



BUNCOMBE COUNTY

**AFFORDABLE HOUSING SERVICES PROGRAM:
ANNUAL LOW-INTEREST LOAN PROGRAM**

PROGRAM DESCRIPTION AND APPLICATION

Fiscal Year 2015-2016

**Buncombe County
Department of Planning and Development
August 2015**

Introduction

Affordable housing opportunities for all segments of the community are recognized as an important part of developing and maintaining a healthy economy and workforce. The Buncombe County Board of Commissioners recognizes the area's need for affordable housing and has identified it as a priority for the future development of our community.

The County has established the following **goals** for the Affordable Housing Services Program (AHSP):

- ✓ Increase the stock of affordable housing
- ✓ Preserve the existing housing stock
- ✓ Reduce substandard housing
- ✓ Support homeownership initiatives, such as downpayment assistance programs

Through the AHSP, the County offers several programs to promote these goals. Three of these programs are offered year-round, including the Permit Fee Rebate Program; the Employee Housing Assistance Program; and the newly created Development Incentive Program. Details about these programs can be found in the Attachment, 'Affordable Housing Services Program: Year Round Incentives.'

In addition to the year round incentives, the County administers an annual loan program which offers low-interest loans to assist in the provision of affordable housing. Applications for this program are accepted once a year, and may be considered in conjunction with urgent repair and tenant-based rental assistance funding.

This application is for the annual low-interest loan program.

Table of Contents

Section I – Program Guidelines

A. Eligibility	4
~Developers	4
~Activities.....	4
~Use of Funds.....	4
B. Affordability	4
C. Time Frame.....	5
D. Loan Provisions	5
~Amount	5
~Program/Loan Terms.....	5
E. Affirmative Marketing.....	6
F. Minority Business Participation	6
G. Permit Fee Rebates & Development Incentives.....	7
H. Review Procedure.....	7
I. Administration	7

Section II – Application Submittal

A. Instructions for Submitting Applications	8
B. Application Form.....	9
~Summary.....	9
~General Applicant Information	9
~Project Team Details	10
~Project Description	12
~Financial Information	15
~Disclosure of Potential Conflicts of Interest	16
~Authorization.....	16

Section III – Appendices & Attachments

A. Appendix 1 – Affordability Information	18
B. Appendix 2 – Documents to Enclose w/Application	18
C. Appendix 3 – Scoring Criteria Score Sheet.....	19
D. Attachments	
~Affordable Housing Services Program: Year Round Incentives	21

Section I

Program Guidelines

A. Eligibility

Developers

Developers may be:

- For-profit corporations, partnerships, or sole proprietors;
- Private incorporated non-profit agencies with IRS 501(c)(3) or similar designation; or
- Public non-profit agencies and governmental agencies, including the County (which may itself operate projects assisted by the AHSP).

*Individuals seeking to build a home to live in will **not** be eligible for this program.*

Activities

The following types of projects will be eligible for assistance through this program:

- Construction of new housing for sale and rental units, including site work and soft costs
- Conversion of existing non-residential structures for housing for rent or sale
- Rehabilitation and repair of residential units for rent or sale
- Downpayment assistance for eligible homebuyers
- Rental assistance offered in connection with a program focusing on helping those at risk of homelessness

All housing must meet state and local building codes. Homes must be stick-built or system-built (modular) housing. All projects must be located within Buncombe County.

Use of Funds

Funding assistance is limited to projects within Buncombe County outside the City of Asheville limits, except for construction of new Rental Development. Applicants who are interested in developing within the City limits should apply to the City of Asheville Trust Fund Program.

B. Affordability

To be considered affordable, housing must meet the following criteria:

- Homes for sale must be priced as affordable within 30% of the buyer's income **and** sold to a family with household income at or below 80% of Area Median Income (AMI) adjusted for family size; and
- Rental units must be rented at affordable rents (not more than 130% of HUD's Fair Market Rent) for the life of the loan, plus 5 years of occupancy **and** the first tenants must have household income below 80% of the AMI

Appendix 1 provides information on income levels and sales prices that meet these criteria.

