

## REQUEST FOR BOARD ACTION

### HENDERSON COUNTY BOARD OF COMMISSIONERS

**MEETING DATE:** February 3, 2014

**SUBJECT:** 2014 HOME Grant Applications

**PRESENTER:** Parker Sloan, Planner

**ATTACHMENTS:**

1. Excerpts of Housing Assistance Corporation Application
2. Excerpts of Habitat for Humanity Application
3. Excerpts of Homeward Bound Homeless Coalition Application

#### **SUMMARY OF REQUESTS:**

Housing Assistance Cooperation (HAC), Habitat for Humanity of Henderson County and, Henderson County Homeward Bound Homeless Coalition are requesting application approval for HOME Investment Partnerships Program (HOME) funds. HOME funds are administered through the Asheville Regional Housing Consortium. All projects propose to serve County residents within a range of median household income. The median Henderson County household income in 2012 was \$47,371.

HAC is requesting \$48,000 for construction funds to provide down payment assistance for four to five single-family owner-occupied new homes in Henderson County. Loan amounts will vary between \$5000 and \$15000 depending on need. The funds provide assistance to low and very low income homebuyers in Henderson County families earning 80% of area median income or less.

Habitat for Humanity of Henderson County is requesting \$187,500 in HOME funds in order to aid in the construction of 15 homes in phase one of the Dodd Meadows residential neighborhood off Crest Road. Habitat for Humanity plans to use the funds to pay for down payment assistance in order to lower mortgage payments. Using the grant funds, Habitat for Humanity plans to provide affordable housing for families whose income is between 30% and 65% of the median income in Henderson County.

Homeward Bound Homeless Coalition requests \$75,000 in HOME funds to continue to provide short or medium term tenant based rental assistance to individuals of families experiencing homelessness. With these funds Henderson County Homeward Bound will assist 40 additional households move from homelessness to permanent housing.

These grants require no County matching funds. The Asheville Regional Housing Consortium requires approval by the Board of Commissioners as part of the application process. The complete applications were too lengthy to include in the agenda packet but are available upon request.

#### **BOARD ACTION REQUESTED:**

Planning Staff recommends approval of these HOME funding applications to the Asheville Regional Housing Consortium at their full amount.

**Suggested Motion:** I move that the Board approve the HOME applications for the Housing Assistance Corporation, Homeward Bound, and Henderson County Habitat for Humanity.



## Section II Program Description

**II.A Program Title: Henderson County Down Payment Assistance**

**II.B Program Location(s):** (be as specific as possible): Down Payment Assistance is available for low and very low income people purchasing a home within Henderson County.

**II.C Type of Activity (check one):**

- |  |   |
|--|---|
| <input type="checkbox"/> Public Services                 | <input type="checkbox"/> Housing Services               |
| <input type="checkbox"/> Economic Development            | <input type="checkbox"/> Tenant-Based Rental Assistance |
| <input checked="" type="checkbox"/> Homeowner Assistance | <input type="checkbox"/> Microenterprise Development    |
| <input type="checkbox"/> Other (Specify)                 | <input type="checkbox"/> CHDO Organizational Capacity   |

**II.D Overview:**

**1. Please provide a short description of the proposed program or service for which you are seeking grant funds: (500 characters)**

The Down Payment Assistance Program (DPA) provides assistance to low income households seeking to purchase a home in Henderson County. DPA may be used as a traditional down payment, towards closing costs, or to decrease the primary loan amount. Loan amounts will vary between \$5000 and \$15,000 depending on need, with loan amounts averaging \$11,000. Repayment of loan funds is required upon sale, default, or conveyance of the home.

**2. What is the purpose of your program? (400 characters)**

The purpose of the DPA program is to promote homeownership among low income households and targets :

Lead Priority: People seeking to purchase pre-existing homes for sale on the open market in Henderson County.

Second Priority: New Homes participants if gap financing is needed and no other financing is available.

**II. E Program Justification**

**1. Which 2010-2015 Consolidated Plan priority does your proposed program meet? Describe how your program meets that priority. If it does not meet a priority, explain why it should be considered a priority for funding. (Click [here](#) for link to the plan, 1000 characters)**

DPA promotes homeownership and provides affordable financing that contributes to the long-term success of the homeowner. DPA must be paired with a primary lending source that meets reasonable rates and terms but remains flexible enough to be compatible with a variety of lending products. The counseling and education components of the program when combined with the affordable financing have a positive impact on the homeowner's success.

