

Orange County, North Carolina
HOME Consortium

FY 2023 – 2024 Annual Action Plan

Orange County, Town of Carrboro, Town of
Chapel Hill, and Town of Hillsborough



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AP-05 Executive Summary

Introduction

The Orange County, North Carolina HOME Consortium, is a Participating Jurisdiction in the U.S. Department of Housing & Urban Development's (HUD) HOME Investment Partnerships Program (HOME). Under the HOME Program, local governments are able to join together to form a consortium in order to receive HOME funding for affordable housing. The Orange County HOME Consortium is made up of four (4) members: Orange County, the Town of Carrboro, the Town of Chapel Hill, and the Town of Hillsborough, with Orange County serving as the lead entity. The Town of Chapel Hill also receives Federal Community Development Block Grant (CDBG) funds each year.

Orange County is required to complete an annual plan for the use of HOME funds to HUD, called the Annual Action Plan. The Annual Action Plan is a guide to how the County will allocate its resources for specific activities that support the Goals and Objectives of the Orange County HOME Consortium's Five Year Consolidated Plan. This is the HOME Consortium's fourth Annual Action Plan of the 2020-2025 Five Year Consolidated Plan. The Consolidated Plan describes the housing and non-housing needs of County residents and presents a five-year strategy to address those needs.

This Annual Action Plan outlines how Orange County will use HOME funds to address the goals and priorities in the Consolidated Plan and which activities the County will undertake using HOME funds during the upcoming program year. The Orange County HOME Program Year aligns with the County Fiscal Year, beginning July 1 and ending June 30 of each year. This Annual Action Plan is for funds for Fiscal Year (FY) 2023-2024, which begins July 1, 2023 and ends June 30, 2024.

The FY 2023-2024 Annual Action Plan outlines the actions to be undertaken with the HOME funds to be received by the Orange County HOME Consortium. This plan excludes the Town of Chapel Hill's CDBG program; the Town will complete a separate Annual Action Plan for its CDBG allocation from HUD.

Based on HUD's FY 2023 budget numbers, the Orange County HOME Consortium anticipates receiving \$429,496 in awarded funds, \$13,306 in HOME program income and the Consortium members will provide, and \$96,637 in HOME Match. Orange County will use 10% of awarded funds for administration -\$44,350. In total, Orange County will have \$496,489 available to award for FY 2023-2024.

FY 2023-2024 Budget:

Orange County proposes to undertake the following activities with FY 2023-2024 HOME funds:

| | |
|--|------------------|
| HOME-21-01 – CASA, Rental Construction | \$446,489 |
| HOME-21-02 – Pee Wee Homes, Rental Construction | \$50,000 |
| Total | \$496,489 |

Summarize the objectives and outcomes identified in the Plan

The goal of the Orange County HOME Program is to improve the quality of housing for County residents by retaining and increasing the supply of affordable housing units for both owner occupants and renters and by providing homeownership opportunities for low- and moderate-income residents.

The Consolidated Plan is a five-year guide that the Orange County HOME Consortium uses to address its housing and community development initiatives. Based on the Housing Needs Assessment, Market Analysis, and community and stakeholder input received during the Consolidated Planning process, the Strategic Plan portion of the Plan establishes the following priorities:

- Housing for People Experiencing Homelessness;
- Housing for Low- and Moderate-Income Households;
- Integrated Housing for People with Special Needs; and
- Community/Economic Development and Services.

During FY 2023-2024 HOME Program Year, the County proposes to address the following priority need categories identified in the 2020 Consolidated Plan:

- Housing for People Experiencing Homelessness; and
- Housing for Low- and Moderate-Income Households.

Evaluation of past performance

Orange County has a good performance record with HUD and the County regularly meets the performance standards established by HUD. The County prepares a Consolidated Annual Performance and Evaluation Report (CAPER) each year. Typically, this report is submitted within ninety (90) days after the start of the new program year. An electronic copy of the CAPER is available for review at the Orange County Housing and Community Development Department website www.orangecountync.gov/Housing. Hard copies are available upon request.

The FY 2021-2022 CAPER (submitted in 2022), the second CAPER for the FY 2020-2025 Five Year Consolidated Plan, indicates that in program year 2021, the County expended \$162,980.40 in HOME funds and \$54,326.80 in local Match funds (a total of \$217,307.20 in expenditures). These funds included FY 2021 administrative funds, as well as funds from prior years (FY 2019, 2018, and 2016). Funds spent in FY 2021 were used to:

- Administer the HOME grant (\$37,476.10 in FY 2021 funds);
- Provided homeownership assistance to 6 low-income homebuyers (\$161,000.00 in FY 2018, 2019 and 2020 funds);
- Acquire one (1) unit to be preserved as affordable rental housing (\$40,839.00 in FY 2017 funds);
- Provide tenant-based rental assistance to 20 low-income renter households (\$106,550 in FY 2016 funds, \$4,563.00 in FY 2018 funds);

The HOME Consortium strives to operate its HOME program in a timely manner and in accordance with applicable regulations and match requirements.

Summary of Citizen Participation Process and consultation process

Developing the Annual Action Plan includes receiving requests for HOME funding from local agencies and organizations; review of funding applications and development of funding recommendations by the Orange County Local Government Affordable Housing Collaborative (the Collaborative), which consists of one (1) elected official from each of the governing boards of Orange County, the Town of Carrboro, Town of Chapel Hill, and Town of Hillsborough; soliciting resident input on those funding recommendations; and drafting the Annual Action Plan to reflect final funding decisions and funded activities for the upcoming program year. All HOME-funded activities benefit low- and moderate-income residents of Orange County.

Orange County has an approved Citizen Participation Plan, as required by HUD, which is available on the Orange County Department of Housing and Community Development website (www.orangecountync.gov/Housing) or in hard copy upon request. The County has abided by its Citizen Participation Plan in the preparation and development of the FY 2023-2024 Annual Action Plan.

The Orange County HOME Consortium solicited applications for the FY 2023-2024 HOME program in February of 2023, and applications were due on February 21, 2023. On March 9, 2023, the Collaborative met to review the applications received and develop a funding plan to be approved by each of the governing boards of the four (4) member jurisdictions of the Consortium. In reviewing applications and making awards for the 2023-2024 Orange County HOME Program, the stakeholder input gathered during the Consolidated Planning process and the priorities and goals ultimately identified in the 2020-2025 Consolidated Plan were considered.

