



CITY OF
WILMINGTON
NORTH CAROLINA

2020-2021 Annual Action Plan
For
CDBG and HOME

Adopted by Wilmington City Council
May 5, 2020



**City of Wilmington
City Council**

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Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

The City of Wilmington has been a Community Development Block Grant (CDBG) entitlement community since 1975. Funding comes to the City's Community Development Division, Community Services Department, in the form of an annual block grant administered by the U.S. Department of Housing and Urban Development (HUD). CDBG funds can be used with great flexibility to provide "decent housing, a suitable living environment, and expand economic opportunities principally for persons of low and moderate income". In addition to the CDBG funds, the City receives HOME Investment Partnership Program funds, also funded through HUD. The HOME grant is specifically for affordable housing.

Eighteen months since the September 14, 2018, landfall of Hurricane Florence, the city and region continue to recover, especially lower income households. At least 1,200 rental units are estimated to have been damaged from the storm, displacing lower income households. As of the writing of this plan, several affordable housing developments for low income households are still under repair and residents remain displaced, including subsidized housing at Jervey Homes (100 units) and Cape Fear Apartments (91 units). Another affordable development, The Glenn (500 units), has been demolished and will be replaced with new market rate housing. After over a year Market North (202 units), a subsidized development, has been rehabilitated and residents are returning. All the while the population of the region continues to grow as does the demand for housing. This leaves low income households, including those displaced by the hurricane, with few options for affordable housing.

In addition to the aforementioned Hurricane Florence recovery, the City of Wilmington, along with the entire nation and world, now finds itself in emergency response mode to mitigate the public health and economic devastation of the Covid-19 Pandemic. As the pandemic's impacts unfold at a rapid pace local governments and all citizens face an uncertain future. That said, it is anticipated that the goals identified in this Annual Plan may change to meet yet unknown needs resulting from the pandemic.

The Annual Action Plan serves as an application for funding from HUD for the CDBG and HOME programs. Additionally, the plan identifies local general funds, program income and other

funds that are used to implement the goals and activities described in the plan. HUD sent a letter dated February 18, 2020, notifying the City of the Fiscal Year 2020/21 allocations for the CDBG and HOME programs. In accordance with that letter, the plan allocates \$1,040,399 CDBG and \$692,384 HOME. In addition, the plan identifies prior-year funds of \$630,826 CDBG and \$1,589,723 HOME that are allocated to activities in progress as of March 20, 2020. Finally, the plan recognizes Revolving Loan/Program Income of \$1,587,231.69 prior years and \$950,362 for FY2019/20, and \$674,704 General Funds allocated for public service activities, including the Continuum of Care.

Revisions, Amendments and Reprogramming of program guidelines and budget line items.

Adoption of the FY2020/21 Annual Action Plan (AAP) authorizes the reprogramming of CDBG Funds allocated to various projects and programs as follows: \$517,825 from CDBG Revolving Loan Fund for Owner-Occupied Housing Rehabilitation Loans to Homebuyer Assistance Loans, aka HOP; \$83,335.13 from prior year Activity Delivery to HOP at \$33,335 and \$50,000 to Limited Assistance Grants; \$123,155.79 from Cape Fear Habitat for Humanity to HOP; \$9,731.45 CDBG Public Facilities project with Community Boys & Girls Club to HOP; and \$1,252.67 CDBG Public Services program with Coastal Horizons to HOP. These changes address prior year funds that have not been expended and reprogram funds to active programs.

Also, the Annual Action Plan includes revisions to the Owner-Occupied Housing Rehabilitation Program (aka Homeowner Rehabilitation Program) to include a Code Enforcement Referral Component to allow for the expenditure of up to \$125,000 for rehabilitation or \$150,000 for reconstruction of serious Minimum Housing Code violations in cases where the homeowner has exhausted all other remedies and the Chief Code Enforcement Officer refers the case to the City Owner Occupied Housing Rehabilitation Program. Please see the appendix for full program description. Additionally, the AAP includes changes to the HOP guidelines to remove the minimum percent of Area Median Income for homebuyer loans funded with General Funds; prior to this change General Funds were only used for HOP loans to households with income from 80.01% to 130% AMI. With this change General Funds may be used for HOP loans to households earning up to 130% AMI. Please see appendix for revised HOP Underwriting Guidelines. Adoption of this plan authorizes the program revisions to the Owner-Occupied Housing Rehabilitation Program and Home Owner Pool (HOP) Program as described herein.

2. Summarize the objectives and outcomes identified in the Plan

The City of Wilmington is growing, with population increasing from the in-migration of retirees, students and others. Likewise the region, New Hanover County, Brunswick County and Pender County, are seeing an increase in population as well. As the region's hub and only municipality with a population over 50,000, the City of Wilmington is the economic and employment center for the region. While the surrounding region has undeveloped land, the City of Wilmington is 90% built out.

Low to moderate income households experience housing cost burden in the City of Wilmington and the region. Forty-five percent of renters in New Hanover County are cost-burdened and 29 percent of homeowners. The price of housing has increased by 22 percent over the past six years, while the supply of affordable housing has decreased. Rents in Wilmington increase by 7.4 percent in 2019, outpacing the national average. Wilmington is the fourth most expensive place to live in the state, but wages in Wilmington are below the state average. *(source: North Carolina Housing Coalition; Cape Fear Realtors Association; Apartment List; RealPage Inc.)*

Data from the North Carolina Office of State Budget Management projects an increase in population for New Hanover County, including Wilmington, from 233,595 in 2018 to 311,381 in 2037; a 33% increase adding almost 80,000 people. (<https://linc.osbm.nc.gov/pages/population-housing/>)

This growth is driving the housing market and is resulting in the new construction of luxury apartments and higher priced homes. Meanwhile, over half of the jobs in Wilmington and New Hanover County are lower paying with earnings below the income needed to afford units available. This pressure from continued population growth continues to exacerbate the need for housing that is affordable.

This Annual Action Plan allocates CDBG and HOME funds along with City General Funds toward the creation of housing that is affordable, assistance to low-to moderate income homebuyers and owner-occupied households as well as special needs populations and homeless. The limited resources available are not sufficient to counterbalance the private market conditions resulting in continued loss of housing that is affordable for working families and disabled persons, elderly and those with incomes below 80% of the Area Median Income.

Please refer to Section AP-38 for a description of the activities that will be carried out in FY20120-21 to address Housing Affordability, Public Services and Public Facility Support to improve quality of life and provide services in low-to-moderate income neighborhoods.

