northside Neighborhood Conservation District.
7. Maximum House Size (single-family or single-family with accessory apartment): 2,000 square feet; 2,500 square feet if variance is obtained from the Chapel Hill Board of Adjustment, based on the required findings outlined in Section 4.12.2 of the Land Use Management Ordinance.
8. Maximum Floor Area Ratio (single family, single family with accessory apartment): .25
9. Bathroom to Bedroom Ratio: A dwelling with more than 2 bedrooms, and a bathroom to bedroom ratio of 1.0 or greater, shall be classified as a rooming house unless the dwelling is occupied by persons related by blood, adoption, marriage, or domestic partnership, with not more than two unrelated persons.
10. Zoning Compliance Permit Notification: Owners within 1,000 feet of a property for which a Zoning Compliance Permit application is submitted must be notified of the application if an increase in floor area is proposed or if the addition of a garage is proposed.

## **G. LEAD BASED PAINT HAZARD REDUCTION**

The jurisdictions will evaluate the prevalence of lead-based paint in housing units in the County and begin planning to reduce the present lead-based hazards. Lead abatement will be prescribed for all dwellings targeted for housing rehabilitation efforts. In addition, all assisted housing tenants will be informed of the hazards of lead based paint. The County Health Department provides on-going consultation to local Housing staff.

During the last year, three of our housing rehabilitation contractors attended “Certified Worker Training” in order to use safe work practices to address lead-based paint hazards in dwelling units targeted for housing rehabilitation. The department plans to continue to encourage contractors to participate in the training. Additionally, the department Housing Rehabilitation Specialists continuously takes advantage of training opportunities to enhance his knowledge of lead based paint regulations.

## ANTI-POVERTY STRATEGY

### Human Services Welfare Reform Task Force

Orange County Human Services Advisory Commission Vision/Mission Statement adopted by the Orange County Board of Commissioners in December 1991.

**Vision:** *Based on our community values of caring, respect, diversity, economic opportunity, the enhancement of self-worth and optimal health and safety, citizens of Orange County should contribute to and participate in the well-being of the community to the extent we are able.*

**Mission:** *Orange County will use a coordinated, efficient, and effective network of resources that will provide a continuum of preventive and corrective services appropriate to promote economic, emotional, physical, and social well being for all citizens.*

On January 16, 1996, the Orange County Board of Commissioners appointed a Human Services Reform Task Force with a charge to:

"Convene public and private sector stakeholders for 90 days and present recommendations to the Board on: measurable outcomes in human services, human services priorities, an acceptable safety-net (*essential elements of well-being*) for adults and families with children, current resources available to meet the needs and gaps in the resources to support the needs."

More than 40 citizens, including human service professionals, citizen activists, and human service consumers participated on the Task Force.

The Task Force presented recommendations to the Orange County Board of Commissioners in October 1996. The group advised the following guiding principles for future program planning, development, and implementation.

- Provide the essential elements of well-being, not otherwise accessible through the private, non-profit and public sectors. The essential elements of well-being are:

<b>Survival</b>	<b>Growth/Development</b>	<b>Econ Self-Sufficiency</b>
◆ Food	◆ Health Care	Work (income)/Training
◆ Shelter	◆ Safety	Transportation
◆ Clothing	◆ Education	Dependent/Child Care

- Develop policies, regulations and guidelines that help realize the outcomes of well-being and economic self-sufficiency and that demonstrates cost savings, cost benefits, or cost effectiveness.
- Make investments in programs that contribute to outcomes of well-being and economic self-sufficiency and that demonstrate cost savings, cost benefits, or cost effectiveness.
- Provide incentives to create jobs above the minimum wage to ensure economic self-sufficiency for all Orange County citizens.

### **The 1999 Task Force Follow-up**

In a recent update to the County's Work First Plan, a subcommittee of the Welfare Reform Task Force, *Strengthening Independence*, was charged with identifying strategies and resources for Work First families that will enable them to increase their income and to become self-sufficient. As a part of their work, this committee identified the lack of affordable housing for those in the lowest income ranges as a major impediment to building self-sufficiency. They identified the following strategies to address this situation.