The Consortium's funding plan was the basis for drafting the FY 2023-2024 Annual Action Plan. The draft Annual Action Plan was posted to the County's website on March 30, 2022 and distributed electronically to more than 100 stakeholders to solicit input and feedback.

The Consortium held a public hearing on the draft plan first on April 4, 2022 and again on June 7, 2022. Public notice of the both hearings were made by email notification to known stakeholders, advertisement in *The Herald Sun* and *La Noticia* (a Spanish language newspaper), social media posts, and advertisement in the Orange County newsletter. At the public hearing, residents had the opportunity to give their input and ideas on the proposed HOME-funded activities for FY 2023-2024.

Draft Annual Action Plan:

The draft FY 2023-2024 Annual Action Plan was on public display beginning Friday, March 31, 2023 through Monday, May 1, 2023, a period of 32 days. The FY 2023-2024 Annual Action Plan was posted on the Orange County Department of Housing and Community Development's website (www.orangecountync.gov/Housing) and hard copies were made available upon request at the following locations:

- **Orange County Housing Department**, 300 W. Tryon Street, Hillsborough, NC 27278;
- **Orange County Housing Department**, 2501 Homestead Road, Chapel Hill, NC 27516;
- **Town of Carrboro Town Hall**, 301 W Main Street, Carrboro, NC 27510;

- **Town of Chapel Hill Town Hall**, 405 M.L.K. Jr Blvd, Chapel Hill, NC 27514; and
- **Town of Hillsborough Town Hall**, 101 E Orange St, Hillsborough, NC 27278.

Summary of public comments

Public comments received during the public hearings held on April 4, 2023 in addition to comments received during the public comment period from April 1, 2023 to April 30, 2023 are summarized in section AP-12 Participation.

All comments were incorporated into on the FY 2023-2024 Annual Action Plan.

Summary

The FY 2023-2024 Annual Action Plan for the Orange County HOME Consortium outlines which activities the County will undertake using HOME funds during the program year beginning July 1, 2023 and ending June 30, 2024. This is the County's third year of the 2020 Five-Year Consolidated Plan.

During the FY 2023-2024 program year, the Orange County HOME Consortium will receive the following revenue:

| | | |
|-----------------------------------|--|-------------------------|
| • FY 2023-2024 HOME Funds: | \$429,496, less 10% administration costs = | \$386,546 |
| • HOME Program Income: | | \$ 13,306 |
| • HOME Match: | | \$ 96,637 |
| | | Total: \$496,489 |

During the FY 2023-2024 HOME program year, the Orange County HOME Consortium proposes to address the following priority need categories from the 2020 Consolidated Plan:

- **Housing for People Experiencing Homelessness:** Provide affordable rental housing for households experiencing homelessness.
 - **Priority Level:** High
 - **Associated Goals:** Rental Construction, Rental Assistance, Housing Rehabilitation/ Preservation, Grant Administration
- **Housing for Low- and Moderate-Income Households:** Provide affordable housing (both rental and ownership) for households with moderate and low incomes, especially those with extremely low incomes.
 - **Priority Level:** High
 - **Associated Goals:** Rental Construction, Rental Assistance, Housing Rehabilitation/ Preservation, Home Ownership Construction, Home Buyer Assistance, Grant Administration

PR-05 Lead & Responsible Agencies

Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

| Agency Role | Name | Department/Agency |
|--------------------|-------------------|---|
| Lead Agency | Orange County, NC | |
| HOME Administrator | Orange County, NC | Department of Housing and Community Development |

Table 1 – Responsible Agencies

Consolidated Plan Public Contact Information

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AP-10 Consultation

Introduction

Consultation with community stakeholders was a critical component in the development of the 2020-2025 Consolidated Plan. Consultation helped the Orange County HOME Consortium identify and prioritize community needs, develop strategies, and coordinate subsequent action plans. This process also facilitated information sharing regarding community resources and promotes coordination within the Consortium and its member jurisdictions.

During development of the Consolidated Plan in early 2020, the Consortium consulted with social services agencies, service providers, community-based organizations, housing providers, local government agencies and boards, neighborhood leaders, and elected officials. Two (2) questionnaires were created and distributed to both residents and stakeholders to help identify needs, gaps, and priorities for the next five years. The resident questionnaire was available online in three (3) languages (English, Spanish, and Burmese) and in hard copy in four (4) languages (English, Spanish, Burmese, and Karen). Input from a series of in-person and online meetings as well as the questionnaires were used in the development of the strategies and priorities detailed in the Consolidated Plan.

In developing the FY 2023-2024 Annual Action Plan and making funding awards for the 2023-2024 Orange County HOME Program, the stakeholder input gathered during the Consolidated Planning process and the priorities and goals ultimately identified in the 2020-2025 Consolidated Plan were considered. The Orange County Local Government Affordable Housing Collaborative (the Collaborative), which consists of one (1) elected official from each of the governing boards of Orange County, the Town of Carrboro, Town of Chapel Hill, and Town of Hillsborough, was the key entity consulted on funding recommendations for the FY 2023-2024 HOME Program and thereby the development of the FY 2023-2024 Annual Action Plan.

Provide a concise summary of the jurisdiction's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(I)).

Orange County works with the following agencies to enhance coordination:

- **Orange County Housing Authority:** Housed within the Department of Housing and Community Development, the Housing Authority operates the Section 8 Housing Choice Voucher Program for Orange County.
- **Town of Chapel Hill Public Housing and Affordable Housing and Community Connections Departments:** The Town of Chapel Hill manages public housing communities in Chapel Hill.
- **Orange County Partnership to End Homelessness (OCPEH):** Housed within the Department of Housing and Community Development, OCPEH acts as the Continuum of Care (CoC) lead for Orange County and coordinates among local governments and service providers (including those providing health services) to meet the housing and services needs of housing insecure Orange County residents.

- **Social Services Agencies:** The County provides funds to improve services to low- and moderate-income people.
- **Housing Providers:** The County provides funds to rehabilitate and develop affordable housing and provide housing options for low- and moderate-income households.