3. Evaluation of past performance

During the period from FY2014 – FY19 the City’s community development and housing programs have accomplished the following:

- Increase and Maintain Rental Housing –225
- Homebuyer Assistance HOP and DPA –126
- Homeownership Housing Production for very low & low income – 19 units
- Owner-Occupied Housing Rehabilitation/Repair – 56
- Emergency Shelter & Services – 8,342
- Homeless to Permanent Housing –1,021
- Produce Permanent Supportive Housing – 52 units
- Homeownership Education –1,183
- Preserve & maintain public facilities – 9 projects completed
- Promote workforce development through education, training, job placement –7,053 (CDBG, GF)
- Support quality youth programs for at-risk youth –20,531 youth served (GF)
- Support programs assist victims of crime, and provide crime prevention, community safety education and outreach - 3,155 (GF)
- Provide for food security & basic needs for low income HH - estimate 5,708 (GF)

4. Summary of Citizen Participation Process and consultation process

City staff met with various organizations during scheduled meetings, consulted directly with stakeholders and citizens, and reviewed plans. Citizen input was gathered via a 2018 Survey prepared and distributed by Community Development staff to community-based agencies serving low-to-moderate income persons and communities. The survey ask respondents to prioritize eligible activities and assess needs (see appendix for Survey report). Input on community needs and programs to address these needs are identified and assessed through the City’s application process which allows community-based organizations to apply for CDBG, HOME and General Funds to support programs and projects that benefit low-to-moderate income persons and communities, address Consolidated Plan Goals and Objectives, City priorities, and meet HUD national objectives.

5. Summary of public comments

The Draft Annual Action Plan for Fiscal Year 2020/21 was released for public comment on April 8, 2020 notified via email and provided with a link to the draft plan. In addition, a notice was published in the Star News. A public hearing was advertised in the Star News and on the City's website. The public comment period was announced and presented on the City's local TV station G-TV. Announcements of the public comment period were made by City staff in attendance at various community meetings, such as the Tri-County Homeless Interagency Council and Cape Fear Housing Coalition. XX public comments were received on the Draft Annual Action Plan for FY2020/21.

6. Summary of comments or views not accepted and the reasons for not accepting them

XX public comments were received on the Draft Annual Action Plan FY2020/21. However, as described herein, stakeholders, including citizens, were consulted in the preparation of the Five-Year Consolidated Plan 2017-2022 and in the FY2020/21 Annual Action Plan.

7. Summary

The City of Wilmington followed the City's adopted Citizen Participation and Consultation Plan adopted August 16, 2016.

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PR-05 Lead & Responsible Agencies – 91.200(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

Describe the agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

| Agency Role | | Name | Department/Agency |
|--------------------|------------|--|-------------------|
| CDBG Administrator | WILMINGTON | Community Services/Community Development & Housing | |
| HOME Administrator | WILMINGTON | Community Services/Community Development & Housing | |

Table 1 – Responsible Agencies

Narrative (optional)

This document is the Annual Action Plan for the City of Wilmington, NC, a participating jurisdiction in the U.S. Department of Housing and Urban Development (HUD), Community Development Block Grant (CDBG) and HOME Investment Partnership Program. This plan covers the Federal Program Years 2019 – 2020 and City of Wilmington Fiscal Years 2020-21.

The Community Development & Housing Section of the Community Services Department, is the unit of City government that acts as the primary administrator of the federal CDBG and HOME funds.

Consolidated Plan Public Contact Information

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AP-10 Consultation – 91.100, 91.200(b), 91.215(l)

1. Introduction

The City of Wilmington staff members work closely with community residents, community-based organizations including non-profits, religious institutions, public institutions and private sector entities to continuously assess issues as they arise. City community development staff members collaborate with many agencies to facilitate the implementation of community development activities and to solicit input and consult on community development initiatives. This plan builds on these relationships and interactions and includes a list of consultations and meetings held to gather input and guidance from various stakeholders.

Provide a concise summary of the jurisdiction’s activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(l))

Coordination between publicly assisted housing providers, private and governmental health, mental health and services agencies is enhanced through a variety of engagement strategies and actions including, but not limited to, initiating and/or participating in coalitions and partnerships that bring representatives from various public and private entities together to address housing, community development, youth development, community safety, health and mental health and other related issues of concern. A few, not an exhaustive list, examples include the Cape Fear Housing Coalition, New Hanover County Resiliency Task Force, and New Hanover County/City of Wilmington Community Relations Advisory Committee.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

The City of Wilmington provides general funds to support the administrative staff of the Continuum of Care (CoC) through an inter-local agreement with the Cape Fear Council of Governments. Additionally, City staff representative’s serves on the Tri-County Homeless Interagency Council (Tri-HIC) which serves as the CoC board. City staff participate in various committees of the Tri-HIC and vote on programs and projects to be included in the CoC application for funding. Members of the Tri-HIC are consulted throughout the year for input in the City’s community development planning including, but not limited to, Consolidated Planning and Annual Action Plans.

Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

Although the City of Wilmington is not the administrator for ESG funds, City community development staff members serve on the Tri-HIC which includes agencies receiving ESG funds along with funds from the City's CDBG program. As such, City staff are engaged in the process of evaluating outcomes and developing funding and policies and procedures for the administration of HMIS.

2. Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdiction's consultations with housing, social service agencies and other entities

Table 2 – Agencies, groups, organizations who participated

| | | |
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| 1 | Agency/Group/Organization | Wilmington Housing Authority |
| | Agency/Group/Organization Type | PHA |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Public Housing Needs Economic Development Market Analysis Anti-poverty Strategy |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Attendance at WHA Board Meeting; City RFP Process; Survey |
| 2 | Agency/Group/Organization | NEW HANOVER COUNTY |
| | Agency/Group/Organization Type | Other government - County |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Non-Homeless Special Needs Economic Development Market Analysis Anti-poverty Strategy |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Meeting with NHC staff members Housing Planning; Survey; |

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| 3 | Agency/Group/Organization | WILMINGTON |
| | Agency/Group/Organization Type | Other government - Local Planning, Transportation, Development Department Grantee Department |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Economic Development Market Analysis Land Use Planning |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Participation in City of Wilmington Planning & Technical Review Process |
| 4 | Agency/Group/Organization | Tri HIC |
| | Agency/Group/Organization Type | Services-homeless |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth CoC Board |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Attendance at Tri-HIC Monthly Meetings; City RFP process; Survey |
| 5 | Agency/Group/Organization | Cape Fear Housing Coalition |
| | Agency/Group/Organization Type | Housing Non-Profit Housing Advocacy & Education Organization |

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| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Homelessness Strategy Economic Development Market Analysis Anti-poverty Strategy |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Attendance at Monthly Meetings; Co-host Events Fair Housing, Legislative Overview & Update; Survey |
| 6 | Agency/Group/Organization | Disability Resource Center |
| | Agency/Group/Organization Type | Services-Persons with Disabilities |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Homelessness Strategy Homeless Needs - Chronically homeless Homelessness Needs - Veterans Non-Homeless Special Needs Anti-poverty Strategy |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Meeting with Executive Director, Survey |
| 7 | Agency/Group/Organization | CF REALTORS formerly Wilmington Regional Assoc. REALTORS |
| | Agency/Group/Organization Type | Housing |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Economic Development Market Analysis |