1. Build, renovate, or designate existing affordable housing and rental units for which preference is given to families who are engaged in a self-sufficiency program that provides job skills, employment counseling, entrepreneurship training, money management, and other social supports.
2. Increase availability and access to affordable rental housing and to special incentives and home mortgage loans in the primary market at rates attractive to buyers in this income group.
3. Advocate among policy makers, housing organizations, and funding sources to limit undue analysis of the need and to place emphasis on action.

### **Skill Development Center**

In July 1996 the County acquired a 13,000 square foot building at 503 W. Franklin Street in Chapel Hill to house a Skill Development Center for Orange County. The mission of the Center is to provide adequate training and services to allow all Orange County citizens to be self-sufficient and free of all public and private assistance. The mission will be accomplished by: supporting a holistic approach to coordinating skill development and job search services to citizens; creating a "one stop" information center for skill development and employment services; establishing formal linkages between existing supportive services and skill development opportunities; co-locating agencies offering training and employment services; designing training to better match emerging jobs and include but go beyond the basic "3 Rs", providing world of work skill training; and incentives to employers.

### **Collaborative Agencies in the Skill Development Center**

- A. Department of Social Services (DSS) -*Work First*
- B. Durham Technical Community College (DTCC)
- C. Joint Orange Chatham Community Action (JOCCA)
- D. Orange County Literacy Council
- E. Employment Security Commission (ESC)

The Center opened in January 1999 and is providing quality service to Orange County residents.

### **Family Resource Centers**

Chapel Hill Training and Outreach Project, Inc through its division of Community Development Family Resource Center Program operates Family and Community Resource Centers in Orange County. They are located in the South Estes Drive and Trinity Court public housing communities in Chapel Hill, in Cedar Grove/Efland-Cheeks (a rural community); and the Dobbins Hill Apartment Complex (an urban housing tax-credit project).

The mission of the family resource center project is to empower families and communities to improve the quality of their own lives and to raise healthy, self-reliant children who are able to form fulfilling relationships. Further, these centers will build a foundation of collaboration for a comprehensive countywide approach to family support programs. Recognition of the need for a collaborative approach to create Family Resource Centers to address urgent family needs in the key areas in the County grew out of a planning grant funded by the Orange County Partnership for Young Children.

### **Smart-Start**

In July 1993, the North Carolina General Assembly approved funding for 12 demonstration counties to participate in Governor Jim Hunt's Smart Start initiative. Orange County was one of the demonstration counties.

The program is designed to provide every child age 0 - 5 in North Carolina access to affordable, high quality early childhood education and other crucial services. The program relies on the development of public-private partnerships and in Orange County; the Orange County Partnership for Young Children has developed the local partnership model. The Partnership promotes the vision - Every child between the ages of 0 and 5 will have access to quality, comprehensive early childhood services and educational experiences. This vision rests on eight, interlocking goals.

1. To improve early care and education services.
2. To provide economic support programs for low-income families.
3. To advance the health of young children and their families.
4. To ensure that all young children are safe from violence.
5. To strengthen family education and support services.
6. To enhance mental health and early intervention services.
7. To improve the delivery of human services for young children and their families.
8. To educate the community about the value of early services for children.

## **I. ECONOMIC DEVELOPMENT**

The Orange County Economic Development Commission, in 1988, developed an Economic Development Strategic Plan for the future of Orange County. In early 1995, the Board of County Commissioners appointed a 34 member Executive Committee to update the plan. The purpose of the Strategic Plan is to ensure the desired quality of life in Orange County by encouraging economic development through investment in human resources, the expansion of existing business, and the creation of diversified and environmentally safe businesses. The aim of this investment is to provide jobs for county residents and to increase the non-residential tax base, thus enhancing the quality of life and contributing to the financial well-being of Orange County residents and their local governments.