Each year, as part of the HOME and CDBG application planning process, local agencies and organizations are invited to submit proposals for HOME and CDBG funds for eligible activities. These groups participate in the planning process by attending informational meetings, receiving technical assistance from the Consortium, and attending public hearings. The outreach process facilitates communication around affordable housing in Orange County and how public and private agencies and organizations can help address the most urgent needs.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

The Orange County HOME Consortium coordinates extensively with the Orange County Partnership to End Homelessness (OCPEH) that serves as the Continuum of Care (CoC) for Orange County. The four (4) jurisdictions participating in the Orange County HOME Consortium – Orange County and the Towns of Chapel Hill, Hillsborough and Carrboro – fund OCPEH, sharing costs based on population. Elected officials from each jurisdiction serve on the CoC board, and staff from the two jurisdictions that have Public Housing Authorities also have ex officio board seats with full voting privileges. In this way, the jurisdictions direct all efforts to end homelessness, including funding decisions and policy priorities. OCPEH staff meet weekly with Orange County Housing and Community Development staff, and are co-located in this department. OCPEH staff meet regularly with all jurisdiction staff, and present annually to the four elected boards on the work of OCPEH. Starting in 2016, OCPEH created a system map and gaps analysis of homeless services in Orange County, and has updated this document annually with the latest update issued December 2021. OCPEH staff also serve with staff from the four jurisdictions on the Orange County Affordable Housing Coalition, a group of affordable housing developers, funders, advocates, and staff seeking to collaboratively increase affordable housing units in Orange County. OCPEH staff contribute information and ideas to the Consolidated Plan and to the Annual Action Plan updates.

OCPEH leads efforts, in conjunction with the HOME Consortium, to end homelessness in Orange County. OCPEH directs the work of the bi-annual Plan to End Homelessness and ongoing coordination among service providers through seven monthly standing meetings. In addition to the CoC board, HOME Consortium members participate regularly in these CoC workgroups, including care coordination using a by-name list.

OCPEH operates coordinated entry for people in housing crisis by directing people to appropriate resources including homelessness diversion, shelter/emergency response referrals, and permanent housing resources. Coordinated entry prioritizes permanent supportive housing for people experiencing chronic homelessness. OCPEH has a standing monthly meeting with veteran service providers to

particularly address ending veteran homelessness, including care coordination using a veterans-only by-name list. As part of the gaps analysis, OCPEH seeks to increase the quality and availability of Rapid Rehousing for all people experiencing homelessness, including families. OCPEH coordinates the annual Point-in-Time count in conjunction with HOME Consortium members, and has not found unaccompanied youth in any year. OCPEH works closely with youth services providers and LGBTQ service providers and advocates to ensure no youth are going uncared for. One of the current system gaps is a youth homeless program to serve youth experiencing homelessness. Overall, OCPEH coordinates with HOME Consortium members to continue to fill system gaps and make updates to the homeless gaps analysis.

Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

HOME Consortium members serve on the OCPEH Leadership Team, the CoC board that determines ESG allocations each year. HOME Consortium members also serve on the CoC Project Review Committee that determines program performance standards, evaluates program outcomes, crafts funding priorities, and creates recommendations for CoC and ESG funding for Leadership Team approval. Project Review Committee members look at program data each quarter to keep eyes on program outcomes and help with funding decision-making during application periods. The Project Review Committee determines funding policies and procedures annually during the CoC and ESG grant competitions. The CoC contracts with the statewide Coalition to End Homelessness to serve as HMIS lead, and administers HMIS in consultation with the Leadership Team, as CoC board, inclusive of HOME Consortium members.

In 2016-2017 the Orange County Partnership to End Homelessness (OCPEH) gathered people with lived experience of homelessness, homeless service providers, community leaders, and state homeless experts to map the homeless service system in Orange County. This process created the Orange County homeless system map and the homeless system gaps analysis. OCPEH staff typically update the gaps analysis each year; the last update was completed in December 2021.

Agencies, groups, organizations and others who participated in the process and consultations

| | | |
|---|--|---|
| 1 | Agency/Group/Organization | CASA |
| | Agency/Group/Organization Type | Housing Services - Housing |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment |
| | Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination? | CASA applied for FY 2023-2024 HOME funds. |
| 2 | Agency/Group/Organization | EmPOWERment, INC. |
| | Agency/Group/Organization Type | Housing Services - Housing Services - Employment |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment |
| | Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination? | EmPOWERment, Inc. applied for FY 2023-2024 HOME funds. |
| 3 | Agency/Group/Organization | Community Empowerment Fund |
| | Agency/Group/Organization Type | Services - Housing Services - Employment |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment |
| | Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination? | Community Empowerment Fund applied for FY 2023-2024 HOME funds. |
| 4 | Agency/Group/Organization | Hope Renovations |
| | Agency/Group/Organization Type | Housing Services - Housing Services - Rehabilitation |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment |

| | | |
|---|--|--|
| | Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination? | Hope Renovations applied for FY 2023-2024 HOME funds. |
| 5 | Agency/Group/Organization | Common Ground Eco- Village |
| | Agency/Group/Organization Type | Housing |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment |
| | Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination? | Common Ground Eco-Village applied for FY 2023-2024 HOME funds. |
| 6 | Agency/Group/Organization | Habitat for Humanity |
| | Agency/Group/Organization Type | Housing Services - Housing |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment |
| | Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination? | Habitat for Humanity applied for FY 2023-2024 HOME funds. |
| 7 | Agency/Group/Organization | Pee Wee Homes |
| | Agency/Group/Organization Type | Housing Services-homeless |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment |
| | Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination? | Pee Wee Homes applied for FY 2023-2024 HOME funds. |
| 8 | Agency/Group/Organization | Orange County Partnership to End Homelessness |
| | Agency/Group/Organization Type | Services-homeless Other government - County Other government - Local |

| | |
|---|--|
| <p>What section of the Plan was addressed by Consultation?</p> | <p>Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy</p> |
| <p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p> | <p>OCPEH was consulted to ascertain the current, most pressing needs of people experiencing homelessness in the community.</p> |

Table 2 – Agencies, groups, organizations who participated

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Identify any Agency Types not consulted and provide rationale for not consulting

All Agency Types were consulted in the development of the 2020-2025 Consolidated Plan, which lays out the goals and strategies upon which this Annual Action Plan is based.