C. Timeframe

Projects must be scheduled to break ground **or** spend at least 10% of total project costs within 12 months of submission of application.

D. Loan Provisions

Amount

The maximum loan amount will be:

- **For construction financing** \$25,000 per unit
- **For rehabilitation financing** \$25,000 per unit
- **For downpayment assistance financing** \$15,000 per unit

Program and Loan Terms

The Affordable Housing Services Program primarily offers incentives through low-interest loans.

1. New Construction: This activity will support new single-family homeownership and rental construction. This activity can be administered by private or non-profit entities.

The maximum loan amount will not exceed \$25,000 per unit. Assistance can take the form of a construction loan and may also be used for infrastructure, professional services, and permitting costs. The unit must be sold to a household earning at or below 80% of the AMI and should remain affordable to the buyer (i.e., the monthly costs for the buyer should be no more than 30% of their household income). The cost of the house must not exceed \$155,000 for up to two bedrooms, or \$175,000 for three or more bedrooms.

Assistance will be in the form of secured loans for a term of up to five years or until the property is sold, whichever occurs first. Loans will be fully amortizing at an interest rate of 2%, except that interest on construction loans may be deferred until the loan principal is due. The loan term for new rental construction will be for up to 15 years at an interest rate of 2%. It will be necessary for the rent to remain affordable and below fair market rent throughout the loan period. Loans at or greater than \$75,000 will be secured by a lien on the property being assisted.

Loan agreements shall be executed between the County and the applicant for the project. Specific loan conditions will depend on the type of project being assisted, and typically include:

- Time limits for project completion
- Periodic progress reports
- Levels of rent and/or occupant income
- Adherence to Fair Housing and Equal Rights Opportunity principles
- Access by staff to project records
- Prohibiting conflicts of interest

Regular progress reports and updates are required for this program.

2. Conversion, Rehabilitation and Repair: This activity will support the rehabilitation of existing multifamily units or the conversion of existing buildings into multifamily units for sale (i.e., condos) or rental units.

The maximum loan amount will not exceed \$25,000 per unit, based on a licensed contractor's estimate of required repairs to bring the units up to building code. All service delivery and administration costs must be included and itemized in the estimates, and will be included in the loan.

For rental units, the owner must certify and enter into Agreement with the County that rents will remain affordable over the lifetime of the loan, plus five years. The loan will have a 2% annual interest. The property shall be secured with a lien.

Units for sale will have a loan period of up to five years at 2% annual interest. The loan will be secured with a lien on the property.

Repair assistance funding will be administered by non-profit and private developers with no financial interests in the homes to be repaired. Homeowners to be assisted through this program must be at or below 80% AMI. Only repairs for life safety issues can be assisted, with the total assistance per household not to exceed \$15,000.

Repair assistance is also available for retrofitting multifamily and single family structures for handicapped needs.

3. Downpayment Assistance Programs: This activity can be administered by a local non-profit or private organization. The organization must either coordinate homebuyer's education classes or require that participants complete a homebuyer's education course. Eligibility of homeowners depends on, but is not limited to, an income at or less than 80% AMI and the completion of a homebuyer's education course. The cost of the house must not exceed \$155,000 for up to two bedrooms, or \$175,000 for three or more bedrooms.

Loans for downpayment assistance can be offered up to a maximum of \$15,000. Assistance will be in the form of a non-forgivable loan with 0% interest, secured with a lien on the property. The percentage of the value of the home purchase that is borrowed from the County will be secured and returned to the County, and will be no less than the amount borrowed. The loans become due in the event that the homeowner no longer lives in the home, sells the home, or refinances. Loans on downpayment assistance shall be secured by a lien on the property being assisted. Loan agreements shall be executed between the County and applicant for the project. The County prefers to take or share a first lien position, but will accept a second position, subject to the amount of loan funds financed.

