



DRAFT BUNCOMBE COUNTY FY 2021 **AFFORDABLE HOUSING SERVICES PROGRAM (AHSP)**

PROGRAM DESCRIPTION

I. PRIORITY

Ensure comprehensive opportunities for affordable and safe housing as a foundation for healthy and thriving families and neighborhoods.

II. BACKGROUND

Buncombe County's Affordable Housing Services Program (AHSP) is intended to ensure comprehensive opportunities for affordable and safe housing are available. AHSP supports the:

- Construction Loan Program (Loan);
- Downpayment Assistance Program (Loan);
- Tenant-Based Rental Assistance Program (Grant);
- Construction Grant Program (Grant) (New);
- Emergency Repair Program (Grant);
- New Start Program (Grant) (New); and
- Buncombe County Employee Housing Assistance Program (Loan).

III. LEAD DIVISION

Community Development Division

IV. APPLICATION PROCESS

Community Development Division staff will advertise a request for proposals (RFP) to solicit project applications from qualified entities and organizations to administer and deliver AHSP supported affordable housing projects. Community Development Division staff will contact applicants who have requested notification and notify them of the AHSP funding opportunity. The AHSP application will be made available online with a prescribed deadline for submittal. Community Development Division staff will review applications and prepare a summary report for each project, which will be provided to the Affordable Housing Committee for review. The Affordable Housing Committee will make recommendations to the Board of Commissioners to approve, by resolution, funding allocations.

V. STRATEGIC GOALS

- Preserve and increase the stock of affordable housing (including rental developments);
- Reduce substandard housing and expand opportunities for home repair;
- Support homeownership initiatives, including savings, credit building, and downpayment assistance; and
- Address issues of homelessness.

VI. PROJECT PRIORITIES

The Affordable Housing Committee completed project prioritization for the FY 2021 Affordable Housing Services Program. The Affordable Housing Committee will refer to these priorities when recommending funding allocations. However, funding constraints, individual project merits, and achievement of the desired mix of project types will all factor into the ultimate allocation recommendation. Strong preference will be given to projects that demonstrate intent to leverage other sources of debt, equity, or other funding prior to and beyond the Affordable Housing Services Program requests. Additionally, applicants seeking only program

administration support or applications where the proportion of administrative support is high relative to project costs are less preferred.

The priorities are:

1. Construction Loans for Multifamily Developments with Units for Sale;
2. Construction Loans for Multifamily Developments with Units for Rent and Which Seek Low Income Housing Tax Credit (LIHTC) Funding;
3. Construction Loans for Multifamily Developments with Units for Rent and Which Do Not Seek Low Income Housing Tax Credit (LIHTC) Funding;
4. Construction Loans for Single Family Units for Sale;
5. Downpayment Assistance Program Loans;
6. Tenant Based Rental Assistance Program Grants;
7. Construction Grant Program Grants;
8. Emergency Repair Program Grants;
9. New Start Program Grants; and
10. Buncombe County Employee Housing Assistance Program Loans.

PROGRAM REQUIREMENTS AND GUIDELINES

I. APPLICANTS

Applicants 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 Buncombe County (which may directly operate AHSP projects).

Applicants may not be individuals seeking to build an individual unit for their family.

II. INSTRUCTIONS FOR SUBMITTING APPLICATIONS

Applicants may apply online at www.buncombecounty.org/apply. Applicants should be familiar with all program requirements and guidelines described below at the time of application.

III. ACTIVITIES

The following activities are eligible:

- Construction (including site work and soft costs) of new affordable single-family or multifamily housing units for sale or rent (or non-revenue generating) which must meet state and local building codes and must be stick-built or system-built (modular);
- Conversion of existing non-residential structure(s) for affordable single-family or multifamily housing units for sale or rent (or non-revenue generating) which must meet state and local building codes and must be stick-built or system-built (modular);
- Downpayment assistance for income eligible homebuyers;
- Tenant-based rental assistance in connection with homelessness prevention;
- Emergency repair of single-family units for income eligible clients; and
- New start programs which provide opportunities for affordable and safe housing for healthy and thriving families and neighborhoods which are innovative in approach.

Eligible activities must take place outside the limits of the City of Asheville but within Buncombe County (except for the construction of units for rent (or non-revenue generating units). The City of Asheville Housing Trust Fund Program is available for activities taking place within the limits of the City of Asheville.

IV. DEFINITION OF AFFORDABILITY

To be considered affordable units, units for sale must be:

- Sold as affordable (not to exceed 30% of the buyer's income);
- Sold to an eligible homebuyer (a household income at or below 80% of Area Median Income (AMI) adjusted for household size as described in Table 1); and
- Have a maximum sales price as described in Table 2.

