

Chatham County Housing Trust Fund



Policy Guidelines

Chatham County Affordable Housing Advisory Committee

****Pending Approval** Effective September 17, 2018**

I. Introduction

The Chatham County Housing Trust Fund was established by the County Commissioners on **September 17, 2018 and is intended to provide low interest loans to encourage development projects that preserve or create additional affordable and workforce housing within Chatham County with the overall goals of affirmatively furthering fair housing choice for all residents. Under this policy, “affordable housing” is defined as being affordable to households with annual incomes at or below 80% of the Area Median Income. “Workforce housing” is defined as being affordable to households with annual incomes at or below 120% of the Area Median Income. The Area Median Incomes are determined by the U.S. Department of Housing & Urban Development (HUD) for the Durham-Chapel Hill Metro Area on an annual basis. The Housing Trust Fund may also provide small grants to reimburse fees or for studies and similar projects in areas the county or towns see as a priority for redevelopment. Development projects financed through the Housing Trust Fund are required to record long-term deed restrictions to maintain affordability.

II. Housing Trust Fund Priorities

- a. The following priorities have been established for the Chatham County Housing Trust Fund:
 - 1. To increase the supply of affordable housing near resources like grocery stores, public transportation, schools, jobs, and healthcare.
 - 2. To reduce and avoid undue concentrations of poverty and subsidized housing.
 - 3. To incentivize development of affordable and workforce housing for low- and moderate-income households.
 - 4. To promote diversity and vitality of neighborhoods.

The Housing Trust Fund is intended to work in tandem with the County Location Policy. Projects that address these priorities or otherwise fall under the Location Policy will be given higher priority.

III. Eligibility

a. Eligible Applicants

The Chatham County Housing Trust Fund will accept and consider proposals from:

- 1. For-profit corporations, partnerships, or sole proprietors.
- 2. Private incorporated non-profit agencies with IRS 501(c) designation.
- 3. Public Housing Agencies
- 4. State and Local governments.

b. Eligible Activities

The Chatham County Housing Trust Fund will financially support proposals that address affordable housing. Examples of possible proposals include but are not limited to the following:

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1. Construction of new housing for sale or rental, including land acquisition and hard costs.
2. Preservation of existing affordable housing, the tax credits for which are getting ready to expire.
3. Conversion or adaptive reuse of existing non-residential structures for housing.
4. Purchase and rehabilitation of existing substandard multifamily housing units that do not currently meet the jurisdiction's minimum housing code.
5. Purchase and rehabilitation or conversion of market rate multifamily developments to affordable housing.
6. Payment of pre-development costs, such as feasibility studies, appraisals, land options, and preparation of an application.
7. Reimbursement grants for fees and charges for projects eligible under the Location Policy. Projects approved for fee reimbursement through the Location Policy do not need to apply separately to the Housing Trust Fund to receive them.

c. Development Requirements

While a range of activities are eligible, all proposals must contain the following:

1. At least 20% of the development must be affordable to households with incomes at or below 120% of the Area Median Income, adjusted for household size.
2. Comply with the applicable jurisdiction's zoning, land development, and other housing policies.
3. Development must be within Chatham County.

IV. Process

a. Request for Proposal

The Chatham County Housing Trust Fund will release a Request for Proposal (RFP) annually when funds are available for use, generally in the fall of each year. The RFP will include deadlines and a schedule, and will be posted on the County's [Current Bid & Proposal Opportunities](#) webpage.

b. Out-of-Cycle Applications

Out-of-cycle applications will be considered for time-sensitive 3rd party acquisitions on a case-by-case basis, where a development is currently listed on the open market or will be listed on the open market in the immediate future. If you are applying to be considered out-of-cycle please email a letter to the County Policy Analyst, Stephanie Watkins-Cruz at stephaniew.cruz@chathamnc.org with information about the project (location, units, price), documentation of time sensitivity, and a description of why an in-cycle application would preclude the ability to purchase.

c. Application Requirements

The Chatham County Housing Trust Fund requires the following documents in the application:

1. A completed Affordable Housing Development RFP Application, including:

- i. Project Developer's name and contact information
 - ii. Any other developers/principal partners involved in the project and their contact information
 - iii. Types and quantities of units in proposed development, including affordability commitments and/or special populations served
 - iv. Description of vision for the project and its public benefits, including how it would improve the quality of life for the residents.
 - v. Project location, design features, and amenities
 - vi. An overview of any anticipated rehab or construction work
 - vii. Project readiness and general timeline for completion
 - viii. Developer experience
 - ix. Property manager experience
 - x. Budget characteristics, including anticipated financing sources and the level of support you are seeking from the Housing Trust Fund.
2. In addition to the application, the following documents must be submitted for review:
- i. Audited Financial Statement.
 - ii. One-page resume for each of the key staff persons that includes specific housing development experience and years of experience.
 - iii. 30-year excel proforma. Include detailed sources and uses, income and expenses, financing assumptions (interest rates, tax credit rates, etc.). Show all formulas.
 - iv. Projects with projected costs greater than \$5,000,000 or with more than 30 units must submit an independent market study.
 - v. Photo of the site
 - vi. PDF of conceptual renderings/architectural plans (if prepared)
 - vii. Appraisal (if already obtained)
 - viii. Map of site including street names
 - ix. Document showing evidence of site control (option agreement, LOI, purchase contract, etc.)

Proposals will not be reviewed if the application is not complete or if the proposed development is not listed within the eligible activities (*Listed in IIIb*)

d. Application Evaluation

After the closing of the RFP, the Chatham County Affordable Housing Advisory Committee will review all proposals for completeness and evidence of meeting the guidelines. They will rank the applications according to how well they address the Housing Trust Fund priorities and will submit their funding recommendations to the County Commissioners for their approval.

e. Project Completion

The project must be completed within 24 months of receiving funds. In certain circumstances a one-time extension will be granted for an additional 12 months, but to be considered for this extension the project must be under construction, have proof of progress,

and have shown a good faith effort towards meeting the 24-month timeframe. To request an extension, the developer needs to submit a written request to the County Policy Analyst providing proof of progress and an explanation of why an extension is needed to complete the project. The Affordable Housing Advisory Committee will review and approve or deny any extension requests. If a project is not completed within this timeframe, the County will send the developer a letter notifying them that the funds are expected to be repaid within six months of receiving the notice.

f. Reporting

1. For project that receive one-time funding, such as reimbursement grants for fees and charges for projects eligible under the Location Policy, no annual reporting is required.
2. For projects that receive funding over multiple years, such as purchase or construction financing, an annual progress report to the Town/County may be required, which could include a complete rent roll and income and household size of income-qualified tenants.
3. The Affordable Housing Advisory Committee will determine annual reporting requirements on a per-project basis as funding awards are approved.