

Orange County, North Carolina
HOME Consortium

FY 2024 – 2025 Annual Action Plan

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

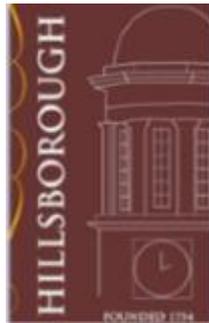


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AP-05 Executive Summary

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 join 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 submit 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 fifth 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 ends June 30 of each year. This Annual Action Plan addresses funds for Fiscal Year (FY) 2024-2025, which begins July 1, 2024 and ends June 30, 2025.

The FY 2024-2025 Annual Action Plan outlines the actions to be undertaken with the Orange County HOME Consortium's HOME funds. This plan excludes the Town of Chapel Hill's CDBG program. The Town has completed a separate Annual Action Plan for its CDBG allocation, which Orange County has submitted on the Town's behalf.

Based on HUD's FY 2024 allocations, the Orange County HOME Consortium will receive \$367,014 in awarded funds and \$28,306 in HOME program income. Orange County will use 10% of awarded funds for administration –\$36,701.00. In total, Orange County will have \$358,619.00 available to award for FY 2024-2025.

FY 2024-2025 Budget:

Orange County proposes to undertake the following activities with FY 2024-2025 HOME funds:

• HOME-24-01 - Rental New Construction:	\$222,120.00
• HOME-24-02 - Tenant-Based Rental Assistance:	\$136,499.00
• HOME-24-03 - Administration:	\$36,701.00
Total:	\$395,320.00

Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

The goals of Orange County's HOME Program are to retain and increase the supply of affordable housing units for both owner occupants and renters, as well as provide homeownership opportunities for low- and moderate-income residents. Additionally, the program aims to assist low-income individuals and families through rental assistance programming.

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
- Community/Economic Development and Services

During FY 2024-2025 HOME Program Year, the County proposes to address the following priority need categories identified in the 2020 Consolidated Plan:

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

Evaluation of past performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

The HOME Consortium strives to operate its HOME program in a timely manner and in accordance with applicable regulations and match requirements. Orange County regularly works with HUD representatives and technical assistance to improve outcomes for residents and ensure compliance.

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 2022-2023 CAPER (submitted in 2023), the third CAPER for the FY 2020-2025 Five Year Consolidated Plan, indicates that in program year 2022, the County expended \$477,083 in HOME funds and \$159,027.86 in local Match funds (a total of \$636,111.45 in expenditures). These funds included FY

2022 administrative funds, as well as funds from prior years (FY 2021, 2020, 2019, and 2018). Funds spent in FY 2022 were used to:

- Provide homeownership assistance to 11 low-income homebuyers (\$493,923 expended)
- Provide tenant-based rental assistance to 20 low-income renter households (\$142,188.45)

Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

All HOME-funded activities benefit low- and moderate-income residents of Orange County. Orange County's Annual Action Plan process requires the County to:

- 1) Receive requests for HOME funding from local agencies and organizations.
- 2) Review funding applications and develop funding recommendations through 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.
- 3) Solicit resident input on those funding recommendations;
- 4) Draft the Annual Action Plan to reflect final funding decisions and funded activities for the upcoming program year.

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 followed its Citizen Participation Plan in the preparation and development of the FY 2024-2025 Annual Action Plan.

The Orange County HOME Consortium solicited applications for the FY 2024-2025 HOME program in January of 2024, and applications were due on February 21, 2024. On March 18, 2024, the Collaborative met to review the applications 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 2024-2025 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 Collaborative's funding plan was the basis for drafting the FY 2024-2025 Annual Action Plan. The draft Annual Action Plan was posted to the County's website on March 22, 2024 and distributed electronically to more than 100 stakeholders to solicit input and feedback.

The Consortium held a public hearing on the draft plan on April 16, 2024. Public notice of the hearing was 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 on March 27, 2024. At the public hearing, residents had the opportunity to give their input and ideas on the proposed HOME-funded activities for FY 2024-2025.

Draft Annual Action Plan:

The draft FY 2024-2025 Annual Action Plan was on public display beginning Monday, April 1, 2024, through Thursday, May 2, 2024, a period of 31 days. The FY 2024-2025 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 and Community Development Department**, 300 W. Tryon Street, Hillsborough, NC 27278
- **Orange County Housing and Community Development 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
- **Town of Hillsborough Town Hall**, 101 E Orange St, Hillsborough, NC 27278

Summary of public comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

Public comments received during the public hearing held on April 16, 2024 and during the public comment period from April 1, 2024 to May 2, 2024 are summarized in section AP-12: Participation.

Summary of comments or views not accepted and the reasons for not accepting them

All comments for the FY 2024-2025 Annual Action Plan were accepted.