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| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Meeting with CEO and Government Affairs Liaison; Attend Affordability Gap conference; Attend State REALTORS Affordable Housing Conference; Survey |
| 8 | Agency/Group/Organization | Coastal Horizons Inc. |
| | Agency/Group/Organization Type | Services-Persons with Disabilities Services - Victims Publicly Funded Institution/System of Care |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Non-Homeless Special Needs Anti-poverty Strategy |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | City staff representative on RESET Council, attend monthly meetings. Partnership on SCA program, w/ evaluation and needs assessment; Survey |
| 9 | Agency/Group/Organization | LINC |
| | Agency/Group/Organization Type | Housing ReEntry Services |

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| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Homelessness Strategy Homelessness Needs - Veterans Non-Homeless Special Needs Economic Development Market Analysis |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | City staff representative on Re-Entry Council; Partnership on SCA reentry program; Survey |
| 10 | Agency/Group/Organization | UNCW |
| | Agency/Group/Organization Type | Services-Education Major Employer |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Economic Development Market Analysis Anti-poverty Strategy |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Meetings with various staff and faculty members (QENO, Dept of Sociology, etc.) One-on-one interview; Survey |
| 11 | Agency/Group/Organization | Blue Ribbon Commission |
| | Agency/Group/Organization Type | Services-Children Services-Education Services-Employment |

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| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Homelessness Strategy Homeless Needs - Families with children Homelessness Needs - Unaccompanied youth Non-Homeless Special Needs Economic Development Market Analysis Anti-poverty Strategy |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Submission of application for funding; One-on-one interview; Survey |
| 12 | Agency/Group/Organization | Ability Gardens |
| | Agency/Group/Organization Type | Services-Children Services-Persons with Disabilities |
| | What section of the Plan was addressed by Consultation? | Non-Homeless Special Needs Anti-poverty Strategy |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Survey |
| 13 | Agency/Group/Organization | American Red Cross |
| | Agency/Group/Organization Type | Services - Victims |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Homelessness Strategy Non-Homeless Special Needs |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Submission of application for funding; One-on-one interview; Survey |

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| 14 | Agency/Group/Organization | Brigade Boys and Girls Club |
| | Agency/Group/Organization Type | Services-Children |
| | What section of the Plan was addressed by Consultation? | Non-Homeless Special Needs |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Submission of application for funding; One-on-one interview; Survey |
| 15 | Agency/Group/Organization | Cape Fear Community Land Trust |
| | Agency/Group/Organization Type | Housing |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Economic Development Market Analysis Anti-poverty Strategy |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Submission of application for funding; One-on-one interview; Survey |
| 16 | Agency/Group/Organization | Cape Fear Literacy Center |
| | Agency/Group/Organization Type | Services-Education |
| | What section of the Plan was addressed by Consultation? | Non-Homeless Special Needs Economic Development Market Analysis Anti-poverty Strategy |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Submission of application for funding; One-on-one interview; Survey |

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| 17 | Agency/Group/Organization | Communities In Schools Cape Fear |
| | Agency/Group/Organization Type | Services-Children Services-Education |
| | What section of the Plan was addressed by Consultation? | Non-Homeless Special Needs Economic Development Anti-poverty Strategy |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Submission of application for funding; One-on-one interview; Survey |
| 18 | Agency/Group/Organization | COMMUNITY BOYS & GIRLS CLUB, INC |
| | Agency/Group/Organization Type | Services-Children |
| | What section of the Plan was addressed by Consultation? | Non-Homeless Special Needs Anti-poverty Strategy |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Submission of application for funding; One-on-one interview; Survey |
| 19 | Agency/Group/Organization | Comprehensive Care of Wilmington |
| | Agency/Group/Organization Type | Services-Elderly Persons |
| | What section of the Plan was addressed by Consultation? | Non-Homeless Special Needs |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | |
| 20 | Agency/Group/Organization | DOMESTIC VIOLENCE SHELTER & SERVICES, INC |
| | Agency/Group/Organization Type | Housing Services - Victims |

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| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Homelessness Strategy Homeless Needs - Families with children Market Analysis Anti-poverty Strategy |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Submission of application for funding; One-on-one interview; Survey |
| 21 | Agency/Group/Organization | DREAMS OF WILMINGTON, INC |
| | Agency/Group/Organization Type | Services-Children |
| | What section of the Plan was addressed by Consultation? | Non-Homeless Special Needs Anti-poverty Strategy |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Submission of application for funding; One-on-one interview; Survey |
| 22 | Agency/Group/Organization | Elderhause, Inc |
| | Agency/Group/Organization Type | Housing Services-Elderly Persons Health Agency |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Non-Homeless Special Needs |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Submission of application for funding; One-on-one interview; Survey |

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| 23 | Agency/Group/Organization | First Fruit Ministries |
| | Agency/Group/Organization Type | Housing Services - Housing Services-homeless Services - Victims |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Homelessness Strategy Homeless Needs - Families with children Anti-poverty Strategy |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Submission of application for funding; One-on-one interview; Survey |
| 24 | Agency/Group/Organization | FOOD BANK OF CENTRAL & EASTERN NC |
| | Agency/Group/Organization Type | Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-homeless Food Distribution/Food Bank |
| | What section of the Plan was addressed by Consultation? | Non-Homeless Special Needs |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Submission of application for funding; One-on-one interview; Survey |

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| 25 | Agency/Group/Organization | Good Shephard Ministries |
| | Agency/Group/Organization Type | Housing Services - Housing Services-homeless |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Economic Development Market Analysis Anti-poverty Strategy |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Survey |
| 26 | Agency/Group/Organization | Historic Wilmington Foundation |
| | Agency/Group/Organization Type | Housing Services-Education Foundation |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Economic Development |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Submission of application for funding; One-on-one interview; Survey |

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| 27 | Agency/Group/Organization | Kids Making It |
| | Agency/Group/Organization Type | Services-Children Services-Education Services-Employment |
| | What section of the Plan was addressed by Consultation? | Non-Homeless Special Needs Anti-poverty Strategy |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Submission of application for funding; One-on-one interview; Survey |
| 28 | Agency/Group/Organization | PHOENIX EMPLOYMENT MINISTRIES aka Step-Up Wilmington |
| | Agency/Group/Organization Type | Services-homeless Services-Employment |
| | What section of the Plan was addressed by Consultation? | Homelessness Strategy Non-Homeless Special Needs Economic Development Anti-poverty Strategy |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Submission of application for funding; One-on-one interview; Survey |
| 29 | Agency/Group/Organization | Wilmington Residential Adolescent Achievement Program |
| | Agency/Group/Organization Type | Services-Children Services-Education |
| | What section of the Plan was addressed by Consultation? | Non-Homeless Special Needs Anti-poverty Strategy |

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| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Submission of application for funding; One-on-one interview; Survey |
| 30 | Agency/Group/Organization | YWCA |
| | Agency/Group/Organization Type | Services-Education Services-Employment |
| | What section of the Plan was addressed by Consultation? | Economic Development Market Analysis Anti-poverty Strategy |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Survey |
| 31 | Agency/Group/Organization | Wilmington Area Rebuilding Ministry |
| | Agency/Group/Organization Type | Housing Services - Housing |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Homelessness Strategy Market Analysis |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Submission of application for funding; One-on-one interview; Survey |
| 32 | Agency/Group/Organization | AMEZ Housing CDC |
| | Agency/Group/Organization Type | Housing |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Market Analysis |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Survey |