Recommendations were generated in the following seven areas and the goals established therein will serve as guide for the County's economic development activities.

1. Location and Types of Non-Residential Development
2. Infrastructure
3. Business Assistance, Retention, and Creation
4. Agriculture
5. Housing
6. Visitor Services
7. Education and Training

In most cases, the recommendations included in Economic Development Strategic Plan are consistent with existing goals and strategies developed within various topical areas.

*Source: Sustaining a Quality Community through Balanced Economic Growth  
Executive Summary, May 14, 1996*

### Midway Business Center

The Town of Chapel Hill has supported the economic development efforts of EmPOWERment Inc. to develop the Midway Business Center – the first small business incubator in Orange County. Located on West Rosemary Street in Chapel Hill, the Midway Business Center is a facility that nurtures small businesses and helps them grow by providing and brokering different types of business assistance. The incubator also provides below-market rate rent, shared office equipment and common space, and the opportunity to network with other start-up companies. The goals of the Midway Business Center are to:

- (1) Revitalize the Midway Business District, Chapel Hill and Carrboro's historically African American business district.
- (2) Promote entrepreneurship and create wealth in economically disadvantaged communities.
- (3) Create jobs for Orange County residents.

The facility is currently occupied by a variety of small businesses including consulting firms, a counseling center, a cleaning service, a home health care agency, a home inspection and remodeling company, a real estate company, a retail women's clothing store, a taxi service, and the office of EmPOWERment, Inc.

## **J. INSTITUTIONAL STRUCTURE**

Important actors in achieving Orange County's low-income housing goals are:

### **Public Institutions**

**a. Orange County Housing and Community Development Department** - Responsible for administration of the Section 8 program for the County; the CDBG Small Cities program and serves a lead agency for the Orange County HOME Consortium.

**b. Chapel Hill Department of Housing** - Operates as the Town's Housing Authority, managing public housing in Chapel Hill and Carrboro.

**c. Chapel Hill Planning Department** - Administrator of the Town's CDBG entitlement program. Also, responsible for long range planning and policy design for housing



development, and implementing the Town's affordable housing program.

d. **Town of Carrboro** - The Manager's Office 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.

e. **Hillsborough Planning Department** - Responsible for planning and policy development for the Town, including the recently adopted 2010 plan.

f. **Orange County Economic Development Commission** - Responsible for implementation of economic development initiatives in the County.

### **Non-Profit Organizations**

a. **Orange Community Housing and Land Trust (OCHLT)**- A nonprofit housing development corporation, whose operating budget is funded by Orange County, Chapel Hill, and Carrboro governing boards.

The organization utilizes the land trust model for homeownership to create permanently affordable housing opportunities for Orange County residents.

b. **Orange County Habitat for Humanity, Incorporated** - A strong local affiliate of the national organization.

c. **InterFaith Council for Social Service** - Operators of the homeless shelter and chief advocates 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.

d. **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.

e. **Joint Orange-Chatham Community Action Agency** - The local community action agency offering a wide variety of rehabilitation, weatherization, counseling, and financial assistance to very low-income families.

f. **Knolls Development Association** - a non-profit involved in housing activities in the Pine Knolls neighborhood.

g. **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.

h. **Northside Community Association** - is a neighborhood organization that represents people, issues and needs of the Northside Community located in Chapel Hill. Emphasis is placed on preserving the existing community and promoting affordable housing.

i. **Affordable Rentals, Inc.** – is a newly created organization whose goal is to make possible affordable rental housing for residents of Orange County, NC with incomes between 30-50% of median income.

Most organizations listed above work closely together on housing issues. Local government staffs work with the non-profits 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.

### **Private Industry**

a. **Private lenders** (especially those interested in achieving the lending goals of the Community Reinvestment Act), public lenders like FmHA, builders, realtors, and developers, whose assistance will be crucial to the success of any housing initiatives undertaken in Orange County.

b. **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 from utility companies for the purchase and installation of insulation, high efficiency heat pumps and other energy conservation measures.