To be considered affordable rental units, units for rent must be:

- Rented at a rate not to exceed HUD's Fair Market Rent as described in Table 3; and
- Rented to eligible tenants (a household income at or below 80% of Area Median Income (AMI) adjusted for household size as described in Table 1).

Table 1. HUD Household Income of 80% of Area Median Income (AMI) Adjusted for Household Size¹	
Household Size	80% of Median Income 2020
1	\$40,150
2	\$45,850
3	\$51,600
4	\$57,300
5	\$61,900
6	\$66,500
Note: Median income for a family of four is \$72,500.	

Table 2. HUD Maximum Sales Price Limit²	
Maximum Sales Price	\$257,000

Table 3. HUD Fair Market Rent³	
Unit Type	Fair Market Rent
Efficiency	\$1,039
One Bedroom	\$1,045
Two Bedroom	\$1,255
Three Bedroom	\$1,717
Four Bedroom	\$2,203

V. PROJECT AND REIMBURSEMENT TIMEFRAME

Construction and conversion projects must be scheduled to break ground within 12 months of submission of an application and begin requesting reimbursement within 18 months of submission of an application. All other projects must complete expenditures and request reimbursement within 12 months of submission of an application.

VI. CONSTRUCTION LOAN PROGRAM

NEW CONSTRUCTION PROGRAM AND LOAN TERMS: UNITS FOR SALE

- Eligible Applicants: 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
- Maximum Loan Amount: \$25,000 per affordable unit
- Uses: Affordable unit construction, infrastructure improvements, professional services, and costs of permitting.
- Form: Loan secured by a lien on the property being assisted, provided the County takes or shares a first lien position, or where the County accepts a lower lien position subject to the amount of loan funds financed.

¹ 80% Income from HUD's 2020 Income Limits Summary Table.

² Maximum Sales Price from HUD's 2020 HOME and Housing Trust Fund Homeownership Sales Price Limits Table.

³ Fair Market Rent for All Bedroom Sizes from HUD's 2020 Fair Market Rent Documentation System.

- Term and Interest Rate: Five (5) years or until the property is transferred or sold, whichever occurs first. Fully amortizing at an interest rate of 2.00%.

NEW CONSTRUCTION PROGRAM AND LOAN TERMS: UNITS FOR RENT

- Eligible Applicants: 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
- Maximum Loan Amount: \$25,000 per affordable unit
- Uses: Affordable unit construction, infrastructure improvements, professional services, and costs of permitting.
- Form: Construction loan secured by a lien on the property being assisted, provided the County takes or shares a first lien position, or where the County accepts a lower lien position subject to the amount of loan funds financed.
- Term and Interest Rate: See Table 4. Term and Interest Rate for Units for Rent.

CONVERSION CONSTRUCTION PROGRAM AND LOAN TERMS: UNITS FOR SALE

- Eligible Applicants: 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
- Maximum Loan Amount: \$25,000 per affordable unit, based on a licensed contractor's estimate of required repairs to bring the units up to building code and including service delivery and administration costs in the estimates
- Uses: Affordable unit repairs, infrastructure improvements, professional services, and costs of permitting
- Form: Construction loan secured by a lien on the property being assisted, provided the County takes or shares a first lien position, or where the County accepts a lower lien position subject to the amount of loan funds financed.
- Term and Interest Rate: Five (5) years or until the property is sold, whichever occurs first. Fully amortizing at an interest rate of 2.00%.

CONVERSION CONSTRUCTION PROGRAM AND LOAN TERMS: UNITS FOR RENT

- Eligible Applicants: 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
- Maximum Loan Amount: \$25,000 per affordable unit, based on a licensed contractor's estimate of required repairs to bring the units up to building code and including service delivery and administration costs in the estimates
- Uses: Affordable unit repairs, infrastructure improvements, professional services, and costs of permitting
- Form: Construction loan secured by a lien on the property being assisted, provided the County takes or shares a first lien position, or where the County accepts a lower lien position subject to the amount of loan funds financed.
- Term and Interest Rate: See Table 4. Term and Interest Rate for Units for Rent.

Table 4. Term and Interest Rate Options: Units for Rent

Term (Years)	Interest Rate (Annual Principal and Interest Payment)	Interest Rate* (Interest Only Payment with Balloon)
7	2.50%	3.00%
10	2.75%	3.25%
15	3.25%	3.75%
20	3.75%	4.25%
<p><u>• Deferred loan terms and interest only payments will be considered if requested by the applicant at the time of initial application. The applicant must clearly demonstrate need for deferred loans and interest only payments to project viability. Requests for deferred loan terms and interest only payments does not guarantee award of a loan on those terms.</u></p>		

CONSTRUCTION AND CONVERSION LOAN AGREEMENTS

Loan agreements shall be executed between the County and applicant with specific conditions depend on the project type. Loan agreements shall include the following:

- Applicants shall submit regular progress reports;
- Applicants shall provide record access by Buncombe County staff;
- Applicants shall abide by Fair Housing and Equal Rights Opportunity principles adherence requirements (which prohibit discrimination based on race, color, age, sex, gender, religion, national origin, disability, or family status);
- Applicants units constructed or converted shall be openly marketed to ensure fair housing choices;
- Applicants shall describe income limits of occupants/owners;
- Applicants shall ensure and annually verify affordable rent levels for the lifetime of the loan (where constructed for rent);
- Applicants shall not pursue property tax relief for the lifetime of the loan (where constructed for rent), except where such provision is counter to N.C.G.S.;
- A detailed project scope including project completion time limits; and
- Conflict of interest prohibitions.