Households receiving DPA fulfill Henderson County's priority regarding coordination of housing development with transportation, jobs, and services. In an area where public transportation is at best a long term goal, people have adapted by forming satellite communities. DPA allows people to purchase a home in smaller communities in which they have established support networks that include employment, family, friends, church, schools, etc. In the past, many of the DPA program participants are single mothers who rely heavily on support networks.

**2. What local or regional need or market does the program address? (400 characters)**

DPA serves low income homeowners whose long-term sustainability is dependent on affordable financing which is limited and difficult to obtain in a post-mortgage collapse economy. Sustainability for these rural homeowners is also dependent on locating housing in small satellite communities where they have established support systems and face fewer transportation barriers.

**3. Provide objective data- including information from reports, surveys, client records and other data sources- that documents your local or regional market and need.(1000 characters)**

As described in the Consortium's 2009 Consolidated Plan, many banks are requiring higher downpayments and stringent documentation which severely impacts the ability of first-time homebuyers to enter the market. With fewer financing options available, HAC has experienced an increased pool of clients. HAC's Housing Counselor, reports currently having 6 clients who have stable income and reasonable debt and credit but will not be able to proceed further without DPA.

Despite lower home sales prices during the recession, the cost of housing continues to remain out of range for many low income households with a \$180,000 median sales price for a home in Henderson County (Beverly Hanks & Associates Real Estate Report for WNC 2013Q3).

Additionally, when financially prepared renters are unable to purchase a home, movement out of high-demand multi-family housing does not occur. Last year only 3 out of 108 households transitioned from HAC affordable rental housing to homeownership.

**4. Describe how your methods for providing services are based on current research and best practices. (1000 characters)**

A recent study by the Tennessee Housing Development Authority has found that the beneficiaries of its DPA programs who received pre-purchase homebuyer education and counseling services were 97% less likely to enter foreclosure than those beneficiaries who did not receive the same education services. By making participation in the homebuyer education program a precondition for participation in the DPA program, Housing Assistance seeks to maximize the odds of successful homeownership, reduce risk and maintain sustainable lending practices. Furthermore, the reduced risk of foreclosure ensured by these practices is a benefit not only to each individual household, but also to the community in which they live.



## Section II Program Description

**II.A Program Title: Dodd Meadows Downpayment Assistance, Initial Application**

**II.B Program Location(s):** (be as specific as possible): 22 acre site located at the intersection of Crest Road and East Blue Ridge Road in East Flat Rock

**II.C Type of Activity (check one):**

- |  |   |
|--|---|
| <input type="checkbox"/> Public Services                 | <input type="checkbox"/> Housing Services               |
| <input type="checkbox"/> Economic Development            | <input type="checkbox"/> Tenant-Based Rental Assistance |
| <input checked="" type="checkbox"/> Homeowner Assistance | <input type="checkbox"/> Microenterprise Development    |
| <input type="checkbox"/> Other (Specify)                 | <input type="checkbox"/> CHDO Organizational Capacity   |

**II.D Overview:**

**1. Please provide a short description of the proposed program or service for which you are seeking grant funds: (500 characters)**

We are requesting downpayment assistance for 15 applicants for a home in Dodd Meadows. The amount requested per household is \$12,500 and will be made available for only the applicants whose income is 65% or less of the county median. The \$12,500 will lower the mortgage payment by \$35 per month. This amount is significant for families in this income range and will mean that more of these households in the low and very-low income range will be accepted into the Habitat homeownership program.

**2. What is the purpose of your program? (400 characters)**

The purpose of Habitat's project at Dodd Meadows is to provide affordable housing for families in the low and very-low income range. This means that their income falls within 30 - 65% of the county median. Without this program and Habitat's support, these families could never dream of owning a home. This is a life changing event for these families.

**II. E Program Justification**

**1. Which 2010-2015 Consolidated Plan priority does your proposed program meet? Describe how your program meets that priority. If it does not meet a priority, explain why it should be considered a priority for funding. (Click [here](#) for link to the plan, 1000 characters)**

Unfortunately, affordable single family housing for those in this income range does not enjoy a high priority. Habitat believes that this is a mistake which should be corrected when the next plan is formulated. Dodd Meadows residents will enjoy the following sustainable attributes:

The location is close to schools and the community college.

It is also close to centers of economic activity for employment.

Dodd Meadows will have a community center, playground areas, garden plots and walking trails. These amenities are not usually found in low income rental housing locations.

All homes will be energy efficient and qualify as Energy Star 3.0.

Hendersonville Planning Dept. has designated Dodd Meadows as a Neighborhood Stabilization community.

The impact on children is significant as research has shown that their living in a stable, safe environment has a positive impact on behavior and school performance and as such sets them on a path leading to becoming more productive adults.