4. Rental Assistance: This activity can be administered by a local non-profit specializing in working with homeless families or those at risk of homelessness. Assistance can be provided for security and utility deposits, moving expenses, and first month's rent. Financial assistance per household will not exceed \$1,500. Successful applicants will provide housing stabilization services and after placement follow up for clients.

E. Affirmative Marketing

Good Faith Efforts

The County will require all developers to abide by Fair Housing principles, which prohibit discrimination based on race, age, gender, religion, national origin, disability, or family status. Units constructed within Buncombe County's AHSP must be openly marketed to ensure fair housing choices.

F. Minority Business Participation

The County has adopted a Minority Business Plan to encourage participation by minority and women owned businesses in County-assisted projects. Questions regarding the Minority Business Plan may be directed to Jennifer Pike at (828) 250-4130. You can access sources for certified minority firms at

<http://www.doa.nc.gov/hub> to search for vendors. It is the policy of the County to provide minorities an equal opportunity to participate in all aspects of its contracting and procurement programs, and to prohibit any and all discrimination against persons or businesses in pursuit of these opportunities.

G. Permit Fee Rebates and Development Incentives

Developers are reminded of the Permit Fee Rebate program and the recently offered Development Incentive program. A description for each of these affordable housing programs is found in the Attachment, Affordable Housing Services Program: Year Round Incentives.

H. Review Procedure

Applications will be reviewed by the AHSP Planning Staff and scored according to criteria based on the degree to which the activity follows the established goals, as well as other factors such as:

- Public purpose
- Community impact
- Financial feasibility
- Applicant's experience and capability to successfully complete program activities
- Degree to which funding is leveraged with additional investment
- Degree to which the project assists the elderly or other special needs groups
- Number of beneficiaries of the proposed project

Recommendations will be submitted to the Board of Commissioners for final approval.

I. Administration

Staff of the Planning and Development Department and Finance Department will administer the AHSP, with assistance from the County Legal Department, under the general direction of the County Manager.

Section II

Application Submittal

A. Instructions for Submitting Applications

This application form may be submitted via postal service or electronically. It can be downloaded from the County's website at: <http://www.buncombecounty.org/governing/depts/Planning/Housing.htm>.

Submit in printed form or via email. Please detach the instructions and Appendices. Additional printed documentation, photographs and maps may be attached to clarify the project description, experience of the developer, etc. Do **not** submit a cover letter. **The deadline for submission is September 4th, 2015 at 5:00 pm.**

For applications submitted by hand or by mail:

- The original and one copy should be submitted to:
Buncombe County
Department of Planning and Development
46 Valley Street
Asheville, NC 28801
- All pages must be numbered.
- Applications should be fastened with a paper clip or other fastening that can be easily be undone for copying. Please **do not** use binders, covers, staples, or page tabs.

The County reserves the right to act as sole judge of the content of the applications submitted for the County's evaluation, selection and may, at its sole discretion, reject any or all applications.

The County will not be liable for any cost incurred in connection with preparation and submittal of any application.

Staff in the County's Department of Planning and Development will be happy to answer questions about the Affordable Housing Services Program, this form and the application process, but cannot help write proposals. The Department of Planning and Development may be reached at (828) 250-4830.

B. Application Form

Fiscal Year 2015 – 2016
Low-Interest Loan Program Application

A. Project Summary

Project Title: _____

Project Location: Address: _____

City/Township _____ Zip: _____

No. of Units: For Sale _____ For Rent _____ For Rental Assistance _____

For Multi-Family Rehab or Conversion _____ For Downpayment Assistance _____

Loan Amount Requested: \$ _____

B. General Applicant Information

(B1) Applicant's Name: _____

(Doing Business As) (_____)

(B2) Applicant's Address:

Street Address: _____

City: _____ State: _____ Zip: _____

Telephone Number: (Main): (_____) _____

(B3) Contact Person: _____

Title: _____

Telephone: (_____) _____ ext. _____ Fax : (_____) _____

E-Mail Address: _____

(B4) Type of Organization (select one):

Non-Profit Corporation Sole Proprietorship General Partnership

Limited Liability Corp Limited Partnership Limited Liability Partnership

Other: _____

Established: _____ Date: _____ State: _____

C. Project Team Details (continued)

(C2) Past Experience. Complete the following table by briefly describing three past housing construction projects that demonstrate your development experience. You may attach plans or photographs. If the project was outside of Buncombe County, please list similar information and the County in which the projects were completed.

Project Title and Description	Number of Units	Year Completed	Total Project Cost
			\$
			\$
			\$

D. Project Description

Project Title: _____

(D1) Short Description. Please provide one or two sentences stating the **number** and **type** of housing or other units expected to result from this project and the **targeted client group**.

(D2) Project Justification. Describe the target population and how you intend to recruit participants. Provide objective data as evidence of the need for your project. Describe how you will measure the success of your project.

Please list the number of persons served by income group in the table below.

Target Population	# of Units	% of Total
Families at 60-80% of Area Median Income		
Families at 30-59% of Area Median Income		
Families below 30% of Area Median Income		
Total	Units	% of Units

D. Project Description (continued)

(D3) Project Details. Please provide a detailed description of the project, addressing each of the following components. Please check each box to show that you have addressed the element, or insert "N/A" where the question is not applicable or no information is available.

Site Detail:

- Site location map showing development site in relation to streets and points of interest in the surrounding neighborhood (at least ½-mile radius). Indicate waterways, floodplain boundaries, and railroads.
- Site map showing lot boundaries and location(s) of building(s), and other site features.
- Lot size (acres): _____
- Current site zoning (if applicable) and the status of any required planning reviews:

- Site control:
 - If you already own the site or property, submit a copy of the deed and describe all existing liens or deeds of trust on the property.
 - If the site is currently under an option agreement, submit a copy of the option and purchase agreements.

Construction Detail and Design Elements:

- Floor plan and sketch of finished building(s).
 - How many units will have the following accessibility features? _____
 - All doorways at least 32" wide and passageways 36" wide on the main floor;
 - An at-grade or ramped entrance to the main floor or the capability to easily install a ramp in the future; and,
 - A bathroom or half-bath on the main floor that will accommodate a wheelchair
 - Will the project participate in an externally monitored energy efficiency program (e.g., Energy Star)? Yes _____ No _____
 - If yes, identify the program and how the project includes other energy efficiencies in its design: _____

Site Plan (Please attach the following, if applicable):

- Elevation design or drawing of dwelling units.
- Floor plans to scale (including ADA accessibility features, if applicable.)

D. Project Description (continued)

(D4) Size and Price of Units: Complete one line for each unit or group of identical units. Add more lines if needed.

For the Total Development, including the Affordable Units:

# of Bedrooms	# of Baths	# of Units of this Size	Area per Unit (heated sq. ft.)	Estimated Development Cost per Unit	Cost per square foot	Proposed Sales Price or Monthly Rent*
				\$	\$	\$
				\$	\$	\$
				\$	\$	\$
Totals:				\$	\$	\$

*Fill in *either* sales price *or* monthly rent.

(D5) Proposed Time Table. (add more lines if needed)

Activity	Date
Acquire Land	
Construction/Rehabilitation Loan	
Acquire Permits	
Site Preparation and Begin Construction/Rehabilitation	
Construction End	
Sale of Unit/Occupancy	

E. Financial Information

(E1) Project Budget: (add more lines if needed)

Project Revenues (sales revenues or permanent financing for rental projects)

	\$
	\$
	\$
Total:	\$

Costs

Land Acquisition	\$
Site Preparation	\$
Construction	\$
Construction Contingency	\$
Appraisal	\$
Survey	\$
Architect/Engineering	\$
Permits	\$
Taxes	\$
Financing Cost (include interest)	\$
Legal	\$
Marketing	\$
In-house Admin Costs/Developers Fee	\$
Other (please specify):	\$
Total:	\$

(E2) Details of Project Financing. Please attach letters evidencing existing loan commitments.