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| 33 | Agency/Group/Organization | CAPE FEAR REGIONAL CDC, INC |
| | Agency/Group/Organization Type | Housing |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Market Analysis Anti-poverty Strategy |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Survey |
| 34 | Agency/Group/Organization | First Citizens Bank |
| | Agency/Group/Organization Type | Housing Private Sector Banking / Financing |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Economic Development Market Analysis |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Participation in Home Ownership Pool; Meetings; Survey |
| 35 | Agency/Group/Organization | BB & T Bank |
| | Agency/Group/Organization Type | Housing Private Sector Banking / Financing |
| | What section of the Plan was addressed by Consultation? | Housing Need Assessment Economic Development Market Analysis |
| | How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Participation in Home Ownership Pool; Meetings; Survey |
| 36 | Agency/Group/Organization | Corning Credit Union |

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| Agency/Group/Organization Type | Housing Private Sector Banking / Financing |
| What section of the Plan was addressed by Consultation? | Housing Need Assessment Economic Development Market Analysis |
| How the Agency/Group/Organization consulted and what was are the anticipated outcomes of the consultation or areas for improved coordination? | Participation in Home Ownership Pool; Meetings |

Identify any Agency Types not consulted and provide rationale for not consulting

Not Applicable

Other local/regional/state/federal planning efforts considered when preparing the Plan

| Name of Plan | Lead Organization | How do the goals of your Strategic Plan overlap with the goals of each plan? |
|--|--|--|
| Continuum of Care | Tri-County Homelessness Inter-agency Council | Housing First, Permanent Supportive Housing, Coordinated Entry, Homeless Prevention |
| FOCUS Framework for Our Future | Lower Cape Fear Sustainable Communities Consortium | Equitable Access to Affordable Housing; Sustainable Development; Regional Coordination & Collaboration |
| Regional Analysis of Impediments to Fair Housing | Lower Cape Fear Sustainable Communities Consortium | Fair Housing, Access to Opportunities, Choice, Address Disparate Impact |
| Equitable Growth Profile of the Cape Fear Region | Lower Cape Fear Sustainable Communities Consortium | Ensure full inclusion of the regions residents in the economic and educational opportunities regardless of race, ethnicity, neighborhood, disability, age, gender etc. |

| Name of Plan | Lead Organization | How do the goals of your Strategic Plan overlap with the goals of each plan? |
|--|------------------------------|--|
| Five Year Agency Plan | Wilmington Housing Authority | Publicly Assisted Housing Revitalization, Access to Affordable, Quality, Safe Housing |
| New Hanover County Comprehensive Plan | New Hanover County | Coordinated Growth and Development regarding land use, development, and capital improvement |
| City of Wilmington Comprehensive Plan | City of Wilmington | Coordinated Growth and Development regarding land use, development, and capital improvement |
| Analysis of Fair Housing - City of Wilmington/WHA | City of Wilmington | Increase Opportunity and Choice for protected classes to access housing, jobs, education, and other services |
| Jt. NHC/COW Affordable Housing Ad hoc Committee Report | City of Wilmington/NHC | Increase resources for affordable housing. |

Table 3 – Other local / regional / federal planning efforts

Narrative (optional)

AP-12 Participation – 91.105, 91.200(c)

- 1. Summary of citizen participation process/Efforts made to broaden citizen participation
Summarize citizen participation process and how it impacted goal-setting**

Citizen Participation Outreach

Table 4 – Citizen Participation Outreach

| Sort Order | Mode of Outreach | Target of Outreach | Summary of response/attendance | Summary of comments received | Summary of comments not accepted and reasons | URL (if applicable) |
|-------------------|-------------------------|------------------------------|---|---|---|---|
| 1 | Public Hearing | Non-targeted/broad community | City Council meeting 4/21/20 accessible via television due to covid-19. | Questions and comments to clarify the Consolidated Plan content, pointing out needs assessment and cost burden. Need for affordable housing and increasingly scarce public resources. | All comments accepted | http://www.wilmingtonnc.gov/departments/city-council |

| Sort Order | Mode of Outreach | Target of Outreach | Summary of response/attendance | Summary of comments received | Summary of comments not accepted and reasons | URL (If applicable) |
|------------|------------------|---|--|--|--|---------------------|
| 2 | Public Meetings; | Agencies serving low-to-moderate persons; providers public services | 5th Floor Conference Rm Harrelson Bldg. 11/12/19 23 attended | CDBG requirements, lack of resources, increasing need, lack of state funding | All comments accepted | |
| 3 | Public Meetings; | Agencies serving low-to-moderate persons; providers public services | 5th Floor Conference Rm Harrelson Bldg. 12/17/19 21 attended | CDBG requirements, lack of resources, increasing need, lack of state funding | All comments accepted | |
| 4 | Email | Agencies serving low-to-moderate persons; providers public services | 5 th Floor Conference Rm Harrelson Bldg. 25 Agency staff attended 7/25/19 | CDBG requirements for reimbursement; beneficiary requirements | All comments accepted | |
| 5 | Email | Homeless Service Providers/Advocates | CF COG; | | | |

| Sort Order | Mode of Outreach | Target of Outreach | Summary of response/attendance | Summary of comments received | Summary of comments not accepted and reasons | URL (If applicable) |
|------------|------------------|--|---|---|--|---------------------|
| 6 | Email | Persons with disabilities | Downtown Library 7/19/18; 40 citizens attended. | Fair Housing Law; slum lords & substandard housing; discrimination ; housing for disabled; cost burden; lack of housing that is affordable; NIMBY | All comments accepted | |
| 7 | Public Meeting | Non-targeted/broad community Affordable Housing Developers/Services/Advocates | Cape Fear Housing Coalition; Monthly Meetings 2 nd Thursday. | | | |

| Sort Order | Mode of Outreach | Target of Outreach | Summary of response/attendance | Summary of comments received | Summary of comments not accepted and reasons | URL (If applicable) |
|------------|-------------------|------------------------------|--|------------------------------|--|---------------------|
| 8 | Newspaper Ad | Non-targeted/broad community | Public notice of 30 day public comment period and public hearing date in Wilmington Star News 4/8/20 | | | |
| 9 | Internet Outreach | Non-targeted/broad community | Public Notice of 30 day comment period and public hearing date posted on City of Wilmington Website w/ link to Draft Consolidated Plan | | | |

| Sort Order | Mode of Outreach | Target of Outreach | Summary of response/attendance | Summary of comments received | Summary of comments not accepted and reasons | URL (If applicable) |
|------------|------------------|---|--|------------------------------|--|---------------------|
| 10 | Email | Community Based Organizations/Non-Profits | Notice of 30 day Public Comment Period and Public Hearing date with link to Draft Consolidated Plan to 150 organization on email distribution list | | | |

Table 5 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.220(c)(1,2)

