

APPLICATION FOR FUNDING FOR CONSTRUCTION PROGRAMS
Town of Chapel Hill CDBG Program
Orange County HOME Program
Town of Chapel Hill Affordable Housing Development Reserve

Section 1: APPLICANT AND PROJECT OVERVIEW

A. Applicant Information

Applicant Organization's Legal Name: Habitat for Humanity, Orange County, NC, Inc.

Primary Contact Person and Title: Susan Levy, Executive Director

Applicant Organization's Physical Address: 88 Vilcom Center Drive, Suite L110, Chapel Hill, NC 27514

Applicant Organization's Mailing Address: Same as above

Telephone Number: (919) 932-7077

Fax Number: (919) 932-7079

Email Address: slevy@orangehabitat.org

DUNS Number: 095849568

(Dun & Bradstreet, Inc. provides this number at no charge, and it is required for Federal funding recipients.)

B. Project Information

Project Name: Northside Land Purchase and New Home Construction for Affordable Homeownership

Total Project Cost: \$869,459

Total Amount of Funds Requested: \$270,000

Please specify the **type** and **amount** of funding requested: *(Note: If applying for funding from multiple sources, please indicate the amount requested from each source.)*

CDBG: \$ _____

HOME: \$ _____

AHDR: \$270,000

Proposed Use of Funds Requested *(provide a concise description of proposed project)*: Habitat for Humanity, Orange County, NC, Inc. proposes to use \$165,000 in Town of Chapel Hill Affordable Housing Reserve Funds to purchase a property on Craig Street in the Northside neighborhood in Chapel Hill. Habitat is also requesting an additional \$105,000 that will be used as second mortgages to buyers of seven Habitat homes that will be built beginning in 2016 in Northside on Craig Street (three homes), Lindsay Street (two homes) and Whitaker Street (two homes). All seven homes will be sold to qualifying households earning 60% or less of the AMI.

To the best of my knowledge and belief all information and data in this application are true and current. The document has been duly authorized by the governing board of the applicant.

Signature: 
 Board Chairperson/Department Head

April 23, 2015
 Date

Section 2: PROJECT DESCRIPTION

Please provide a thorough description of the project (by answering the “who,” “what,” “when,” and “where” questions about your project). Do not assume the reader knows anything about the project.

A. Project Name

1. Please provide the name of your project. Northside Land Purchase and New Home Construction for Affordable Homeownership

B. “Who”

1. Client Group. Who is the targeted client group, and what are their needs? What objective data can you provide in evidence of these needs? The targeted group is first-time homebuyers who earn at or below 60% of the AMI, have lived and/or worked in Orange County for at least one year, and live in housing that is substandard, unsafe, unaffordable, or subsidized (public housing or Section 8 program). All applicants must document their need in their application, and documentation is verified by Habitat staff and volunteers, who conduct home visits with all qualified applicants prior to their approval. Of the 11 households Habitat approved in 2014, three were living in overcrowded conditions, two were living in housing that was unsafe or in disrepair, and six were paying more than 30% of their income for rent. On average, these 11 families earn 44% of the AMI and have 1.4 children under 18 per household. Habitat also markets to and serves applicants who are residents of public housing or who have Housing Choice vouchers. By providing the opportunity to own an affordable home to these households, spaces are freed up for others on the waiting list for these two programs. In addition to its usual marketing activities, Habitat will reach out to current residents of the Northside neighborhood and to employees of the Town of Chapel Hill, UNC-CH, and UNC Health Care to recruit qualified buyers.

2. Client Demographics. Please complete the following tables to the best of your ability. Show actual or estimated numbers of beneficiaries, not percentages, in each category. In general, you should count households as the beneficiaries for housing programs and persons for non-housing programs. Please see **Attachment 2** for the current income limits for the Durham-Chapel Hill MSA.

Note: Activities may benefit individuals and/or geographic areas. You may fill out one or more of these tables, as appropriate.