Source of Funds		Amount	Interest Rate	Term (years)	Committed Yes/No
1	Acquisition Loan: Lender:	\$	%		
2	Construction Loan: Lender:	\$	%		
3	Other Loan: Lender:	\$	%		
4	Equity:	\$			
5	Proposed Development Incentive Loan	\$	%*		No
Total:		\$			

F. Disclosure of Potential Conflicts of Interest

Are you or any of your employees, Board Members, business associates, or members of their/your immediate families:

- | | Yes | No |
|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| a) Employed by or closely related to employees of Buncombe County Government?
If yes, which department? _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| b) Member(s) of or closely related to members of the Board of Commissioners or a candidate for election to the Board of Commissioners? | <input type="checkbox"/> | <input type="checkbox"/> |
| c) Planning to live in one of the assisted units, or to rent or sell it to a close relative or business associate? | <input type="checkbox"/> | <input type="checkbox"/> |

If you have answered YES to any of the above questions, **please attach a full explanation.** The existence of a potential conflict of interest does not necessarily make your project ineligible for funding, but the existence of an **undisclosed** conflict may result in the termination of any assistance and immediate repayment of the loan.

G. Authorization

To the best of my knowledge and belief, all data in this application are true and current. The owner or governing board of the developer has authorized the application.

I understand and agree that Buncombe County will verify the information contained herein to determine the form of assistance. Verification may include a credit report for all principal parties.

Signature: _____ Date _____

Printed Name: _____

Title: _____
(for a partnership, all partners must sign)

Section III

Appendices & Attachments

Appendix 1: Affordability

Prices

Maximum Sales Prices:

Up to 2-Bedroom	\$155,000
3 or more Bedroom	\$175,000

Income Limits

Household Size	80% of Median Income*
1	\$31,300
2	\$35,800
3	\$40,250
4	\$44,700
5	\$48,300
6	\$51,900

*80% Income from HUD's 2015 Income Limit Table

Note:

Homes built for sale must be sold at or below the **maximum sales price** listed above while maintaining affordability for the buyer **and** buyers must have income below **80% Area Median Income (AMI)**, adjusted for household size.

Appendix 2: Documents to Enclose with Application

In addition to providing an ORIGINAL and ONE (1) COPY of the full application, enclose a copy of the following documents, as applicable.

Please provide ONE (1) of EACH of the following attachments, if available:

Non-Profit Organizations:

- Current Organizational Chart
- IRS Tax Determination Letter 501(c)(3)
- Current Bylaws and Articles of Incorporation
- Most Recent Independent Audit
- Current Board of Directors
- Resume(s) of Staff who will Manage the Project

For-Profit Corporations/Partnerships:

- Articles of Incorporation/Partnership Agreement
- Most Recent Financial Statement/Federal Tax Return
- Three Business References with Complete Contact Information
- Resume(s) of Staff who will Manage the Project

Note: Enclosed documents and application attachments should be clearly labeled to agree with the section with which they correspond.

Appendix 3: Scoring Criteria

Every application will be scored using the following guidelines. Other considerations may include the date the application was received, geographical dispersion throughout the County, and the numbers of applications received for the particular types of funding that are available. Applicant interviews may be required.