Introduction

Anticipated Resources

| Program | Source of Funds | Uses of Funds | Expected Amount Available Year 4 | | | | Expected Amount Available Remainder of ConPlan \$ | Narrative Description |
|---------|------------------|--|----------------------------------|--------------------|--------------------------|-----------|---|--|
| | | | Annual Allocation: \$ | Program Income: \$ | Prior Year Resources: \$ | Total: \$ | | |
| CDBG | public - federal | Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services | 1,040,399 | 286,259 | 890,366* | 2,217,024 | 1,326,658** | Primarily directed to HOP Home-buyer 2nd Mortgage; Rehab for Rental Housing, including PSH; Acquisition of Land for Infill Reconstruction; Public Services @ 15% Cap including Homeless Shelter & Services, Youth Services, Job Training; Public Improvements *incls \$259,540 Prior Yr RL ** annual allocation + PI x yrs remaining |

| Program | Source of Funds | Uses of Funds | Expected Amount Available Year 4 | | | | Expected Amount Available Remainder of ConPlan \$ | Narrative Description |
|--------------|------------------|---|----------------------------------|--------------------|--------------------------|-----------|---|---|
| | | | Annual Allocation: \$ | Program Income: \$ | Prior Year Resources: \$ | Total: \$ | | |
| HOME | public - federal | Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership | 692,384 | 504,510 | 1,865,121* | 3,062,015 | 1,196,894** | Primarily directed to Owner-Occupied Rehab; Housing Production CHDOs; Permanent Supportive Housing; Multi-family Rental Gap Financing; Rental Rehab Incentive Loan *incls \$374,836 Prior Yr PI ** annual allocation + PI x yrs remaining |
| General Fund | public - local | Admin and Planning Homebuyer assistance Homeowner rehab Public Services | 1,174,704 | 0 | 1,220,987* | 2,395,691 | 1,174,704** | Rehab Forgivable Loans, HOP Workforce Housing; Public Services; Housing Repair; Homeless CoC Admin; Youth, elderly, job training, homeless services, re-entry, victim assistance *incls Prior Yr RL ;** annual allocation + PI x yrs remaining |

| Program | Source of Funds | Uses of Funds | Expected Amount Available Year 4 | | | | Expected Amount Available Remainder of ConPlan \$ | Narrative Description |
|---------|-----------------|------------------------------|----------------------------------|--------------------|--------------------------|-----------|---|--|
| | | | Annual Allocation: \$ | Program Income: \$ | Prior Year Resources: \$ | Total: \$ | | |
| Other | private | Homebuyer assistance Housing | 900,000 | 0 | 0 | 900,000 | 900,000 | Financing provided by private bank partners in HOP |

Table 6 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

Federal funds will leverage additional local resources to support homeless shelter and services, youth programs, job skills and placement, elder care, etc. City Council commits General Funds at \$674,704 to support the aforementioned. Additionally, City Council appropriates General Funds to the Housing Loan Funds to provide Homebuyer Assistance through the City’s HOP program and forgivable loans in the Housing Rehabilitation Loan Program. Partner banks provide approximately \$1 million annually for homebuyer assistance through the HOP program. HOME funds leverage LIHTC, NCHFA, and private funds for the development of multifamily housing including Permanent Supportive Housing.

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If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

Not Applicable

Discussion

The anticipated resources reflect prior year allocations and will be amended as needed.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives

Goals Summary Information

| Sort Order | Goal Name | Start Year | End Year | Category | Geographic Area | Needs Addressed | Funding 2020PY | Goal Outcome Indicator |
|------------|--|------------|----------|--|---------------------------------|---|--|--|
| 1 | AFH 1 -Increase Affordable Housing Options | 2017 | 2022 | Affordable Housing | NorthSide Southside; City -wide | Disparities in Access to Opportunity Disproportionate Housing Needs; Segregation; R/ECAPs; Public Supported Housing; Fair Housing | CDBG: \$829,693 HOME: \$1,077,205 General Fund: \$573,000 Private Bank Partner HOP: \$900,000 | Homeowner Housing Added: 1 Household Housing Units; Homeowner Housing Rehabilitated: 8 Household Housing Units; Direct Financial Assistance to Homebuyers: 36 Households Assisted; Rental Housing Rehabilitated: 8 Households Assisted |
| 2 | AFH 2 - Fair Housing Awareness & Enforcement | 2017 | 2022 | Affordable Housing Fair Housing Education/Outreach/Enforcement | City-wide | Disparities in Access to Opportunity Disproportionate Housing Needs; Segregation; R/ECAPs; Public Supported Housing; Fair Housing | | Other: 1 Other |

| | | | | | | | | |
|---|---|------|------|---|-------------------------------------|--|---|--|
| 3 | AFH 3 -Expand & Improve Resources Afford Housing | 2017 | 2022 | Affordable Housing | NorthSide Southside City-wide | Disparities in Access to Opportunity Disproportionate Housing Needs; Segregation; R/ECAPs; Public Supported Housing; Fair Housing | General Fund: | Other: 4 Other |
| 4 | AFH 4- Support Public Service Programs | 2017 | 2022 | Homeless Non-Homeless Special Needs Non-Housing Community Development | NorthSide Southside City-wide | Disparities in Access to Opportunity R/ECAPs; Public Supported Housing; Fair Housing | CDBG: \$175,000 General Fund: \$32,168 | Public service activities other than Low/Moderate Income Housing Benefit: 1,101 Persons Assisted Homeless Person Overnight Shelter: 920 Persons Assisted. Jobs created/retained: 50 Jobs |
| 5 | AFH 1a- Maintain Existing Affordable Housing | 2017 | 2022 | Affordable Housing | NorthSide Southside City-wide | Disproportionate Housing Needs; Segregation; | | Homeowner Housing Rehabilitated: 8 Household Housing Unit |
| 6 | AFH 2a-Increase local Housing Enforcement Efforts | 2017 | 2022 | Fair Housing Education/Outreach/Enforcement | NorthSide Southside City-wide | Disproportionate Housing Needs; Segregation; R/ECAPs; Public Supported Housing; Fair Housing | | Other: 1 Other |

| | | | | | | | | |
|----|--|------|------|--|-------------------------------|--|-------------------------------|--|
| 7 | AFH 2b- Reduce Housing Discrimination Disabled | 2017 | 2022 | Fair Housing Education/Outreach/Enforcement | NorthSide Southside City-wide | Disparities in Access to Opportunity R/ECAPs; Public Supported Housing; Fair Housing | | Other: 1 Other |
| 8 | AFH 1b -Increase Home Ownership | 2017 | 2022 | Affordable Housing | City-wide | Disparities in Access to Opportunity Disproportionate Housing Needs; Segregation; | | Direct Financial Assistance to Homebuyers: 36 Households Assisted |
| 9 | AFH 4a- Education Supportive Services | 2017 | 2022 | Non-Homeless Special Needs Non-Housing Community Development | NorthSide Southside | Disparities in Access to Opportunity R/ECAPs; Public Supported Housing; Fair Housing | CDBG: General Fund: \$674,705 | Public service activities other than Low/Moderate Income Housing Benefit: 4,645 Persons Assisted |
| 10 | AFH 4b - Employment Training | 2017 | 2022 | Non-Housing Community Development | NorthSide Southside City-wide | Disparities in Access to Opportunity R/ECAPs; Public Supported Housing; Fair Housing | | Public service activities other than Low/Moderate Income Housing Benefit: 650 Persons Assisted |
| 11 | AFH 4c - Employment Opportunities | 2017 | 2022 | Non-Housing Community Development | NorthSide Southside | Disparities in Access to Opportunity | | Jobs created/retained: 50 Jobs |