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

Orange County has a public housing authority that is housed in the Orange County Housing and Community Development Department and 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 for the housing authority 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 Orange County Housing Authority functions and approves the Annual Public Housing Agency Plan.

### **K. COORDINATION OF RESOURCES**

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 our 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 our 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 non-profit organizations, the members of the HOME Program Consortium have convened quarterly meetings with these organizations. Items shared during these meetings have included clarification of federal and state housing program regulations and as discussion of local housing programs and initiatives. All attendees consider the meetings a useful opportunity to dialogue about important issues.

## **L. PUBLIC HOUSING RESIDENT INITIATIVES**

### **Community Centers**

Trinity Court, Airport Gardens, South Estes Drive and Eastwood public housing communities have Community Centers at their complexes and are therefore able to plan more on-site activities. The Chapel Hill Service League was instrumental in assisting with the renovation of the South Estes Drive Community Center. Local agencies such as the Cooperative Extension Service and the Orange County Literacy Council offer educational programs on-site.

In addition, a Family Resource Center has been established at Trinity Court. The mission of the family resource center project is to empower families and communities to improve the quality of their own lives and to raise healthy, self-reliant children who are able to form fulfilling relationships. Further, these centers will build a foundation of collaboration for a comprehensive County-wide approach to family support programs.

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### **Housing and Community Development Advisory Board**

The Town provides an organizational structure that guarantees public housing residents a forum to voice complaints, needs, concerns and ideas that guarantees adequate response to residents through the monthly meeting of the Housing and Community Development Advisory Board. Through these meetings, public housing residents have participated in the management of the public housing program by providing ideas and comments on the public housing operating budget and the renovation needs of the apartments.

### **ACHIEVE!: Pathways to a Brighter Future**

ACHIEVE!: Pathways to a Brighter Future is a program sponsored by the Town of Chapel Hill Department of Housing. It is a partnership of agencies and residents designed to support and encourage residents of public housing in their progress toward greater economic independence and self-reliance and/or improving the quality of life of their families and communities.

The program is guided by its philosophy and approach:

The ACHIEVE! Philosophy:

- Participants entering the program have strengths, abilities, and talents and the goal is to build on and enhance these individual assets
- Participants have ideas and contributions that can benefit others and enhance and shape the overall effectiveness of the program
- The best way to work with participants is in partnership—that is, participants have an active role in choosing and deciding how best to accomplish their goals
- A key element in individual achievement is community encouragement and support, especially from others who are on a similar path

The ACHIEVE! Approach:

The ACHIEVE! Approach has two major components

- **Monthly Meeting:** The goal each month is for program participants and local agency and organization representatives meet. The purpose of the meeting is for participants to report on their progress toward reaching their goals, to discuss their successes and struggles. Other participants and representatives provide information and resources that will further the successes and overcome the barriers. The meetings also provide opportunities to cover other topics of participant interest, in the form of workshops, cultural enrichment activities, or other group activities.

- **Individual Attention:** Participants are also provided individual attention from the Housing Department's Resident Resource Coordinator. The one-on-one aspect provides participants with support between the monthly or group meetings in order for them to reach their short-term goals. This support may take the form of transportation, navigating the human service system, filling out paper work, etc. The individual aspect also recognizes that some participants might benefit from this attention.

Though based on a national Department of Housing and Urban Development program, the ACHIEVE! Model is an approach based upon the particular interests, needs and resources of Chapel Hill.

### **Transitional Housing Program**

The Transitional Housing Program (THP) is the newest of the Chapel Hill Housing Department's self-sufficiency programs. The program's purpose is to prepare public housing families for the move from public housing to private market housing.

Participation in the THP is open to all public housing families with a rent paying ability of at least four hundred and fifty dollars (\$450.00) per month. Families selected agree to participate in budgeting and financial management sessions, in addition to other courses that will enhance their capacity and skills related to living in private market housing. The maximum time allowed in the program is five (5) years. At the end of the five-year period, families must leave the program and move into private market housing. A family remaining in the transitional house after the five-year period will begin to pay market rate rent.