Income Group*	Number of Beneficiaries
<30% of the Area Median Income (AMI)	0
31%-50% of AMI	5 (projected)
51-80% of AMI	2 (projected)
>80% of AMI	0
TOTAL	7

Special Needs Beneficiaries (if applicable)	
Category	Number of Beneficiaries
<i>Elderly (over 60)</i>	1 (projected)
<i>Disabled (not elderly)</i>	unknown at this time
<i>Homeless</i>	0
<i>People with HIV/AIDS</i>	0
TOTAL	1

CDBG Area Benefit Activities (Infrastructure and Public Facilities)*				
Street	Census Tract	Block Group	Total Persons	#LMI Persons

* If your agency has any questions about these designations, please contact the Town or County staff.

3. Project Staff. Please provide names of staff, contractors, and/or volunteers that will be involved with the project and describe their responsibilities with the project. (Optional: Attach resumes and/or job descriptions): Susan Levy, Executive Director, will have chief oversight responsibilities for the project. Ms. Levy has served as Executive Director of Habitat since 1992, and has overseen the successful completion of Habitat projects in Orange County using HOME, CDBG, and Orange County Affordable Housing Bond funding for more than 20 years. Tyler Momsen-Hudson, Construction Director, will have oversight responsibilities for the preparation of the site and construction of the homes. He has served in this capacity on the Habitat staff since 1995, and has overseen the construction of more than 200 Habitat homes in Orange County. Sharron Reid, Habitat's Family Services Director, will be responsible for recruitment and screening of potential homebuyers, as well as providing homebuyer and homeowner education to the approved applicants. She is a certified housing counselor with many years of experience in both Orange and Chatham Counties providing homebuyer education and training and assisting first-time home buyers. In addition, Habitat will contract with Tightlines Designs to create house designs and site plans that are compatible with the neighborhood. Tightlines Designs creates attractive designs for small and affordable homes, and has prior experience working with the Northside Neighborhood Conservation District, Orange Habitat, and other Habitat affiliates. Adwoa Asare is Habitat's Community Development Manager. She is responsible for community outreach activities and manages the A Brush with Kindness program in Northside. Ms. Asare was hired as Community Development Manager in July 2012 and works collaboratively with Northside residents and organizations active in Northside, such as the Jackson Center and EmPowerment.

C. "What"

1. Type of Activity. Please check the category under which your project falls.

- Acquisition (for rental or homeownership)
- Predevelopment costs
- Infrastructure/site improvements
- New construction for homeownership (HOME or AHDR only)

- New construction for rental (HOME or AHDR only)
- Public facility or improvement (CDBG only)
- Commercial property construction/rehabilitation (CDBG or AHDR only)
- Owner-occupied rehabilitation
- Rental rehabilitation
- Emergency shelter
- Transitional housing
- Supportive housing
- Security and utility connection fee assistance (AHDR only)
- Rental subsidy (AHDR only)
- New or redeveloped rental housing (AHDR only)
- Second Mortgage Assistance Program (AHDR only)
- Community engagement programs to support future development planning (AHDR only)
- Other (specify): _____