| | | | | | | | | |
|----|---|------|------|---|-------------------------------|---|--|----------------|
| 12 | AFH 4d- Access to Public Transportation | 2017 | 2022 | Non-Housing Community Development | NorthSide Southside | Disparities in Access to Opportunity R/ECAPs; Public Supported Housing; Fair Housing | | Other: 1 Other |
| 13 | AFH 2c - Perception of Affordable Housing | 2017 | 2022 | Fair Housing Education/Outreach/Enforcement | NorthSide Southside City-wide | Disparities in Access to Opportunity R/ECAPs; Public Supported Housing; Fair Housing | | Other: 1 Other |
| 14 | AFH 1c- Land Use & Planning | 2017 | 2022 | Affordable Housing Land Use Policy | NorthSide Southside City-wide | Disparities in Access to Opportunity Disproportionate Housing Needs; Segregation; R/ECAPs; Public Supported Housing; Fair Housing | | Other: 1 Other |
| 15 | Planning & Administration | 2017 | 2022 | Planning & Administration | | | | |

Table 7 – Goals Summary

Goal Descriptions

| | | |
|---|-------------------------|--|
| 1 | Goal Name | AFH 1 -Increase Affordable Housing Options |
| | Goal Description | <ul style="list-style-type: none"> • 1 SF Homebuyer units (\$175,000 CFCLT, no CHDO projects; HOME) • 8 Owner-Occupied Rehabs (2@\$150,000ec + 6 @ \$50,000 = \$600,000; HOME, GF) • 24 Homebuyer Assistance Loans (avg loan \$80,000 = \$1,897,588; CDBG, GF) • 12 Down Payment Assistance Loan (avg \$25,000 = \$300,000; HOME) • 8 units Rental Rehabilitation Incentive Loans - includes 3 carry-over (\$125,000ec = \$1,000,000; HOME) • CPLP included in DPA and Community Heroes included in Homebuyer Assistance aka HOP <p>Includes PY20/FY21 entitlement, program income, revolving loan and carryover funds as follows: HOME - \$2,196,709; CDBG – \$615,034; CHDO Proceeds - \$182,601; CHDO Reserve- \$456,087, HOP GF -\$709,554; Rehab GF \$393,200. Also includes General Fund appropriation: FY21 \$573,000</p> |
| 2 | Goal Name | AFH 2 - Fair Housing Awareness & Enforcement |
| | Goal Description | <ul style="list-style-type: none"> • Support local Fair Housing Initiatives to monitor fair housing issues and complaints; 1 fair housing workshop for landlords and real estate agents, general public @ 1 annually; • 10% of affordable housing produced with CDBG and HOME targeted for persons with disabilities |
| 3 | Goal Name | AFH 3 -Expand & Improve Resources for Affordable Housing |
| | Goal Description | Implement recommendations of City/NHC Affordable/Workforce Housing Ad hoc Committee as approved by City Council |

| | | |
|---|-------------------------|--|
| 4 | Goal Name | AFH 4- Support Public Service Programs |
| | Goal Description | <ul style="list-style-type: none"> • Support Youth Programs to 75% of youth enrolled will increase scores on end of year test at 80% or more; 90% promotion to next grade level; • At least 1,600 individuals enrolled annually in Job Training/Job Preparation/Placement program, including residents of R/ECAPs.; • Provide annual funding for youth employment program for at least 250 youth to secure employment and supportive services for future career preparation; • Support Homeless Shelter and Programs that serve 1,100 persons annually |
| 5 | Goal Name | AFH 1a- Maintain Existing Affordable Housing |
| | Goal Description | Substantially rehabilitate and/or repair an average of 8 owner occupied houses per year |
| 6 | Goal Name | AFH 2a-Increase local Housing Enforcement Efforts |
| | Goal Description | Increase in fair housing funding; Increase in number of fair housing workshops; Increase in fair housing supportive services. |
| 7 | Goal Name | AFH 2b- Reduce Housing Discrimination Disabled |
| | Goal Description | Conduct at least one workshop annually on fair housing for landlords, lenders, and housing managers to review housing for persons disabilities and reasonable accommodations; create working group of city/WHA staff, disability service providers, landlords, and advocates to discuss responses to recent cases of discrimination; 10% of affordable housing produced with CDBG and HOME participation over the next 5 years will be targeted for persons with disabilities. |
| 8 | Goal Name | AFH 1b -Increase Home Ownership |
| | Goal Description | Partner with area banks to provide up to 24 mortgages annually, through the HOP program, to households at or below 80% AMI. Additionally, partner with NCHFA CPLP and FHLB Community Heroes, also with CF Habitat for Humanity. |

| | | |
|----|-------------------------|---|
| 9 | Goal Name | AFH 4a- Education Supportive Services |
| | Goal Description | Increase enrollment in after school tutoring and youth mentoring programs by 5% over 5 year period. Fund after school programs in R/ECAPs over the next 5 years. 75% of youth enrolled will increase scores on end of year test at 80% or more; 90% promotion to next grade level |
| 10 | Goal Name | AFH 4b -Employment Training |
| | Goal Description | At least 1,600 individuals enrolled annually in Job Training/Job Preparation/Placement program, including residents of R/ECAPs. |
| 11 | Goal Name | AFH 4c - Employment Opportunities |
| | Goal Description | Provide annual funding for youth employment program for at least 20 youth to secure employment and supportive services for future career preparation |
| 12 | Goal Name | AFH 4d- Access to Public Transportation |
| | Goal Description | Continue to work with WAVE Transit Authority to implement short range transportation plan and advocate for improvements to bus stops and routes within the R/ECAPs |
| 13 | Goal Name | AFH 2c - Perception of Affordable Housing |
| | Goal Description | Host at least one fair housing event annually, host annual workshops with lenders, real estate professionals and landlords, Fair Housing promotional program annually |

| | | |
|-----------|-------------------------|--|
| 14 | Goal Name | AFH 1c- Land Use & Planning |
| | Goal Description | City owned vacant land/in-fill lots should be offered to affordable housing developers at no cost for redevelopment into affordable housing. Review existing density bonus to identify ways to increase use, consult with developers for input into limitations and incentives to increase use. In accordance with the City's Comprehensive Plan (policy 3.1.1) promote mixed-income neighborhoods throughout the city, to provide equitable access to opportunity and housing choice to households at all incomes. 100% of available in-fill lots redeveloped into affordable housing. Revised density bonus utilized by developers 100% more than in past. Revise land development code to encourage mixed –use development and variety of housing types, prices, and tenures. |
| 15 | Goal Name | Planning & Administration |
| | Goal Description | |

Projects

AP-35 Projects – 91.220(d)

Introduction

Annual Action Plans are required each year of the Five-Year Consolidated Plan. The Annual Action Plan implements the strategies in the Consolidated Plan and address the needs for housing, public services, public facility and other community development needs identified in the Consolidated Plan. The Annual Action Plan identifies the projects and programs/activities for which funds are recommended. And describes the process for accepting applications and proposals for funding. This Action Plan covers the July 1, 2020, through June 30, 2021. This is the fourth year of the City of Wilmington's 2017-2022 Consolidated Plan.