Summary

The FY 2024-2025 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, 2024 and ending June 31, 2025. This is the County's fifth year of the 2020 Five-Year Consolidated Plan.

During the FY 2024-2025 program year, the Orange County HOME Consortium anticipates the following Federal financial resources:

- **FY 2024-2025 HOME Funds:** \$367,014
- **HOME Program Income:** \$28,306
- **Total:** \$395,320

During the FY 2024-2025 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

Table 1 – Responsible Agencies

Consolidated Plan Public Contact Information

Blake Rosser, Housing Department Director

Orange County, NC Department of Housing

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AP-10 Consultation

Introduction

Consultation with community stakeholders was a critical component in developing 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 promoted 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, neighborhoods 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 2024-2025 Annual Action Plan and making funding awards for the 2024-2025 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 2024-2025 HOME Program and thereby the development of the FY 2024-2025 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, the Housing Authority operates the Section 8 Housing Choice Voucher Program for Orange County.
- **Town of Chapel Hill Office of Housing and Community:** 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, 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), which 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. The two entities are also co-located in the Orange County Housing and Community Development 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 in 2023. 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 uncounted. 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 2023.

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

Table 2 – Agencies, groups, organizations who participated

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 2024-2025 HOME funds.
2	Agency/Group/Organization	Habitat for Humanity of Orange County
	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 of Orange County applied for FY 2024-2025 HOME funds.
3	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 2024-2025 HOME funds.
4	Agency/Group/Organization	Orange County Partnership to End Homelessness
	Agency/Group/Organization Type	Services-homeless Other government - County Other government - Local

	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	OCPEH applied for FY 2024-2025 HOME funds.
5	Agency/Group/Organization	Orange County Housing Authority
	Agency/Group/Organization Type	
	What section of the Plan was addressed by Consultation?	
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	
6	Agency/Group/Organization	Town of Chapel Hill Office of Housing and Community
	Agency/Group/Organization Type	
	What section of the Plan was addressed by Consultation?	
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	
7	Agency/Group/Organization	Town of Carrboro Department of Housing and Community Services
	Agency/Group/Organization Type	
	What section of the Plan was addressed by Consultation?	
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	
8	Agency/Group/Organization	Town of Hillsborough Department of Community Services

Agency/Group/Organization Type	
What section of the Plan was addressed by Consultation?	
Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	

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	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 2024-2025 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 a public hearing on the proposed funding plan for FY 2024-2025 HOME funds and draft Annual Action Plan. All public comments received during the public comment period, running from April 1 through May 2, 2024, 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: N/A</p> <p>Summary of comments received: N/A</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 Hearing</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: N/A</p> <p>Summary of comments received: N/A</p> <p>Summary of comments not accepted and reasons: N/A</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: N/A</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): N/A</p>

Table 4 – Citizen Participation Outreach

AP-15 Expected Resources

Introduction

The Orange County HOME Consortium expects to receive \$395,320 in 2024 HOME funds, including \$28,306 in HOME Program Income for the FY 2024-2025 program year. The program year is from July 1, 2024 through June 31, 2025.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1			Expected Amount Available Remainder of ConPlan \$
			Annual Allocation: \$	Program Income: \$	Total: \$	
HOME	public - federal	Multifamily rental new construction TBRA	\$367,014	\$28,306	\$395,320	

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 leverages resources, including private, state, and local funds, to fulfill and enhance the impact of federal HOME funds. For Fiscal Year (FY) 2024-2025, the estimated Match contribution is \$96,636.60. This local Match represents a strategic leveraging of additional funds to augment federal investments in affordable housing projects.

To meet the federal matching requirements, the total amount of local Match contributed must equal 25% of the HOME funds allocated to direct project costs. This calculation is based on 90% of the total HOME Entitlement amount awarded by the U.S. Department of Housing and Urban Development (HUD), considering that 10% is dedicated to administrative expenses. Therefore, the local Match requirement effectively translates to 25% of 90% of the total HOME funds received.

The distribution of the Match amount among the jurisdictions within the Orange County HOME Consortium reflects a coordinated approach to leveraging local resources. Each jurisdiction's contribution is proportionate to its capacity and agreed upon percentage, ensuring a fair and equitable investment towards meeting the match requirements. The breakdown of the Match amount from each jurisdiction—Orange County, Chapel Hill, Carrboro, and Hillsborough—is calculated below to ensure that the collective contributions meet the federal matching requirements:

- Orange County: \$37,688.27
- Chapel Hill: \$39,621.01
- Carrboro: \$14,495.49
- Hillsborough: \$4,831.83
- **Total: \$96,636.60**

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 (\$80,000) and 2020 Essential Single-Family Rehabilitation Loan Pool program (\$190,000).
- **Affordable Housing Bond Program:** At the June 8, 2023 Budget Work Session, the Board of County Commissioners approved \$5 million for affordable housing development be allocated from the Capital Investment Plan (CIP) funding for FY 2023-2024. The CIP also includes \$5 million allocations in FY 2026-27 and FY 2029-30 for a total of \$15 million for affordable housing development over ten years.
- **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 into 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.

