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History of the Housing Loan Trust Fund

Using local revenue sharing funds, in 1973 the Town Council established the Housing Loan Trust Fund to assist low-income families with the purchase of a new home or to renovate an existing home. The Housing Loan Trust Fund has since been used to support a variety of Community Development projects, including deferred second mortgage loans for Tandler and Culbreth Park programs and construction loans to EmPOWERment Inc. and Habitat for Humanity. The Council authorized these funds to be converted into deferred second mortgages for the homebuyers. Funds have been recently provided to the First Baptist Church for assistance with developing a Section 202 Elderly Housing application for submittal to the U.S. Department of Housing and Urban Development.

On January 28, 2002, the Council budgeted \$150,000 of the \$250,000 fund balance of the Housing Loan Trust Fund to create the Revolving Acquisition Fund. At that time, we recommended a residual reserve of \$100,000 to account for future anticipated recurring expenditures and to provide a safety cushion. We also noted to the Council that if the Housing Loan Trust Fund was used to establish a Revolving Acquisition Fund, funds likely would not be available for any other affordable housing projects typically funded through this source for at least one to two years. We further explained that revenue sources (typically program income from Tandler and Culbreth second mortgages, or other loans made by the Council) would eventually replenish the Fund balance and be available for other projects.

The following activities have been funded through the Housing Loan Trust Fund over the past several years:

1. HOME Program Match
Each member of the Orange County HOME Consortium (Carrboro, Chapel Hill, Hillsborough and Orange County) contributes non-federal funds to the HOME Program as part of the local match requirement. Each year the Town uses the Housing Loan Trust Fund for our portion of the local match, approximately \$47,000 per year.
2. First Baptist Church
The Council granted a total of \$145,000 from the Housing Loan Trust Fund to the First Baptist Church for the construction of a Section 202 Elderly Housing project on Park Road in the Pine Knolls neighborhood. This project will provide rental housing for the elderly earning less than 50% of the area median income.
3. Second Mortgage Assistance
Over the past two years, the Council has budgeted a total of \$175,000 from the Housing Loan Trust Fund for second mortgage assistance. These funds are

available for second mortgage assistance for homebuyers, and could be used in conjunction with the Revolving Acquisition Fund.

4. Meadowmont Townhomes

The Council budgeted \$30,000 to Orange Community Housing and Land Trust for pre-construction costs for the Meadowmont Affordable Townhomes.

5. Legion Road Townhomes

The Council authorized Orange Community Housing and Land Trust to use \$20,000 from the Housing Loan Trust Fund for pre-development costs for the Legion Road Townhomes. The funds were repaid upon completion of the project.

6. Habitat for Humanity

The Council authorized use of \$50,000 from the Housing Loan Trust Fund to Habitat for Humanity for development costs at the Rusch Road site. Habitat intends to build 12 – 14 single family houses for first time homebuyers earning less than 50% of the area median income. Funds will be used for site improvements, architectural and engineering costs and infrastructure development. Approximately \$4,100 has been used to date.

11/15/02