A long-term goal of the THP is to purchase ten (10) houses over a five (5) year period. Purchasing houses is essential to the effectiveness of the program, especially because it allows the Housing Department to be more creative with its rent policy. The benefits to the program and participants include:

- Exemption from conventional public housing rent policy where rent increases when income increases
- Twenty percent (20%) of the monthly rent will be deposited into a savings account to be used only when the family leaves the program.
- Eighty percent (80%) of the monthly rent from each house will be used to defray costs of purchasing subsequent houses
- Family receives a network of supportive services and resources designed to prepare it for the move from public housing to the private market

The vision for the Transitional Housing Program supports broader goals of providing affordable and quality housing. By purchasing houses that will be available for rent to low and moderate-income families, the Housing Department is ensuring a core of affordable houses, in a way that is self-supporting, and with the potential of being self-sustaining. In addition, the Transitional Housing Program provides public housing residents a supportive learning environment that serves to foster increased opportunities for greater self-reliance and improved quality of life.

## **Community Service and Self-Sufficiency Program**

The federal Quality Work and Responsibility Act of 1998 requires that public housing residents who are not exempt complete community service or self-sufficiency activities for eight hours per month or 96 hours in twelve months.

The community service and self-sufficiency requirement is intended to assist public housing residents in improving their own economic and social well-being and give these residents a greater stake in their communities. The Town's Housing Department staff coordinates with local agencies and organizations to develop opportunities for residents to satisfy this requirement.

## **Drug Elimination Grant**

Drug Elimination Grant funds have been used to establish computer labs in several of the public housing Community Centers. Funds are also used to operate a GED Program, post-secondary scholarships, youth scholarships and activities.

## **YMCA After School Program**

The Chapel Hill–Carrboro YMCA provides free after school care to public housing residents living in the South Estes Drive community at the Community Center. Approximately twelve children ages 5–12 attend the program. The children arrive at the YMCA at approximately 2:30 P.M. and have social time, a snack, and have supervised homework time. This program is funded in part by the Town of Chapel Hill Community Development program and scholarships are provided for children from South Estes Drive that attend.

## **Orange County Family Resource Center After-School Program**

Chapel Hill Training and Outreach, a division of the Orange County Family Resource Centers sponsors an after-school enrichment program for children living in the South Estes Drive public housing community. This program is funded by the Town of Chapel Hill Community Development program and scholarships are provided for each child in the program.

## M. Public Housing

### TOWN OF CHAPEL HILL CAPITAL FUND PROGRAM July 1, 2004 through June 30, 2005

The Preliminary proposal for the 2004-2005 Capital Fund Program includes the following activities:

1. Continuation of Renovations at Airport Gardens **\$392,200**

Previous available funding for public housing renovations has been appropriated to renovate 18 of the 26 apartments at Airport Gardens. We estimated that the amount of funds we expect to receive in 2004-2005 under the Capital Fund and Community Development Programs would complete renovation work in the remaining 8 apartments. However, the expected funds would not be enough to complete the site work and provide an adequate contingency.

We expect the renovation work to be completed in four phases (the first three phases would include the 26 apartments, the last phase would include the site work). We estimate that the first three phases would be completed by April 2005. The last phase would be completed when funds become available.

Renovation work would include the replacement of windows and screens, replacement of interior and exterior doors, replacement of furnaces, installation of air conditioning, replacement of stoves and refrigerators, replacement of floor tiles, replacement of bathtub liners and surrounds, bathroom fixtures, plumbing and electrical upgrades, interior and exterior painting, replacement of part of the storm water drainage system and landscaping.

2. Resident Activities **\$ 3,000**

We propose to reserve \$3,000 to support activities of the residents of public housing. The residents of public housing in conjunction with the Housing and Community Development Advisory Board and the Housing Department staff will determine the specific use of funds.