Discussion

Although there are limited resources available to address the needs identified in the Consolidated Plan, the Town and 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	2024	2026	Affordable Housing	Hillsborough	Housing for Low- and Moderate-Income Households	\$222,120.00	Construction of 22 HOME rental units.
2	Tenant Based Rental Assistance	2024	2026	Affordable Housing Homelessness	Orange County	Housing for People Experiencing Homelessness	\$136,499.00	Rental Assistance for 10 households.

Table 3 – Goals Summary

Goal Descriptions

1	Goal Name	Rental Construction
	Goal Description	Development 22 rental units for households at or below 80% AMI
2	Goal Name	Tenant Based Rental Assistance
	Goal Description	Tenant Based Rental Assistance for ten currently homeless households.

AP-35 Projects

Introduction

The Orange County HOME Consortium proposes to undertake the following activities with FY 2024-2025 HOME funds:

#	Project Name
1	CASA – Rental Construction
2	OCPEH - TBRA
3	Administration – 2024

Table 4 – Project Information

AP-38 Project Summary

Project Summary Information

1	Project Name	CASA – Rental Construction
	Target Area	Hillsborough, NC
	Goals Supported	Rental Construction
	Needs Addressed	Housing for Low- and Moderate-Income Households, Housing for Individuals Exiting Homelessness
	Funding	Total: \$222,120 (CHDO Set Aside: \$49,547)
	Description	<p>Funds will be allocated to CASA to finance construction of Cedar Village, a 72-unit apartment community located in Hillsborough, North Carolina. The project will consist of three 24-unit residential buildings and one community building on a 4.37-acre site. There will be 36 one-bedroom units and 36 two-bedroom units. Of the one-bedroom units, 16 units will be rented at 30% AMI, 13 units will be rented at 50% AMI (6 of which will be HOME units), and 7 units will be rented at 60% AMI. Of the two-bedroom units, 12 units will be rented at 30% AMI, 12 will be rented at 50% AMI (5 of which will be HOME units), and 12 units will be rented at 60% AMI.</p> <p>Total funding for this activity is \$222,120. This amount includes: \$167,862.20 in 2024 HOME Entitlement (EN) funds; \$12,292.22 in HOME Program Income (PI) funds; and \$41,965.56 in local Match funds. The total amount of HOME funds, including PI, for this project is \$180,154.40</p>
	Target Date	06/2026
	Estimate the number and type of families that will benefit from the proposed activities	72 households at or below 80% AMI
	Location Description	200 Sea Trail St, Hillsborough to Boone Square Shopping Center, Hillsborough
Planned Activities	<ul style="list-style-type: none"> • Predevelopment costs • New construction for rental 	

2	Project Name	OCPEH – Tenant Based Rental Assistance
	Target Area	County-wide
	Goals Supported	Tenant Based Rental Assistance
	Needs Addressed	Housing for Low-income households, Housing for individuals Experiencing Homelessness
	Funding	Total: \$136,499
	Description	Funds will be allocated to the Orange County Partnership to End Homelessness for Tenant Based Rental Assistance for fifteen currently homeless households. This project targets people currently experiencing homelessness in Orange County, with priority given to households with zero income and with heads of household who have multiple disabling conditions. Total funding for this activity is \$136,499. This amount includes: \$103,156.20 in 2024 HOME Entitlement (EN) funds; \$7,553.90 in HOME Program Income (PI) funds; and \$25,788.95 in local Match funds. The total amount of HOME funds, including PI, for this project is \$110,710
	Target Date	05/08/2024
	Estimate the number and type of families that will benefit from the proposed activities	10 households at or below 30% AMI
	Location Description	Scattered sites in Orange County
	Planned Activities	Rental/utility assistance
3	Project Name	Administration – 2024
	Target Area	County-wide
	Goals Supported	Rental Construction Tenant Based Rental Assistance
	Needs Addressed	Housing for People Experiencing Homelessness Housing for Low- and Moderate-Income Households
	Funding	Total: \$36,701 (10% of 2024 HOME Award)
	Description	Funds for administration of the HOME Program will be allocated to the Orange County Housing and Community Development Department. Total funds will equal ten percent (10%) of the 2021 HOME award, which is estimated to be \$36,701.

Target Date	6/30/2024
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 2024-2025 program, HOME funds will be directed to Hillsborough (through CASA – Rental Construction) and county-wide (through OCPEH – Tenant Based Rental Assistance).