2. Project Description. Please provide a general overview of your project, including what you are planning to produce and how you are planning to carrying out the project. Habitat proposes to use \$165,000 from the Affordable Housing Reserve Fund to purchase a property on Craig Street in the Northside neighborhood in Chapel Hill. The property is currently owned by Self-Help Community Development Corporation. Habitat has an option to purchase the property (see attached). If funding is approved, Habitat will begin the process of seeking review and approvals from the Community Design Commission and Planning Board to subdivide the lot into a three-lot "detached townhome" community. The existing home on the property will be removed in order to make the construction of three homes possible. In addition, Habitat requests \$105,000 in AHRF funds toward the construction and sale of seven single-family homes in Northside, all of them affordable to buyers earning 60% or less of the AMI. The funds will provide second mortgage assistance to the seven homebuyers, who will also have a zero-interest first mortgage from Habitat. The homes will be built on the Craig Street property (three homes), a lot which Habitat has under contract on Whitaker Street (two homes), and a lot on Lindsay Street which the Town of Chapel Hill will donate to Habitat (two homes). All of the homes will be built to SystemVision New Home standards and to the bronze level of certification of the National Association of Home Builders' Green Certification Program. All units incorporate universal design elements (see attached). The homes will be built using Habitat's typical combination of volunteer and professional labor, with the homebuyer contributing 325 hours of sweat equity prior to closing, and with Habitat providing a zero-interest first mortgage. The Habitat model of using community volunteers to help fund and build homes brings together diverse members of the community to work together. Habitat plans to recruit volunteers from the UNC-CH campus, including students who live in Northside, members of the local business community, faith congregations, and employees of the Town of Chapel Hill to work together to build the homes.

Community Support: The project addresses several of the strategic priorities set by the Northside Compass Group. The members of this group include long-time residents and stakeholders who participated in the collaborative neighborhood planning process that was spearheaded by the Center for Community Self-Help and the Marian Cheek Jackson Center. Those priorities include: retain strong homeownership through single-family infill and duplexes, and attract long-term renters and owners through single-family infill and duplexes. Habitat participated as a member of the Resource Group during this collaborative process, and continues to be actively engaged in the Northside neighborhood through its A Brush with Kindness exterior repair program and as a participant in the Northside

Neighborhood Initiative facilitated by the Town of Chapel Hill and Self-Help. Long-time Northside resident and Compass Group member Kathy Atwater also serves on Habitat’s Board of Directors.

This project is consistent with the following goals in the Town’s Affordable Housing Strategy:

1. Maintain a commitment to providing affordable homeownership opportunities: this project will result in seven new homes for sale to buyers who earn between 30 and 60% of the AMI.
2. Support the reuse and redevelopment of property that can be developed into affordable housing: this project will develop two vacant, unused lots to their highest and best use, as duplexes to be sold to households who could not otherwise afford to own a home in Chapel Hill.
3. Support the ability for senior citizens to age-in-place or transition to affordable housing within the community: Habitat will work with local residents to identify potential buyers from within the Northside community who could qualify to purchase a Habitat home, including seniors who are currently renting or living with relatives.
4. Address the development pressures on the Pine Knolls and Northside neighborhoods by supporting a housing and cultural preservation program in the neighborhoods: this project is consistent with the Northside and Pine Knolls Community Plan and the strategies developed by the Northside Compass Group as stated above.

D. “Where”

1. Project Location. Please be as specific as possible. The project is located on three different sites within the Northside neighborhood in Chapel Hill. The locations are on Craig Street, Lindsay Street, and Whitaker Street.

2. Project Size. Please provide the size of development site: Craig Street property is 0.6 acres. Lindsay Street property is 0.29 acres. Whitaker Street property is 0.29 acres.

Please attach the following:

- Site map showing lot boundaries, locations of structure(s), and other site features
- General location map (at least ½ mile radius)

E. “When”

Attach a **detailed and realistic** timetable showing when each work task will be completed (e.g., planning; obtaining financial commitments; design; environmental review; bidding; loan closing; key milestones in construction; marketing; final inspection; occupancy; etc.)

- a. For AHDR projects:
Projects will be evaluated and scored based on the timetable included in the application and the performance agreement will outline the agreed upon dates for use of funds and project completion.
- b. CDBG funded projects For CDBG-funded projects:
For large-scale projects receiving funding for infrastructure/site improvements, your timetable should reflect an expectation of completing construction by December 2017.

- c. For HOME-funded projects:
The project must be completed by June 2020.

F. Project Details

Please provide the information requested below (please add additional lines where necessary). If the question is not applicable or no information is available, insert N/A.