Other local/regional/state/federal planning efforts considered when preparing the Plan

| Name of Plan | Lead Organization | How do the goals of your Strategic Plan overlap with the goals of each plan? |
|-------------------|---|--|
| Continuum of Care | Orange County Partnership to End Homelessness | The goals are compatible. |

Table 3 – Other local / regional / federal planning efforts

Narrative

The Orange County HOME Consortium is a cooperative venture of Orange County and the Towns of Carrboro, Chapel Hill, and Hillsborough. There is an excellent working relationship between all the jurisdictions. In addition, there is an excellent rapport with the Continuum of Care and its member organizations.

AP-12 Participation

Summary of citizen participation process/Efforts made to broaden citizen participation

Summarize citizen participation process and how it impacted goal-setting

The FY 2023-2024 Annual Action Plan has many components that include citizen participation. These components included: soliciting applications for funding from local agencies and organizations; meeting with agencies/organizations to provide technical assistance on how to complete the HOME application; review of applications by elected officials from the County and the Towns (the Local Government Affordable Housing Collaborative), and one public hearing on the proposed funding plan for FY 2023-2024 HOME funds and draft Annual Action Plan. All public comments received during the public comment period, running from April 1 through April 30, 2023, and at the public hearing on April 4, 2022 are included in the Annual Action Plan.

Citizen Participation Outreach

| |
|---|
| <p>1) Newspaper Ad</p> <p>Mode of Outreach: Newspaper Ad</p> <p>Target of Outreach: Minorities; Non-English Speaking: Spanish; Non-targeted/broad community</p> <p>Summary of response/attendance: No responses received</p> <p>Summary of comments received: No comments received</p> <p>Summary of comments not accepted and reasons: N/A</p> <p>URL (If applicable): N/A</p> |
| <p>2) Public Hearing</p> <p>Mode of Outreach: Public Hearings</p> <p>Target of Outreach: Minorities; Non-English Speaking: Spanish; Persons with disabilities; Non-targeted/broad community; Residents of Public and Assisted Housing, Relevant local agencies and organizations</p> <p>Summary of response/attendance: One member of the public signed up to speak, no other comments received.</p> <p>Summary of comments received: At the April 26, 2022 public hearing, one comment was made:</p> <p>Douglas Call, of Habitat for Humanity, said his organization helps homeowners with down payments. He said these down payments are getting larger and larger due to the increase in values. He said in FY17 they were given \$285,000 and they helped twelve families. He said that in FY20 there was less money available at \$131,000, and that helped six families. He said that last year, \$450,000 was allocated to help fifteen families at \$30,000 each. He said they have nineteen homes they plan to close on this year. He said they hope to serve affordable housing community as much as possible. He said that it will allow only \$7,000 for each family. He said they had requested \$475,000 but these requests were made before the conflict in Ukraine. He said there are a lot of changes in the amount of money that is allocated from federal dollars. He said he was here to give details on how they use the funding and if further monies become available, he will return to make a request to add to that amount. He said that some homes built in Hillsborough that were assessing for \$180,000 3-4 years ago are now assessing at \$300,000.</p> <p>There were no public comments at the June 7, 2022 public hearing.</p> <p>Summary of comments not accepted and reasons: All comments were accepted and incorporated into the Annual Action Plan.</p> <p>URL (If applicable): http://orangecountync.gov/967/Meeting-Videos</p> |
| <p>3) Internet Outreach</p> <p>Mode of Outreach: Internet Outreach</p> <p>Target of Outreach: Minorities; Non-English Speaking: Spanish, Burmese, Karen; Persons with disabilities; Non-targeted/broad community; Residents of Public and Assisted Housing; Relevant local agencies and organizations</p> <p>Summary of response/attendance: N/A</p> <p>Summary of comments received: No comments received.</p> <p>Summary of comments not accepted and reasons: N/A.</p> <p>URL (If applicable): http://orangecountync.gov/2336/HOME-Program</p> |

Table 4 – Citizen Participation Outreach

AP-15 Expected Resources

Introduction

The Orange County HOME Consortium will receive \$429,496 in 2023 HOME funds, \$96,637 in HOME Match funds, and \$13,306 in HOME Program Income for the FY 2023-2024 program year. The program year is from July 1, 2023 through June 30, 2024.

Anticipated Resources

| Program | Source of Funds | Uses of Funds | Expected Amount Available Year 1 | | | | Expected Amount Available Remainder of ConPlan \$ | Narrative Description |
|---------|------------------|---|----------------------------------|--------------------|--------------------------|--|---|---|
| | | | Annual Allocation: \$ | Program Income: \$ | Prior Year Resources: \$ | Total: \$ | | |
| HOME | public - federal | Multifamily rental new construction Single family new construction for | \$429,496 | \$13,306 | 0 | \$442,802 (not including match) | \$341,296 | The Orange County HOME Consortium will receive \$429,496 in annual allocation plus \$13,306 in program income |

Table 2 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

The Orange County HOME Consortium uses cash as the local Match for HOME funds. The estimated Match contribution for FY 2023-2024 is \$96,637.

In addition, Orange County leverages other funds from a variety of sources to address the needs identified in the plan, including but not limited to:

- **Home Repair and Rehabilitation:** Orange County has received funds for home repair and rehabilitation under the North Carolina Housing Finance Agency's 2021 Urgent Repair Program (\$100,000) and 2020 Essential Single-Family Rehabilitation Loan Pool program (\$190,000).
- **Emergency Housing Assistance:** Orange County leverages local funds from the County and Towns, as well as CDBG and CDBG-CV funds from Chapel Hill and CDBG-CV funds awarded by the North Carolina Department of Commerce to the Towns of Hillsborough, Carrboro, and

Orange County, to operate the Emergency Housing Assistance (EHA) program. EHA provides financial assistance for eviction and homelessness prevention through emergency rent, mortgage, and utility payments, as well as security deposits, application fees, and other costs to help households experiencing homelessness move in to housing.