**2. What local or regional need or market does the program address? (400 characters)**

Habitat is the only organization building ownership homes for people in this income range. And, because we hold the 0% interest mortgage, we are able to offer affordable housing to families that otherwise would not qualify for a conventional mortgage. The market, therefore, is very large in this county.

**3. Provide objective data- including information from reports, surveys, client records and other data sources- that documents your local or regional market and need.(1000 characters)**

Habitat receives over a 100 applications per year for these homes. This quantity of application has remained constant for several years and confirms the need for affordable housing for low and very-low income families. This need has been confirmed by a WCCA/United Way study that examined the County's needs from January 2009 to January 2010. While all needs were studied in this survey, affordable housing ranked 3<sup>rd</sup>. Only health care and better support for children's needs



ranked higher. In this study, African Americans and Hispanics represented 15% of the population. However, for Habitat, these two groups account for over 50% of the last 25 homes built. The main problem that Habitat faces when screening potential applicants for its homes is that many applicants have serious credit problems, which disqualifies them from our program. When these problems are not severe, we work with the applicant families to improve their credit, and many have re-applied and have been accepted.

**4. Describe how your methods for providing services are based on current research and best practices. (1000 characters)**

Habitat for Humanity International (HFHI) was established in 1976 and has built, rehabilitated, or repaired over 800,000 houses since its founding. Our affiliate was established in 1989, and in our 25 year history we have built 157 quality, affordable homes. Our affiliate follows HFHI's proven models for home construction and family selection.





## **Henderson County Homeless Coalition**

### ***History***

In March of 2012, Homeward Bound of Western North Carolina, Inc. started working with Henderson County service providers to organize a coalition and become part of the Balance of State Continuum of Care, the state body that oversees the application process for federal homeless service funding. Since that time, the Henderson County Homeless Coalition has grown to over 30 organizations, educating its members on available services, identifying gaps in services to specific populations and starting workgroups to address those identified gaps, conducting a Point-In-Time count to understand who is experiencing homelessness in Henderson County. In January 2013, 97 total homeless individuals were counted. Together, we developed mission and vision statements to guide our work.

- *Mission Statement:* The Mission of the Henderson County Homeless Coalition is to coordinate community partners and educate the public to inspire action by focusing resources to support services for persons experiencing or at risk of homelessness.
- *Vision Statement:* The Vision of the Henderson County Homeless Coalition is to increase the number of Henderson County residents that have access to safe, just, affordable housing.

In October of 2012, Henderson County, through Homeward Bound, received its first federal grant totaling \$48,430 for a 1-year Rapid Re-Housing program through the Emergency Solutions Grant process. In October of 2013, Homeward Bound contracted for \$25,000 in HOME funds from the City of Hendersonville to support this Rapid Re-Housing program. To date, these funds have housed a total of 79 individuals in 32 households. Homeward Bound acquired office space located at 1049 Spartanburg Highway for our case management staff. We are fortunate to have this office space donated in order for us to have a real presence and be a part of the community in Henderson County.

In October of 2013, Homeward Bound received another year of Emergency Solutions Grant funds totaling \$30,938 to continue this work. In January 2014, Homeward Bound will also begin providing permanent supportive housing after receiving \$176,443 from the U.S. Department of Housing and Urban Development to help long term disabled and chronically homeless individuals.

### ***Homeward Bound's Rapid Re-Housing Program***

Homeward Bound's Rapid Re-Housing Program will continue to work with local service providers such as the Mainstay Domestic Violence Shelter, the Hendersonville Rescue Mission, and the Henderson County Public Schools HELP program to identify individuals and families experiencing homelessness in need of permanent housing. Our Rapid Re-Housing Case Manager will target households who have 30% of Area Median Income or below to locate and procure fair-market, scattered-site housing and provide them Housing Stabilization services in their homes to ensure that they maintain their housing long-term. Homeward Bound will provide short- and medium-term tenant-based rental assistance and housing case management (1-24 months).

### ***Request***

Homeward Bound requests continued support from the City of Hendersonville for this work. We request \$75,000 in HOME funds from Henderson County through the regional HOME Consortium. This funding will continue to provide short- or medium-term tenant-based rental assistance to individuals or families experiencing homelessness. Homeward Bound will pair the tenant-based rental assistance with Housing Stabilization services (funded from other sources) to help newly housed clients remain in permanent housing long-term. With \$75,000 in HOME funding, Homeward Bound will assist 40 additional households move from homelessness to permanent housing.

Please feel free to contact Brian K. Alexander, Homeward Bound Executive Director, with any questions at [brian@homewardboundwnc.org](mailto:brian@homewardboundwnc.org) or (828)258-1695 ext. 109.