2. Property Acquisition.

- a. Has your agency acquired real property in order to carry out the project, or is property acquisition planned? Yes, property will be acquired.
- b. Has the property owner been informed of your intention to use federal funds for this project? If so, attach letter. (Sample property acquisition letters are available from Town or County staff.) Federal funds will be used to purchase the Whitaker Street property. Letter from sellers has not yet been obtained but will be prior to closing.
- c. Is the property currently occupied? If so, attach a description of your plan to relocate tenants in accordance with the Uniform Relocation Act. (Contact Town or County staff if your agency has questions about the URA.) No.

3. Construction Detail.

- a. How many units will be newly constructed? 7
- b. How many units will be rehabilitated? 0
- c. What is the square footage of each unit? approximately 1,000-1,200 square feet
- d. What is the number of bedrooms in each unit? 2-4 depending on house plan/lot
- e. What is the number of bathrooms in each unit? 1.5-2 depending on house plan
- f. Will the project participate in an energy efficiency program (e.g. Energy Star)? Yes
 - i. If yes, please provide the details: See attached
- g. How many units will have full ADA accessibility? All units incorporate universal design elements.
 - i. Please provide details: Habitat will build a fully accessible unit based on the needs of the homeowner. See attached.
- h. For rehabilitation projects, describe your lead-based paint abatement plan for property built before 1978: N/A
- i. How many households will have direct access to improved infrastructure? Infrastructure is already in place for all lots.
 - i. Please describe: N/A

j. Is the proposed project located in a Neighborhood Conservation District? (Neighborhood Conservation Districts apply only to projects located in Chapel Hill.) Yes.

i. If yes, is your agency fully informed of the Neighborhood Conservation District guidelines? (For more information about the Neighborhood Conservation District guidelines, please contact Town staff.) Yes.

k. Please attach the following:

Floor plan(s)

Elevation(s)

Habitat will be using Tightlines Designs to design the house plans. The attached duplex plan has been approved for the Whitaker Street property by the Community Design Commission. The house plans for the other lots have not yet been created and will also require approval by the Community Design Commission. The single-family detached house plans included with this application are plans currently used by Habitat and are representative of the type of single-family detached home that will be built.

4. Affordability, Marketing, and Supportive Services.

a. Describe any methods to ensure long-term affordability of housing units, including subsidy recapture, equity sharing, deed restrictions, etc.: All homes will be sold using deeds of restrictive covenants which require 99-year affordability to buyers who earn 80% or less of the AMI. In addition, Habitat has a right of first refusal on all of its homes, and a shared equity agreement with all of its buyers that allows buyers to share a percentage of the appreciation of their property based on the ratio of their first mortgage, which is provided by Habitat, and the original sales price of the home, which is determined by a market appraisal at the time of sale.

b. What are the proposed rents (including utility costs) or sales prices for completed units? Estimated sales prices of \$155,000-\$195,000. Sales prices will be determined by the appraised values at time of sale.

c. Explain your agency's process for marketing to ensure an adequate pool of income-eligible renters to buyers: Habitat will collaborate with the Jackson Center and with EmPowerment, Inc. to market the homes in both Northside and Pine Knolls among local leaders and residents. Habitat will also hold an orientation session for Town of Chapel Hill employees to market the homes. Also, see attached marketing plan and Project Description on pages 4-5 of this application.

d. If supportive services will be coordinated with the project, please describe these: N/A

Section 3: PERFORMANCE MEASUREMENTS

A. Goals and Objectives

Please complete the following chart with information about the project's goals and objectives. Also, please provide information on how these goals and objectives will be measured. **Be as detailed and specific as possible.**

Goal/Objective	Measurement Tool
<i>Ex: Provide housing for low- to moderate-income households.</i>	<i>Ex: By 2016, build ten units that are affordable to low- to moderate-income households.</i>
Provide long-term affordable homeownership in the Northside neighborhood to households earning 60% or less of the AMI.	By September 30, 2015, property acquisition completed for Craig Street, Lindsay Street, and Whitaker Street lots. By June 2017, build seven SystemVision and green-certified homes and sell them to buyers earning 60% or less of the AMI.