The Annual Action Plan describes the projects and programs/activities that are recommended for CDBG, HOME and General Funds appropriated for the FY2020-21 budget year. The Annual Plan also describes projects and programs/activities that are underway and have prior year funds that are available to continue the program or complete the activity. CDBG and HOME funding have timeliness requirements; but are allocated to projects that carry-over into multiple years. Also, the City has used federal funds to leverage other public and private financing for large scale development projects, such as Low Income Housing Tax Credit, that take several years to complete. Finally, the City's Homeowner Rehabilitation Loan Program (HRLP) and Homebuyer Opportunity Program (HOP) accept applications on an on-going basis and loans may be originated in one program year and closed in another.

In FY2020-21, the City is budgeting CDBG and HOME funds as allocated by HUD per February 18, 2020 HUD letter. The Annual Action Plan includes a budget of \$1,040,399 CDBG and \$692,384 HOME, plus CDBG related program income of \$215,467, and \$504,510 HOME. Prior year funds and Revolving Loan Funds are also available to complete projects or towards on-going programs/activities. As of March 20, 2020, there was \$1,587,232 in Revolving Loan Funds available, along with \$2,220,549 carry-over in CDBG and HOME funds.

Funds will be used for the Housing Rehabilitation Loan Program (HRLP), Rental Rehabilitation Incentive Loan Program and Home Ownership Program (HOP), \$103,858 is designated for CHDOs. Additional projects will be recommended for funding as proposals are submitted through the City's Housing Production Application process.

A detailed description of projects and programs/activities follows herein.

Projects

| # | Project Name |
|---|-----------------------------|
| 1 | Planning and Administration |
| 2 | Housing |
| 3 | Public Services |

Table 8 - Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

Allocation priorities reflect an alignment with the City's Strategic Plan Focus Areas and priorities, CDBG and HOME objectives and restrictions and the resources, opportunities for leverage and analysis of community needs and markets.

Obstacles to addressing underserved needs include, but are not limited to, lack of resources, historic patterns of concentrated poverty, disparate access to proficient education, jobs, services and amenities

AP-38 Project Summary

Project Summary Information

| | | |
|----------|--|---|
| 1 | Project Name | Planning and Administration |
| | Target Area | NorthSide Southside City-wide |
| | Goals Supported | Planning & Administration |
| | Needs Addressed | |
| | Funding | CDBG: \$251,173 HOME: \$119,689 |
| | Description | Planning and Administration for CDBG and HOME |
| | Target Date | 6/30/2021 |
| | Estimate the number and type of families that will benefit from the proposed activities | |
| | Location Description | |
| | Planned Activities | Planning & Administration |
| 2 | Project Name | Housing |
| | Target Area | NorthSide Southside City-wide |

| | |
|--|---|
| Goals Supported | AFH 1 -Increase Affordable Housing Options AFH 3 -Expand & Improve Resources Afford Housing AFH 1a- Maintain Existing Affordable Housing AFH 1b -Increase Home Ownership |
| Needs Addressed | Disparities in Access to Opportunity Disproportionate Housing Needs; Segregation; |
| Funding | CDBG: \$615,034 HOME: \$2,196,709 CHDO Reserve: \$456,087 General Fund: \$1,675,744 Includes entitlement, program income, revolving loan and carryover funds |
| Description | CHDO set-aside; Homebuyer Assistance -HOP, DPA; Owner-Occupied Rehab; Rental Rehab; Housing Production - SF, MF, Owner, Rental |
| Target Date | 6/30/2021 |
| Estimate the number and type of families that will benefit from the proposed activities | Estimate 24 households will benefit from housing rehabilitation, 8 households Rental Rehab Loans, and housing production to be determined. |
| Location Description | City-wide, Southside, Northside |

| | | |
|----------|---------------------------|---|
| | Planned Activities | FY20/21: <ul style="list-style-type: none"> • HOP Loans -24 • Owner-Occupied Rehab Loans - 8 • Down Payment Assistance -12 • Housing Production RFP - 1 • Rental Rehab Incentive Loans - 8 • CF Habitat for Humanity Infrastructure – reprogrammed to HOP Carry-Over: <ul style="list-style-type: none"> • Three Rental Rehabilitation Incentive Loans in projects in progress |
| 3 | Project Name | Public Services/ Public Facilities |
| | Target Area | NorthSide Southside City-wide |
| | Goals Supported | AFH 2 - Fair Housing Awareness & Enforcement AFH 4- Support Public Service Programs AFH 2b- Reduce Housing Discrimination Disabled AFH 4a- Education Supportive Services AFH 4b -Employment Training AFH 4c - Employment Opportunities AFH 4d- Access to Public Transportation |
| | Needs Addressed | Disparities in Access to Opportunity R/ECAPs; Public Supported Housing; Fair Housing |

| | |
|--|---|
| Funding | Public Services CDBG: \$175,000 General Fund: \$674,705 (includes \$50,000 CoC) |
| Description | After School & Summer Youth Programs; Job Skills & Training, Job Placement, Elder Programs; Re-Entry; Homeless Shelter & Services; Literacy; Foodbanks and Meals |
| Target Date | 6/30/2021 |
| Estimate the number and type of families that will benefit from the proposed activities | Programs supported through CDBG and General funds will serve at least 7395 youth, elderly, homeless persons and other special populations. |
| Location Description | City-wide with focus on programs serving the Northside and Southside. |
| Planned Activities | CDBG: <ul style="list-style-type: none"> • Domestic Violence Shelter & Services • First Fruit Ministries • Good Shepherd/Family Promise General Fund: 20 Agencies (see appendix for list) |

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AP-50 Geographic Distribution – 91.220(f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

Assistance will be directed to Northside and Southside areas identified in the AFH as R/ECAPs as well as in areas of opportunity throughout the City to help ensure a balanced approach in the efforts to Affirmatively Further Fair Housing by increasing access to opportunity.

Geographic Distribution

| Target Area | Percentage of Funds |
|--------------------|----------------------------|
| NorthSide | 30 |
| Southside | 40 |
| City-wide | 30 |

Table 9 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

The Northside and Southside R/ECAPs need investment to aid in revitalization, preserve affordable housing and provide low-to-moderate income residents, especially youth, disabled, elderly and homeless, in these communities with more opportunities to access jobs, education, transportation and housing. In addition renters and homebuyers are seeking to locate in areas within the city that provide access to good jobs, schools, and services. Therefore the allocation of investments represents a balanced approach to reinvestment and revitalization and equitable access to opportunity.