EVALUATION OF HOUSING APPLICATIONS

Name of Applicant: _____

Project Title: _____

Amount Requested: \$ _____

A. General Application/Project Structure

Criterion	Maximum Points Possible	Points Awarded	Comments
A1. Project is clearly described and realistic; has high chance of success	15		
A2. Will leverage additional investment (1 point for each instance where local funding is matched by other funds, up to 10:1)	10		
A3. Project administrator tracking is described	3		
A4. Budget is complete and realistic, and indicates need for funding	7		
A5. Project currently operating locally	5		
A6. Agency has good track record in carrying out other housing projects	5		
A7. Applicant has timely audits free of qualifications and findings, and showing healthy financial position	5		
Total	50		

Appendix 3: Scoring Criteria (continued)

EVALUATION OF HOUSING APPLICATIONS

Name of Applicant: _____

B. Development/Service Priorities

Criterion	Maximum Points	Points Awarded	Comments
B1. Assists homeless, very low-income, frail elderly, or disabled	5		
B2. Increases affordable housing stock (new construction or conversion)	2		
B3. Coordinated with transportation, jobs, and/or services	5		
B4. Preserves long-term affordability (i.e., more than 15 years)	5		
B5. Emphasizes quality design, construction, energy efficiency	5		
B6. Includes education/support services to help clients succeed in long-term	2		
B7. Provides homeownership opportunities	1		
B8. Incorporates accessibility features (visitability)	1		
B9. Increases new construction projects on existing infrastructure.	4		
Total	30 possible points		

C. Overall Evaluation

	Section Total
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Affordable Housing Services Program: Year-Round Incentives

Permit Fee Rebate Program

Overview

Buncombe County offers a permit fee rebate on building, well and septic permits for housing that is constructed and sold or rented affordably.

Eligibility

Both rental development and housing for sale could be eligible.

Terms

Rental housing that is developed with assistance from a state or federal program requiring it to remain affordable for tenants below 80% of Area Median Income (AMI) is eligible. If the project is not assisted with state or federal funds, and is therefore not bound to the affordability period, the County may still consider it for participation under this program if deed restrictions are imposed to keep the property rented at an affordable rate for at least five (5) years.

Housing for sale that is single family—including condominium units—that meets state building code (excludes mobile homes) and is sold for \$155,000 or less for up to two bedrooms, and for less than \$175,000 for three or more bedrooms, can be considered eligible.

MSD and the Water Authority have also agreed to rebate a portion of their fees to the applicant, if the County agrees that the home meets affordability standards. These agencies should be contacted directly by the applicant.

Development Incentive Program

Overview

New residential developments within Buncombe County are encouraged to include a portion of the units for low- and moderate-income households. The need is well documented for new construction of both units for sale and rental development for families earning less than 80% of Area Median Income (AMI). In fact, the Consolidated Strategic Housing and Community Development Plan's Housing Needs Assessment and Market Study for Buncombe County projects the need for new affordable units at more than 1,500 units per year through 2020.

To encourage developers to include a portion of their units as affordable to families earning less than 80% of AMI, construction loans offered at 0% interest are available through this program. Units must remain affordable for a minimum fifteen (15) year period. Funding is subject to availability.

Eligibility and Terms

Units for Sale:

Up to \$25,000 can be loaned for each unit for sale at an affordable price to an income eligible family. An additional \$10,000 can be loaned for each unit that includes a combination of the following priorities:

- Energy-efficient design and features including Energy Star, LEED, Healthy Built Homes, or similar program (\$1,000)
- Assistance of very low-income, elderly, or special needs population (\$3,000)
- Coordinated with transportation, jobs, and services such as grocery stores and pharmacies (\$3,000)
- Period of affordability greater than 30 years (\$3,000)

Minor subdivisions can receive loan assistance for up to \$70,000, with units identified for assistance. Major subdivisions can receive assistance up to \$175,000 for each phase, with units identified for assistance.

Substantial progress must be shown prior to additional funds being loaned for subsequent phases. Loans will be secured through contract as well as a lien on the property to be developed.

No interest construction loans will be secured with a lien on the property to be assisted, and will be repayable after five (5) years or when the units are sold, whichever occurs first.

Employee Housing Assistance Program

The Employee Housing Assistance Program is available for employees of Buncombe County, and information can be found online through a separate application.