Geographic Distribution

Target Area	Percentage of Funds
Hillsborough	61.4%
County-wide	38.6%

Table 5 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

The Consortium affirms the importance of addressing homelessness and housing needs county-wide. It is crucial to ensure that assistance reaches all corners of the county, including rural and low-income areas, not just affluent portions. The Consortium emphasizes the significance of advancing fair housing by distributing resources equitably and fostering housing opportunities in diverse communities.

AP-55 Affordable Housing

Introduction

Orange County will use its HOME funds for rental construction, and tenant based rental assistance. The one-year goals for affordable housing in Orange County for FY 2024-2025 are as follows:

One Year Goals for the Number of Households to be Supported	
Homeless	10
Non-Homeless	72
Special-Needs	0
Total	82

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

One Year Goals for the Number of Households Supported Through	
Rental Assistance	10
The Production of New Units	72
Rehab of Existing Units	0
Acquisition of Existing Units	0
Total	82

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

Discussion

Orange County will fund the following projects with the FY 2024-2025 HOME funds:

- **HOME-24-01 – CASA – Rental Construction:** Funds will be allocated to CASA for the pre-development and construction costs of 22 units affordable for households at or below 80% of the Area Median Income.
- **HOME-24-02 – OCPEH – Tenant Based Rental Assistance:** Funds will be allocated to the Orange County Partnership to End Homelessness, supporting households experiencing homelessness and earning less than thirty percent (30%) of the area median income.
- **HOME-24-03 – Administration 2024:** Funds for administration of the HOME Program will be allocated to the Orange County Housing and Community Development Department. Total funds will equal ten percent (10%) of the 2021 HOME award, which is estimated to be \$36,701.

AP-60 Public Housing

Introduction

Public housing in Orange County is provided by the Town of Chapel Hill's Office of Housing and Community. The Orange County Department of Housing and Community Development, OCHA, provides tenant-based assistance and has been allocated 687 Housing Choice Vouchers (HCV, commonly known as Section 8), of which 640 are being actively administered. The 640 vouchers include 20 HUD-VASH Vouchers and four (4) Homeowner Vouchers. 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:

- In partnership with the Towns and local nonprofits, work to increase the number of landlords willing to participate in the HCV Program. A full-time Housing Access Coordinator was hired in 2020 to foster relationships with landlords in the community and increase participation in HCV and other housing subsidy programs.
- Work to streamline the design and administration of the housing stabilization funds (designed to help low-income renters, including HCV holders, secure and maintain stable housing) offered by the County and each of the Towns
- Ensure units in which households in the HCV Program live are safe and healthy, by conducting Quality Control inspections on a subset of units
- Implement a "Move On" program, in which people with Permanent Supportive Housing Vouchers (PSHVs) whose service needs have lowered considerably and/or who no longer need services are transitioned to HCVs, freeing up PSHVs for individuals with higher service needs

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. It received a score of 89% in its 2019 SEMAP rating.

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 20 housing and service providers that interact with people who are experiencing chronic and/or particularly vulnerable 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 a street outreach program to reach people who are living unsheltered. However, OCPEH has identified street outreach as an area in the County's homeless services system in need of more funding.

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 use 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.

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 Cardinal Innovations (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 mix of strengths-based guided conversation plus flexible funding.

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. The CoC has also developed discharge policies with local and regional institutions and 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. In the CRC, people experiencing homelessness 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 can make a recommendation for a referral. Court requirements include monthly attendance at 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 become or 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.** More than half 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.
- **African Americans and Hispanics 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 Hispanics 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 Hispanics (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 over a quarter of the elderly are also disabled, disabilities are 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 in Chapel Hill, and the vast majority of other subsidized properties are located in either Chapel Hill or Carrboro. 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.

Previously, the Consortium identified about \$114,000 in HOME funds from 2016 that were allocated to the County for single-family rehabilitation but were never spent. The County reallocated those funds for tenant-based rental assistance through the Rapid Rehousing program to better address resident needs.

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 can slow their exposure to COVID-19 by having a safe, non-congregate place to stay. Starting in 2021, the County began using \$2.2 million in CDBG-CV funds secured from the state to continue this work.

Actions planned to foster and maintain affordable housing

Using FY 2021-2022 HOME funds, the Consortium will help local nonprofit agencies undertake the following projects to foster affordable housing:

- **CASA – Rental Construction:** Funds will be allocated to CASA for the pre-development and construction costs of 22 units affordable for households at or below 80% of the Area Median Income.
- **Pee Wee Homes – Rental Construction:** Funds will be allocated to Pee Wee Homes to finance construction of three (3) small rental units at 106 Hill Street in Carrboro. Units will be leased to households experiencing homelessness and earning less than thirty percent (30%) of the area median income.
- **Administration – 2021:** Administration, planning, and policy setting for 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: remain 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 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 developed the infrastructure to fill most of these gaps. 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 with 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.

(continued below)

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:

(continued from above)

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 used HOME funds and local Match funds to fill this gap.