



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 advertise a request for proposals (RFP) for projects from qualified housing agencies and organizations to administer and deliver AHSP supported affordable housing projects. Community Development Division staff will contact housing agencies, organizations, and developers who have requested notification and notify these entities 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 the applications and prepare a summary report for each project. The applications and summary report will be provided to the Affordable Housing Committee. 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 achieving the desired mix of projects will all factor into the ultimate allocation recommendation. Additionally, applicants seeking program administration support only, or 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 individual 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 city limits of the City of Asheville but within Buncombe County (except for the construction of units for rent (or non-revenue generating)). The City of Asheville Trust Fund Program is available for activities taking place within the city limits of the City of Asheville.

IV. DEFINITION OF AFFORDABILITY

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

- Sold as affordable (within 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: \$ \$10,000 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
- Term and Interest Rate: Five (5) years or until the property is sold, whichever occurs first. Fully amortizing at an interest rate of 2.5%

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.

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: \$10,000 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
- Term and Interest Rate: See Table 4. Term and Interest Rate Options: 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: \$10,000 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
- Term and Interest Rate: Five (5) years or until the property is sold, whichever occurs first. Fully amortizing at an interest rate of 2.5%

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: \$10,000 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
- Term and Interest Rate: See Table 4. Term and Interest Rate Options: 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%

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 and require:

- Applicants submit regular progress reports;
- Applicants provide record access by Buncombe County staff;

- Applicants 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 be openly marketed to ensure fair housing choices;
- Applicants describe income limits of occupants/owners;
- Applicants ensure affordable rent levels for the lifetime of the loan (where constructed for rent);
- Applicants not pursue property tax relief for the lifetime of the loan (where constructed for rent);
- 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: \$1,500 per household
- Uses: Security and utility deposits, moving expenses, and first month’s rent

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: \$10,000 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 funded, 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: \$10,000
- 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.