VII. DOWNPAYMENT ASSISTANCE PROGRAM

- Eligible Applicants: 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. The applicant must either coordinate homebuyer’s education classes or require participants complete a homebuyer’s education course.
- Maximum Loan Amount: \$20,000 per affordable unit
- Uses: Downpayment assistance must:
 - Benefit an eligible homebuyer (a homebuyer with a household income at or below 80% of Area Median Income (AMI) adjusted for household size as described in Table 1);
 - Benefit a homebuyer that has completed a homebuyer’s education course; and
 - Be for an affordable unit for sale, as defined above.
- Form: Non-forgivable loan, secured with a lien on the property being assisted, provided the County takes or shares a first lien position, or where the County accepts a second lien position, subject to the amount of loan funds financed.
- Term: Due in the event the homeowner no longer lives in the unit, sells the unit, or refinances the unit
- Interest Rate: 0%
- Loan Agreements: Loan agreements shall be executed between the County and applicant for the project

VIII. TENANT BASED RENTAL ASSISTANCE PROGRAM

- Eligible Applicants: Private incorporated non-profit agencies with IRS 501(c)(3) or similar designation; or public non-profit agencies. The applicant must specialize in working with homeless families or those at risk of homelessness and must provide housing stabilization services and after placement follow up for clients.
- Maximum Assistance: \$2,500 per household. Where assistance exceeds \$1,500 per household, such assistance shall be for the purposes of eviction prevention.
- Uses: Security and utility deposits, moving expenses, ~~and~~ first month's rent, and eviction prevention.

IX. CONSTRUCTION GRANT PROGRAM (NEW IN FY2021)

- Eligible Applicants: Private incorporated non-profit agencies with IRS 501(c)(3) or similar designation; or public non-profit agencies. The applicant must specialize in working with homeless families or those at risk of homelessness and must provide housing stabilization services and after placement follow up for clients.
- Maximum Assistance: \$25,000 per non-revenue generating unit
- Uses: Unit construction

X. EMERGENCY REPAIR PROGRAM

- Eligible Applicants: 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. The applicant must have no financial interest in the unit(s) to be repaired.
- Maximum Assistance: \$15,000 per unit
- Repairs Under \$10,000:
 - Must benefit an eligible homeowner (a homeowner with a household income at or below 80% of Area Median Income (AMI) adjusted for household size as described in Table 1);
 - Must be performed on units where the applicant has no financial interest;
 - May include repairs for life safety issues; and
 - May be used for retrofitting units for handicapped needs.
- Repairs at \$10,000 and up to \$15,000:
 - Must be forgivable loan, secured with a Note and Deed of Trust and repayable within ten (10) years if the eligible homeowner sells or no longer occupies the unit;
 - Must benefit an eligible homeowner (a homeowner with a household income at or below 80% of Area Median Income (AMI) adjusted for household size as described in Table 1);
 - Must be performed on units where the applicant has no financial interest;
 - May include repairs for life safety issues; and
 - May be used for retrofitting units for handicapped needs.

XI. NEW START PROGRAM (NEW IN FY 2021)

- Eligible Applicants: Private incorporated non-profit agencies with IRS 501(c)(3) or similar designation; or public non-profit agencies. The applicant may only request funding a single time for a specific new start program.
- Maximum Assistance: \$25,000
- Uses: Costs associated with the development and implementation of a new program which provides opportunities for affordable and safe housing for healthy and thriving families and neighborhoods and which is innovative in approach. Funding may include administrative and program implementation costs.

XII. BUNCOMBE COUNTY EMPLOYEE HOUSING ASSISTANCE PROGRAM

Buncombe County offers an Employee Housing Assistance Program. The program is available for employees of Buncombe County and is made available through a separate online application process.

XIII. REVIEW PROCEDURE

Applications will be reviewed by staff from the Community Development Division and may also be reviewed by other County departments and County Management. The Affordable Housing Committee will make recommendations to the Board of Commissioners to approve, by resolution, the funding allocations.

XIV. ADMINISTRATION

Staff of the Community Development Division will administer the AHSP, with assistance from the County Finance and Legal Departments, and under the direction of the County Manager.