3. Other Costs **\$ 208,300**

This activity includes the cost of \$37,500 for general administration of the Capital Fund Program and the cost of \$25,000 for a computer software package for the public housing program. It also includes the Department of Housing portion of the cost of \$145,800 for professional services in the design of the new Town Operations Center.

## N. Monitoring Plan

### A. CDBG Program – Town of Chapel Hill

The Town of Chapel Hill has developed the following process for monitoring agencies that receive Community Development funding from the Town.

A risk assessment of each agency will be performed based on its activities as well as its organizational strength and past performance. The assessments will help to determine the level of review necessary to monitor each agency, and the order in which they should be monitored (riskiest first).

Generally, the monitoring process involves:

- A thorough review of Town files, including performance agreements, quarterly progress reports, reimbursement requests, and other communications;
- One or more site visits that entail inspecting construction/rehab work, observing classes or other services in action, gathering information, and discussion about the progress of the program;
- Evaluating the agencies' 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.
- Making sure the agency is satisfying other federal requirements such as the Department of Housing and Urban Development's contractor requirements and the 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 monitor writes an assessment letter to the 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 the Town to have an increased level of interaction with agencies that receive Community Development funds that will help us make sure that funds are spent accurately and in a timely manner. Throughout the year, the Town will use this process to monitor the following agencies that have been approved for funding.

ORGANIZATION	PROJECT	Site Visit(s)
CHAPEL HILL POLICE DEPARTMENT 828 Airport Road Chapel Hill, NC 27514	Summer Youth Work Program	Jul-04
		Jul-04
		Jul-04
		Aug-04
CHAPEL HILL HOUSING DEPT 317 Caldwell Street Extension Chapel Hill, NC 27516	Renovations Airport Gardens PH	Aug-04
	Public Housing Refurbishing	Aug-04
	PH Playground Equipment	Oct-04



NC Cooperative Extension 980 Airport Road Chapel Hill, NC 27514	Program for Overweight youths	Jul-04
		Oct-04
		Jan-05
		Mar-05
		Jun-05
ORANGE CNTY FAMILY RESOURCE CTR 800 Eastowne Drive, Suite 105 Chapel Hill, NC 27514	Afterschool Enrichment Program	Oct-04
		Feb-05
		May-05
YMCA 980 Airport Road Chapel Hill, NC 27514	Outreach After School Program	Sep-04
		Dec-04
		Mar-04
		Jun-04
ORANGE COMMUNITY HOUSING AND LAND TRUST PO Box 307 Carrboro, NC 27510	Second Mortgage Assistance	Fall 2004
		Spring 2005

B. Orange County HOME Consortium

The County will implement a Monitoring Plan for the year that will ensure that subgrantees, specifically Community Housing Development Organizations (CHDOS), comply with all regulations and requirements pertaining to their CHDO 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:

- i. Initial Desk Review of Department documents.
  - ii. Review of HUD Subrecipient and CHDO regulations and requirements.
  - iii. Schedule a site visit with the County's new non-profit housing organization Affordable Rentals, Inc.
  - iv. Review the expenditure rates of all sub-recipients and provide technical assistance where need to ensure timely expenditure of funds.
  - v. Closely monitor all rental projects to ensure continued eligibility and to track any and all program income generated by these projects.
- ***Affordable Rentals, Inc.***
    - This is a newly funded non-profit (2002) involved in rental property acquisition and property management. Current plans are to schedule an on-site monitoring visit for this organization during the second quarter of the 2004-2005 fiscal year – ***beginning by December 1, 2004. The visit will be conducted by the Housing and Community Development Director and other County officials as appropriate.***

- ***OPC Mental Health Foundation***

- This organization has just initiated their first rental property acquisition, rehabilitation, and property management as the primary sponsor. Past HOME awards have been made to the Foundation who in turn has collaborated with other established non-profit organizations to actually implement the project. Current plans are to schedule an on-site monitoring visit for this organization during the third quarter of the 2003-2004 fiscal year – ***beginning no later than March 1, 2005. The visit will be conducted by the Housing and Community Development Director and other County officials as appropriate.***
  - ***EmPOWERment, Inc.***
- This organization has several past year HOME awards with funds facilitating the purchase of property to be leased to low-income families. Current plans are to schedule an on-site monitoring visit for this organization during the third quarter of the 2003-2004 fiscal year – ***beginning no later than March 1, 2005. The visit will be conducted by the Housing and Community Development Director and other County officials as appropriate.***

Thus, the focus of this year's Monitoring Plan will focus on the three organizations involvement in rental housing activities.