B. Compliance with National Objectives

If your agency is applying for CDBG funds, address which National Objective your project will be meeting. (An overview of the CDBG National Objectives can be found in Attachment 1.) N/A

C. Alignment with Town Council Goals and adopted affordable housing strategies.

If your agency is applying for AHDR funds, explain how the proposed project aligns with the Town Council Goals and adopted affordable housing strategies. This project will provide seven new affordable homeownership opportunities in the Northside community of Chapel Hill and supports Goal 1(b) of the Town of Chapel Hill's Affordable Housing Strategy: "Maintain a commitment to providing affordable homeownership opportunities." See also Project Description on page 5.

Section 4: PROJECT BUDGET AND PRO-FORMA

Please note that this section must be completed in order to ensure review.

A. Project Budget

Attach a **detailed project budget** showing all sources and uses of funds. Attach funding commitment letters where available or copies of funding applications you have submitted.

B. Terms of Project Funding

Please specify the type of funding request for which you are applying:

CDBG: Grant Loan

HOME: Grant Loan

AHDR: Grant Loan

If applicable, please provide details about the nature of your funding request: Habitat proposes that the funding that is requested for the purchase of the Craig Street property (\$165,000) be in the form of a grant. For the funding that is being requested for the construction of the homes (\$105,000) Habitat requests that they be in the form of second mortgages to the buyers of the homes. These second mortgages would be deferred payment, zero-interest loans that come due upon sale of the property.

C. Pro-forma (for rental property only)

If you are developing a property for rent, please attach a 20-year pro-forma showing estimated income, expenses, net operating income, debt service, and cash flow.

Section 5: AGENCY DESCRIPTION

If you have not received CDBG or HOME funding in the past three (3) years, please provide the following information. Agencies and member governments that have been funded in the past three (3) years and member governments carrying out projects entirely with their own staff may omit this section.

If your organization has received CDBG or HOME funding in the last three (3) years and is omitting this section, please check this box:

A. Organization

What is your organization's . . .

1. Mission statement? _____
2. Incorporation date (Month and Year)? _____
3. Estimated Total Agency Budget for FY 2014-2015? \$ _____
4. Total number of agency staff (full time equivalents): _____

B. Agency Track Record

Please describe your agency's experience and ability to carry out the proposed project, including:

- involvement of intended beneficiaries of the project in the planning process
- past achievements in carrying out similar projects
- experience of key staff
- collaborative relationships with other agencies,
- plans to develop linkages with other programs and projects to coordinate activities so solutions are holistic and comprehensive
- any other features relating to agency capacity that you consider relevant. _____

C. Board of Directors

1. How many Board Members should your organization have according to your by-laws? _____

2. How many Board Members does your organization actually have at this date? _____
3. How often does the Board meet? _____
4. What was the actual attendance at each of the last three regular Board meetings? _____
5. Have you failed to reach a quorum at any Board meetings in the last 12 months? _____
6. What efforts do you make to ensure that your Board represents the community it serves?

Section 6: DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Are any of the Board Members or employees of the agency which will be carrying out this project, or members of their immediate families, or their business associates:

a) Employees of or closely related to employees of the Town of Chapel Hill, Orange County, Carrboro, or Hillsborough? YES NO

b) Members of or closely related to members of the governing bodies of Chapel Hill, Carrboro, Hillsborough, or Orange County? YES NO

c) Current beneficiaries of the project/program for which funds are requested? YES NO

d) Paid providers of goods or services to the program or having other financial interest in the program? YES NO

If you have answered YES to any question, **please provide a full explanation below**. The existence of a potential conflict of interest does not necessarily make the project ineligible for funding, but the existence of an **undisclosed** conflict may result in the termination of any grant awarded. N/A