- **Rapid Rehousing Program:** Orange County uses HOME funds as well as ESG and ESG-CV funds from the North Carolina Department of Health and Human Services to operate a Rapid Rehousing program that provides short- to mid-term rental assistance, depending on the tenant's needs, to people experiencing homelessness, through the local Continuum of Care (CoC).
- **Other Local Funds for Affordable Housing:** A variety of other local funding sources are used for affordable housing activities, including: Outside Agency/Human Services Funding, Carrboro Affordable Housing Fund, Chapel Hill Affordable Housing Development Reserve, Chapel Hill Affordable Housing Fund, and Chapel Hill Affordable Housing Bond.

If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

Some of the Consortium's member jurisdictions own surplus land and regularly evaluate their inventory to identify sites suitable for affordable housing activities, including the Town of Chapel Hill's public housing communities. All member jurisdictions actively collaborate with private and public entities to assist them in acquiring property for projects that address the needs identified in this plan. For example, the jurisdictions are involved in the Northside Neighborhood Initiative, a land bank in historically black neighborhoods in Chapel Hill and Carrboro that is funded in part by the University of North Carolina, the Center for Community Self-Help, and the Oak Foundation. The Town of Chapel Hill has one affordable housing development project on Town-owned land expected to begin construction in summer 2022 and two other projects on Town-land expected to receive zoning entitlements to develop or redevelop affordable housing in spring 2022.

Discussion

Although there are limited resources available to address the needs identified in the Consolidated Plan, the Consortium member jurisdictions are continuously collaborating to maximize what resources are available and develop new ones.

AP-20 Annual Goals and Objectives

Goals Summary Information

| Sort Order | Goal Name | Start Year | End Year | Category | Geographic Area | Needs Addressed | Funding | Goal Outcome Indicator |
|------------|---------------------|------------|----------|---|-----------------|--------------------------------|--------------|--------------------------|
| 1 | Rental Construction | 2023 | 2028 | Affordable Housing Homeless Non-Homeless Special Needs | Chapel Hill | Affordable housing acquisition | \$496,489.00 | Construction of 25 units |

Table 3 – Goals Summary

Goal Descriptions

| | | |
|---|------------------|---|
| 1 | Goal Name | Rental Construction |
| | Goal Description | Develop rental units that will be affordable to people with low incomes |

AP-35 Projects

Introduction

The Orange County HOME Consortium proposes to undertake the following activities with FY 2023-2024 HOME funds:

| # | Project Name |
|---|-----------------------|
| 5 | Administration – 2023 |

Table 4 – Project Information

DRAFT

AP-38 Project Summary

Project Summary Information

| | | |
|----------|--|---|
| 1 | Project Name | CASA – Rental Construction |
| | Target Area | County-wide |
| | Goals Supported | Rental Construction |
| | Needs Addressed | Housing for Low- and Moderate-Income Households |
| | Funding | HOME: \$359,585.00 Local Match: \$86,904.51 Total: \$446,489.51 (CHDO Set Aside: \$32,212.00) |
| | Description | Grants & loans for households at or below 80% AMI |
| | Target Date | 12/31/2023 |
| | Estimate the number and type of families that will benefit from the proposed activities | 22 households at or below 80% AMI |
| | Location Description | 2200 Homestead Rd., Chapel Hill, NC 27516 |
| | Planned Activities | <ul style="list-style-type: none"> • Predevelopment costs • New construction for rental |

| | |
|--|--|
| Project Name | Pee Wee Homes – Rental Construction |
| Target Area | County-wide |
| Goals Supported | Rental Construction |
| Needs Addressed | Housing for Low-income households, Households Exiting Homelessness |
| Funding | HOME: \$40,264.00 Local Match: \$9,733.00 Total: \$50,000.00 (CHDO Set Aside: \$32,212.00) |
| Description | Development for households at or below 30% AMI who are exiting homelessness |
| Target Date | 12/31/2023 |
| Estimate the number and type of families that will benefit from the proposed activities | 3 households at or below 30% AMI who are exiting homelessness |
| Location Description | 106 Hill Street, Chapel Hill |
| Planned Activities | Rental Construction |
| Project Name | Administration – 2023 |
| Target Area | County-wide |
| Goals Supported | Rental Construction |
| Needs Addressed | Housing for People Experiencing Homelessness Housing for Low- and Moderate-Income Households |
| Funding | HOME: \$42,949.60 |
| Description | Funds for administration of the HOME Program will be allocated to the Orange County Housing Department. Total funds will equal 10% of the 2022 HOME award, which is \$42,949.60. |
| Target Date | 6/30/2023 |
| Estimate the number and type of families that will benefit from the proposed activities | Administration will support HOME-funded housing activities. |
| Location Description | N/A |
| Planned Activities | Administration |

AP-50 Geographic Distribution

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

The Orange County HOME Consortium relies on program partners to identify geographic areas of need and direct assistance to those areas. For the FY 2023-2024 program, HOME funds will be directed

Geographic Distribution

| Target Area | Percentage of Funds |
|-------------|---------------------|
| County-wide | 100 |

Table 5 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

The Consortium affirms the importance of affirmatively furthering fair housing, by investing resources not only in low- and moderate-income areas, but creating housing opportunities for households with lower incomes in more affluent areas of the county.

AP-55 Affordable Housing

Introduction

Orange County will use its HOME funds for rental construction. The one-year goals for affordable housing in Orange County for FY 2023-2024 are as follows:

| One Year Goals for the Number of Households to be Supported | |
|---|-----------|
| Homeless | 3 |
| Non-Homeless | 22 |
| Special-Needs | 0 |
| Total | 25 |

Table 6 - One Year Goals for Affordable Housing by Support Requirement

| One Year Goals for the Number of Households Supported Through | |
|---|-----------|
| Rental Assistance | 0 |
| The Production of New Units | 25 |
| Rehab of Existing Units | 0 |
| Acquisition of Existing Units | 0 |
| Total | 25 |

Table 7 - One Year Goals for Affordable Housing by Support Type

Discussion

Orange County will fund the following projects with the FY 2023-2024 HOME funds:

- **HOME-23-01 – CASA – Rental Construction:** Construction and preconstruction costs for 22 households that are at or below 80% AMI. \$512,000 was requested and \$446,489 was awarded.
- **HOME-23-02 Pee Wee HOMES – Rental Construction:** Development of 3 households at or below 30% AMI for people who are exiting homelessness. \$50,000 was requested and \$50,000 was awarded.