## **O. Homebuyer Program Recapture Provisions**

### **Long-Term Housing Affordability Policy**

#### **Purpose:**

This policy establishes the acceptable strategies for ensuring long-term affordability in all affordable housing programs supported by County financial resources.

## **III. New and Existing First-Time Homebuyer Programs**

### **A. Period of Affordability**

All properties supported by County financial resources for the purpose of facilitating homeownership must remain affordable to families at or below 80% of median income for a minimum of ninety-nine (99) years from the date of initial assistance.

### **B. 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 or any part thereof whether voluntarily or involuntarily or by operation of law ("Transfer") shall not be effective unless and until the below-described procedure is followed.

If the original homebuyer or any subsequent qualified homebuyer ("Buyer") contemplates a Transfer to a non low-income household as defined herein, Buyer shall send to Orange County and/or the sponsoring non-profit organization, not less than 90 days prior to the contemplated closing date of the Transfer, a "Notice of Intent to Sell." This

Notice of Intent to Sell shall be accompanied by a copy of a completed, fully executed bona fide offer to purchase the Property on the then current North Carolina Bar Association "Offer to Purchase and Contract" form. If Orange County and/or the sponsoring non-profit organizations elects to exercise its said right of refusal, it shall notify the Buyer of its election to purchase within 30 days of its receipt of the Notice and shall purchase the Property or portion thereof within 90 days of the receipt of the "Notice of Intent to Sell." As between the County and the sponsoring non-profit organization, if both wish to and have the means to exercise the right of first refusal, the sponsoring non-profit organization shall have priority.

If neither Orange County nor the sponsoring non-profit organization advises the Buyer in a timely fashion of an intent to purchase the Property, then the Buyer shall be free to Transfer the property in accordance with the Equity Sharing subsection of this policy.

### **C. Equity Sharing**

All financial contributions provided by the County will be provided as a deferred second loan secured by a forty (40) year Deed of Trust and Promissory Note, forgivable at the end of 40 years. This Deed of Trust and Promissory Note shall 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 will be secured by a declaration of restrictive covenants that will incorporate a right of first refusal that may be exercised by a sponsoring non-profit organization and/or Orange County. This declaration of restrictive covenants will be further secured by a deed of trust.

The non-profit organization and/or the County as applicable retains full responsibility for compliance with the affordability requirement for assisted units throughout the term of affordability, 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 only to a qualified homebuyer, i.e., a low-income household, one whose combined income does not exceed 80% of the area median household income by family size, as determined by the U.S. Department of Housing and Urban Development at the time of the transfer, to use as their principal residence.

However, if the property is sold during the term of affordability to a non-qualified homebuyer to be used as their principal residence, the net sales proceeds (sales price less: 1) selling cost, 2) the unpaid principal amount of the original first mortgage and 3) 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) or "equity" will be divided 50/50 by the seller of the Property and the County. If the initial County contribution does not have to be repaid because the sale occurs more than forty years after the County contribution is made, then the seller of the Property and the County will divide the entire equity realized from the sale.

Any proceeds from the recapture of funds under this provision will be used to facilitate the acquisition, construction, and/or rehabilitation of housing for the purposes of

promoting affordable housing.

**Policy Review**

This policy will be reviewed by County staff and officials within two (2) years of the original approval date to ensure continued congruency with local affordable housing programs.

Effective Date: April 3, 2000

Revised: June 6, 2000