AP-60 Public Housing

Introduction

Public housing in Orange County is provided by two entities: the Orange County Housing Authority (OCHA) and the Town of Chapel Hill's Public Housing Department. Housed within the Orange County **Housing Department**, OCHA has been allocated **679** Housing Choice Vouchers (HCV, commonly known as Section 8), of which **583** are being actively administered. The OCHA does not manage any public housing units. OCHA is overseen by a seven (7) member Board.

Actions planned during the next year to address the needs to public housing

The Orange County HOME Consortium is undertaking the following to address the needs of HCV holders: providing homeownership assistance that can be paired with homeownership Housing Choice Vouchers to transition renters to homeownership.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

OCHA does not own any public housing units. However, OCHA has HCV holder involvement on its Board and encourages HCV holders to become homeowners.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

OCHA is not designated as troubled.

Discussion

Orange County lacks housing affordable to households with very low incomes. Rental assistance programs like the HCV Program are essential in creating affordability for these households within the private market. OCHA continues to engage landlords in order to create access to more units for HCV holders, and works to maximize federal and local resources for housing access and stabilization.

AP-65 Homeless and Other Special Needs Activities

Introduction

The Orange County Partnership to End Homeless (OCPEH) coordinates the Orange County Continuum of Care (CoC). The organization is jointly funded by four local governments: Orange County and the Towns of Carrboro, Chapel Hill, and Hillsborough.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including:

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

OCPEH's HOME Committee (no relation to the HOME Investment Partnerships Program) consists of about 20 housing and service providers that interact with people who are experiencing chronic and/or particularly vulnerable to homelessness, many of whom have disabilities. Service providers involved include nonprofits, DSS and other county departments, UNC Hospitals, veterans' organizations, law enforcement, private attorneys, and more. The Committee meets monthly to collaborate on finding housing and services (e.g., medical, mental health, substance use, and legal services) for these people. The CoC uses its Coordinated Entry system to assess people's needs, score their level of need, and prioritize them for permanent supportive housing, and conducts street outreach program to reach people who are living unsheltered. In January 2021, the Town of Chapel Hill allocated funding for a fourth position for the street outreach program.

Addressing the emergency shelter and transitional housing needs of homeless persons

Orange County's only emergency shelter is run by the Inter-Faith Council for Social Service (IFC). IFC also offers a transitional housing program for men. The Freedom House Recovery Center provides residential mental health and substance abuse services for men, women, children, and families (in addition to outpatient and crisis services), and there are several Oxford Houses in the County that provide transitional housing for people in recovery from substance use disorder. The County does not have a domestic violence shelter, but does have an emergency housing program run by the Compass Center.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

OCPEH identified Rapid Rehousing as a gap in need of increased funding and better alignment with best practice (i.e., flexible, individualized mix of services, financial assistance, and housing navigation). In May 2020, OCPEH launched a Rapid Rehousing program (funded with HOME and state ESG) that works through the CoC's HOME Committee to provide short- to mid-term rental assistance to the community's most vulnerable people experiencing homelessness. The CoC also operates a Rapid Rehousing program

for veterans with state ESG money.

Service providers, such as IFC, Community Empowerment Fund (CEF), and Vaya Health (the LME/MCO for Orange County), provide case management services to clients experiencing homelessness and can help connect them to housing. Orange County has also seen success in implementing a homeless diversion program, and currently diverts about 25% of households presenting for a shelter bed using a best-practice model that includes a strengths-based guided conversation with participants exploring other safe places to stay plus flexible funding that can make this happen.

However, there is a great need for affordable housing units in the County, particularly subsidized, income-based rental units that can be accessed by people experiencing or at risk of homelessness. This gap presents a continuous challenge for connecting people experiencing homelessness with permanent housing.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

The CoC partners with UNC Hospitals and the Orange County Department of Social Services (DSS) Foster Care division, and has developed discharge policies with local and regional institutions. The CoC also assisted in the creation of the Outreach Court, now known as the Community Resource Court (CRC), North Carolina's first specialty court for people experiencing homelessness who are offered mental health evaluations and treatment plans in lieu of going to jail for misdemeanor crimes. CRC is a collaboration between the UNC Center for Excellence in Community Mental Health and the 15B District Court Judge's Office. Defendants are typically referred to CRC by their attorney or by the district attorney's office, although anyone is able to make a recommendation for a referral. Court requirements include monthly attendance to a therapeutic court session and compliance with recommended mental health or substance use treatment. Upon graduation from the court, the participant is given some type of legal benefit such as dismissal of criminal charges.

The County, in partnership with the Towns, also administers the Emergency Housing Assistance program for people who apply directly, come through Coordinated Entry (called the Orange County "Housing Helpline"), or are referred by service providers and are experiencing housing insecurity. The fund can assist with pay for rent, mortgage, and utility payments, security and utility deposits, and certain other one-time expenses to help households at risk of, or currently experiencing, homelessness or to help individuals remain stably housed.

AP-75 Barriers to Affordable Housing

Introduction

In 2020, the Orange County HOME Consortium worked with the Center for Urban and Regional Studies

at the University of North Carolina Chapel Hill to conduct an Analysis of Impediments to Fair Housing Choice (AI). The AI includes an analysis of Orange County laws, regulations, and administrative policies, procedures, and practices that affect the location, availability, and accessibility of housing. The AI also includes an assessment of conditions, both public and private, that affect fair housing choice.

The AI identified the following impediments to fair housing:

- **A lack of affordable housing has resulted in severe rent burdens among many renters, especially those with low and moderate incomes.** A majority of renters in the county are rent-burdened—spending over 30% of household income toward rent and utilities; this figure exceeds 85% for households earning below \$35,000 and is still over half for households earning \$35,000–\$49,999. Meanwhile, over 80% of households earning under \$20,000 are severely rent-burdened (meaning they pay over half their income toward rent and utilities), as are nearly 40% of households earning \$20,000–\$34,999.
- **African American and Hispanic residents face difficulties receiving conventional mortgage loans.** The denial rate for first-lien, conventional mortgages for African Americans is consistently over four times that of Whites, and the denial rate for Hispanic households is between two and four times that of Whites as well. The most common reasons for denial, as noted in the HMDA data, are credit history for African Americans (33% of all denial reasons) and debt-to-income ratio for Hispanic households (49% of all denial reasons).
- **Based on the number of fair housing complaints filed, disabled persons face difficulties accessing fair housing.** Nearly half of all fair housing complaints filed in the 2010–2018 period were filed due to discrimination based on disability. Given that the county’s population with a disability is approximately 12,500, and that over a quarter of the elderly are also disabled, this is a significant barrier to fair housing.
- **There exists a lack of subsidized rental properties outside the Towns of Chapel Hill and Carrboro.** The only public housing in the county is located in Chapel Hill and Carrboro, and the vast majority of other subsidized properties are located in either Chapel Hill or Carrboro. To that end, six subsidized developments exist in Hillsborough, one exists in the Orange County portion of Mebane, and only one subsidized property exists in unincorporated Orange County.
- **Zoning throughout the county largely restricts the development of denser, more affordable housing.** Only a handful of areas in the county are zoned for moderately dense residential development (over four lots or units per acre), and resident opposition can complicate or inhibit the development of denser housing in those areas. Given the high cost of land in service-rich neighborhoods of Chapel Hill and Carrboro, low-density zoning can prevent the construction of affordable housing.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the

return on residential investment

Based on the impediments above, the AI makes the following recommendations. Details on these recommendations are explained more fully in the AI.

- Seek more funds for subsidized housing. Low- and moderate-income households are disproportionately rent-burdened, and recently, rents have increased faster than wages.
- Encourage development of some subsidized housing outside of Chapel Hill and Carrboro.
- Educate landlords, property managers, and other housing providers about fair housing law and reasonable accommodation, especially as they pertain to persons with disabilities.
- Offer educational courses on mortgage lending and building credit scores that are geared toward African American and Hispanic borrowers.
- Encourage cooperation and coordination between the affordable housing advisory boards in the County.
- Explore funding options for a best-practices Rapid Rehousing program to serve homeless individuals and families in Orange County.
- Identify ways to protect residents of mobile home parks who may be under threat of displacement.
- Consider areas to strategically up-zone to promote the development of affordable housing.

AP-85 Other Actions

Introduction

The Orange County HOME Consortium has developed the following actions to address obstacles to meeting underserved needs, foster affordable housing, reduce lead-based hazards, reduce the number of families living in poverty, develop institutional structures, and enhance coordination between public and private housing and social service agencies.

Actions planned to address obstacles to meeting underserved needs

Despite efforts by the County, Towns, and other affordable housing actors and service providers, there remain significant obstacles to meeting the needs of underserved people and communities. The most recent concern is the COVID-19 pandemic and its economic impacts, particularly for renter households with lower incomes who are experiencing unprecedented job loss and housing instability.

One way the HOME Consortium worked to address this situation was by allocating local Match funds for FY 2020-2021 to be used for tenant-based rental assistance through the County's Rapid Rehousing program, and, in FY 2021-2022, reallocating \$114,000 in FY 2016 HOME funds for tenant-based rental assistance through the Rapid Rehousing program as well.

The County also scaled up and secured significant federal and state funding (about \$4 million in calendar year 2020) for emergency housing assistance, both through the local Emergency Housing Assistance

program and the statewide HOPE program, to help stabilize households who are experiencing or at risk of experiencing homelessness so they could lower their exposure to COVID-19 by having a safe, non-congregate place to stay. In 2021, the County began using about \$2.2 million in CDBG-CV funds secured from the state to continue this work, and as well as additional funds that were allocated to Orange County through the American Rescue Plan Act.

Actions planned to foster and maintain affordable housing

Using FY 2023-2024 HOME funds, the Consortium will help local nonprofit agencies build affordable housing; there are no plans to foster or maintain current affordable housing using FY 2023-2024 HOME funds.

Actions planned to reduce lead-based paint hazards

The Consortium ensures that County rehabilitation staff and the contractors they work with are knowledgeable and up-to-date on lead-based paint (LBP) requirements of all federal housing programs, distributes information on LBP hazards to all households that participate in County housing programs, conducts LBP inspections and assessments as necessary, and implements environmental control or abatement measures for LBP hazards as applicable in all federally-funded projects. This strategy allows Orange County to: be in full compliance with all applicable LBP regulations; control or reduce, to the extent feasible, all LBP hazards in housing rehabilitated with federal funds; and reduce the number of incidences of elevated blood lead levels in children.

Actions planned to reduce the number of poverty-level families

The Orange County Family Success Alliance (FSA), modeled after proven national programs such as the Harlem Children's Zone and the Promise Neighborhoods Institute, is founded on the understanding that no one organization or individual can single-handedly change the way poverty harms our children and our communities. FSA is dedicated to building a comprehensive system of engagement on education and health, with built-in family and community support. It is staffed by the Orange County Health Department and supported by work groups made up of staff members of participating advisory council organizations. Initial funding for FSA was awarded by the Orange County Board of County Commissioners through the Social Justice Fund.

FSA's 2019-2022 Strategic Plan outlines three goals: (1) children are healthy and prepared for school, (2) children and youth are healthy and succeed in school, and (3) families, neighborhoods, and institutions support the healthy development of children. These goals are approached through four strategic areas. The first is family empowerment. Over the 2019-2022 period, FSA is evolving its current "navigator" model, in which peer leaders build trusting relationships with families living in poverty, into a more comprehensive family empowerment model that will bring families together to learn, build on strengths and knowledge, and together work to better navigate systems and to uncover their personal and collective power to affect systems change. The second strategic area is partnership. FSA collaborates with cross-sector agencies to center parent expertise and priorities and aims to shift more power into

the hands of parents to co-create programs and initiatives in the community. The third area is systems change, by involving community members whose lives are most directly and deeply affected by poverty in leadership and decision making in order to dismantle institutionalized racism and other oppressive systems. The final strategy area is foundational work. This means building internal infrastructure in FSA to support strategic goals.

Actions planned to develop institutional structure

OCPEH has thoroughly analyzed the institutional structure and service delivery system for homelessness in Orange County, identified ten gaps in the system, and calculated the costs of filling those gaps. OCPEH has either identified existing programs and partners, or worked to set up the necessary infrastructure, through which to fill most of these gaps, and some funding has already been secured. Of the estimated \$1.7 million yet to be secured, OCPEH has approached Orange County and the Towns of Carrboro, Chapel Hill, and Hillsborough to ask each jurisdiction to contribute a portion of the funds. In addition to filling the homeless system gaps, OCPEH also aims to improve existing projects and processes and improve the quality of homeless service delivery.

AP-90 Program Specific Requirements

Introduction

The Orange County HOME Consortium receives an annual allocation of HOME funds. The questions below related to the HOME program are applicable to the Consortium. Questions related to the CDBG program are applicable only to the Town of Chapel Hill and are addressed separately in Chapel Hill's Annual Action Plan.

HOME Investment Partnership Program (HOME)

Reference 24 CFR 91.220(l)(2)

- 1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:**

The Orange County HOME Consortium use general revenue funds as its local match for HOME funds. Orange County also provides funds for additional administrative costs to operate the program above the 10% allowable cost that may be pulled from the HOME award.

- 2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:**

HOME funds used for homeownership assistance require an Affordability Period based on the amount of HOME assistance. The Orange County HOME Consortium will use resale provisions to enforce the HOME Affordability Period for all homeownership projects, including those in which direct assistance is provided to the buyer and homeownership unit development. Under the resale provisions, if homebuyers assisted with HOME funds choose to sell their HOME-assisted property within the HOME Affordability Period, they must sell to qualified low-income buyers and the resale

price will be determined according to a formula that ensures affordability to the new buyer and a fair return on investment to the original HOME-assisted buyer.

The HOME Affordability Period for homeownership assistance is based on the level of assistance provided to fund a unit or as direct assistance to a buyer (see the chart below). Direct assistance to the homebuyer is defined as HOME funding that reduces the purchase price below fair market value and includes any down payment or subordinate financing provided on behalf of the purchase. Direct assistance does not include HOME funds provided to a developer to cover the unit production costs that do not reduce the purchase price below fair market value.

| HOME Funds Provided to a unit or as direct assistance to buyer | HOME Affordability Period |
|---|----------------------------------|
| <\$15,000 | 5 years |
| \$15,000 – \$40,000 | 10 years |
| >\$40,000 | 15 years |

Resale provisions are enforced through the use of a Deed of Restrictive Covenants signed by the homebuyer at closing. The Deed of Restrictive Covenants will specify:

- A. The length of the HOME Affordability Period (per the chart above);
- B. The home must remain the owner’s principal residence throughout the HOME Affordability Period; and
- C. The conditions and obligations of the owner should the owner wish to sell before the end of the HOME Affordability Period, including;
 - 1. The owner must contact the Orange County HOME Consortium or its designated representative in writing if intending to sell the home prior to the end of the HOME Affordability Period;
 - 2. The subsequent purchaser must be low-income as defined by HOME regulations, and occupy the home as their primary residence for the remaining years of the HOME Affordability Period (however, if the new purchaser receives HOME direct assistance, the HOME Affordability Period will be re-set according to the amount of assistance provided); and
 - 3. The sales price must be affordable to the subsequent purchaser; affordable is defined as limiting the Principal, Interest, Taxes and Insurance (PITI) amount to no more than 30% of the new purchaser’s monthly income.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

Fair Return on Investment

The Consortium must ensure the owner receives a fair return on their investment and that the home will continue to be affordable to a specific range of incomes. To calculate the fair return on investment to the homeowner, the Consortium will:

A. Determine the amount of market appreciation, if any, realized over the ownership term by calculating the difference between the initial appraised value at purchase and the current appraised value at resale. This figure represents the basis for calculating the fair return on investment. In declining markets, it is possible that the homeowner may not realize a return.

B. Multiply the basis by the Federal Housing Finance Agency's Housing Price Index (HPI) to determine the fair return to the homeowner:

<https://www.fhfa.gov/DataTools/Tools/Pages/HPICalculator.aspx>

To calculate the resale price to the next homebuyer, the Consortium will add the fair return on investment to the homeowner to the original affordable price of the home at purchase by the original buyer.

Example #1:

- Appraised (Fair Market) Value at Purchase: \$210,000
- Affordable Price at Purchase: \$190,000
- Appraised Value at Resale: \$240,300
- Increase in Market Appreciation: $\$240,300 - \$210,000 = \$30,300$
- Average Appreciation in the Raleigh-Durham MSA (per the HPI Calculator): 29.4%
- Fair Return on Investment: $\$30,300 \times 0.294 = \$8,908$
- Resale Price: $\$190,000 + \$8,908 = \$198,908$

Affordability to a Range of Buyers

The Consortium will ensure continued affordability to a range of buyers, particularly those whose total household incomes range from 60 to 80% of area median income (AMI) as calculated by HUD for the HOME Program. Sales price will be set such that the amount of principal, interest, taxes, and insurance does not exceed 30% of the new buyer's annual income.

In the event the resale price required to provide a fair return exceeds the affordability to a range of LMI buyers, additional HOME funding will be provided to the subsequent buyer based on the level of funds required to make the unit affordable.

Principal Residency Requirements

Households receiving HOME-funded homeownership assistance will be required to occupy the home as their principal residence throughout the HOME Affordability Period.

In the event the original HOME-assisted homebuyer no longer occupies the unit as their principal residence (i.e., the unit is rented or vacant), the homeowner will be in violation of the terms of the

HOME assistance. In cases of noncompliance, the Consortium will enforce the terms of the HOME written agreement to require repayment of any outstanding HOME funds invested in the housing. The amount subject to repayment is the total amount of HOME funds invested in the housing (i.e., any HOME development subsidy to the developer plus any HOME direct assistance provided to the homebuyer) minus any HOME funds already repaid (i.e., payment of principal on a HOME loan).

Noncompliance with principal residency requirements by a homebuyer is not considered a transfer and is not subject to resale provisions.

The Consortium will enforce these requirements through a HOME written agreement executed with the organization receiving the HOME award for homeownership activity to protect its investment and minimize its risk in HOME-assisted homebuyer projects in the event the homebuyer is in noncompliance.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

The Orange County HOME Consortium does not intend to refinance any existing debt for multifamily housing that will be rehabilitated with HOME funds.

Discussion

The Market Analysis found that Orange County has high housing costs and insufficient units for low-income households, particularly extremely low-income households earning below 30% AMI – only 5% of rental units in the County are affordable to households at this income level. As such, the Consortium has identified the need for tenant-based rental assistance, and has been using HOME funds and local Match funds to fill this gap.