Discussion

The City of Wilmington does not have a Neighborhood Revitalization Strategy Area at this time. The previous NRSA was the area known as the Northside. Additionally, the city does not have redevelopment areas or target areas selected for CDBG or HOME fund investment. That said, the City identified two Racially and Ethnically Concentrated Areas of Poverty (R/ECAPs) in the 2016 Assessment of Fair Housing (AFH). The City's goals and strategies identified in the AFH and in the Five-Year Consolidated Plan offer a balanced approach to increase choices for low-to-moderate income persons to access high opportunity neighborhoods and also to invest resources in revitalization of R/ECAPs to increase opportunities for safe, decent, affordable housing, youth services, jobs, services and amenities.

Affordable Housing

AP-55 Affordable Housing – 91.220(g)

Introduction

The City of Wilmington's affordable housing goals direct resources to City implemented rehabilitation and homebuyer assistance loan programs, and partnerships with affordable housing developers including CHDOs to support the production and rehabilitation of affordable housing, including permanent supportive housing. In addition, the City continues to support the Continuum of Care and emergency shelters. Housing that is affordable is not readily available within the City, the private housing market is not meeting the demand for affordable housing.

| One Year Goals for the Number of Individuals to be Supported | |
|---|-------|
| Homeless | 1101 |
| Non-Homeless | 5,909 |
| Special-Needs | 385 |
| Total | 7,395 |

Table 10 - One Year Goals for Affordable Housing by Support Requirement

| One Year Goals for the Number of Households Supported Through | |
|--|----|
| Rental Assistance | 0 |
| The Production of New Units | 1 |
| Rehab of Existing Units | 16 |
| Acquisition of Existing Units | 36 |
| Total | 53 |

Table 11 - One Year Goals for Affordable Housing by Support Type

Discussion

The goal for Homeless households supported reflects the number of persons (1,101) accessing services, shelter and transitional housing as submitted by homeless services and shelter providers. The City provides CDBG funding to support homeless shelter and service providers to provide emergency shelter, case management and other services to assist homeless person's transition into housing.

Non-homeless households to be supported includes those households that will receive

homebuyer assistance including down payment assistance to purchase homes produced with HOME funds or existing units in the private market. Interest in the Rental Rehabilitation Loan Program is growing, for FY2020/21 three projects are underway and more loans are anticipated. HOME funds in conjunction with City General funds support the Owner-Occupied Housing Rehabilitation Program with a goal of 8 units for FY2020/21.

The City does not provide direct rental assistance (TBRA) to individuals; however, the City does support the production of multi-family and scattered site rental units. The goal for acquisition of existing units is 36, this reflects the acquisition of housing by homebuyers' receiving homebuyer assistance, including Down Payment Assistance. Additionally, CDBG or HOME funds may be used for the acquisition of existing units for rehabilitation for either ownership or rental. No specific units are identified as of the writing of this plan.

AP-60 Public Housing – 91.220(h)

Introduction

The Housing Authority of the City of Wilmington, North Carolina manages Public Housing, Housing Choice Vouchers, and other properties for lower income households. The City works closely with WHA and has provided CDBG and HOME funds for several multi-family rental projects.

Actions planned during the next year to address the needs to public housing

- WHA is working processing applications for new public housing site, Dawson Lofts, thereby providing 24 additional families with housing.
- The Authority is also actively seeking out appropriate property or land on which to redevelop or construct such units.
- WHA has restructured its Housing Choice Voucher and Property Management Departments in order to increase efficiency and accountability.
- WHA continues the process of converting all of its offices over to a web-based system which will greatly increase efficiency of staff while providing greater options for residents to access their accounts and enable applicants to file applications on-line.
- WHA will continue to meet with potential funders and developers in order to identify partnerships which will ultimately increase affordable housing inventory in the area.
- The authority is re-working the Administrative Plan for Housing Choice Voucher in order to ensure that current federal regulations are implemented and to streamline processes for staff, residents, and participants.
- Upgrades to existing sites include:
 - On-going, rolling process of repairing and updating units
 - New roof recently completed at Solomon Towers
 - Installation of upgraded security camera system on sites
 - Roof repair on all sites
 - HVAC upgrades

Actions to encourage public housing residents to become more involved in management and participate in homeownership

- WHA has active Resident Organizations at most sites who are represented by their officers as members of the Resident Advisory Board (RAB). The RAB represents

concerns of residents and provides feedback on behalf of residents including in regards to the WHA Annual Plan and a variety of other topics.

- Through various in-house programs such as Family Self-Sufficiency (FSS), Resident Opportunities and Self-Sufficiency (ROSS), and Multifamily Elderly Services Grant, alongside our participating service providers, WHA will provide resources and guidance that will assist residents to work toward self-sufficiency.
- The Housing Choice Voucher program will again host a “Landlord Training” event which is meant to provide information about the Housing Choice Voucher program to existing and potential landlords thereby increasing the number of available units. Fair Housing training will be offered to WHA staff and as part of Landlord Training.
- WHA has initiated a Section 3 hiring process thereby bringing residents on staff

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

The Housing Authority of the City of Wilmington, North Carolina is not designated as troubled.

Discussion

WHA has properties in excess of 75 years old. Although progress has been made to replace and/or modernize many properties several properties are in need of replacement and/or modernization. Additionally, WHA continues programs aimed at assisting residents to become more self-sufficient

AP-65 Homeless and Other Special Needs Activities – 91.220(i)

Introduction

The City of Wilmington provides CDBG and General Funds to help support the operations and service delivery of the Good Shepherd, Family Promise, First Fruit Ministries, Domestic Violence Shelter and Services, Leading Into New Communities, Open House Youth Shelter and the Homeless Continuum of Care (CoC).

The Tri-County Homeless Interagency Council is the Cape Fear Area’s HUD - approved homeless Continuum of Care (Tri-HIC). The CoC is an alliance of service providers, local government agencies, and other public interests whose common goal is the reduction and ultimate elimination of homelessness in the Cape Fear Region, while the CoC department provides administration to the CoC alliance. The CoC department manages the homeless response system, Coordinated Entry, which is the process of how individuals are moved through the system from homelessness to housing. Priority is given to those who are most vulnerable with the highest needs. Coordinated Entry is federally mandated for every CoC community in the United States. NC-506 manages the Coordinated Entry system for all citizens who are experiencing homelessness.

In addition, the CoC department ensures regular meetings of the full Tri-HIC and its sub-committees, manages the grant application process for both the HUD Transitional Housing/Permanent Supportive Housing NOFA and Emergency Solution Grants; is the System Administrator for the local Homeless Management Information System (HMIS) implementation; manages local, state and federal reporting including the Longitudinal System Analysis (LSA); Housing Inventory Chart (HIC), Emergency Solution Grant CAPER, and System Performance Measures (SysPM); coordinates the annual Point in Time count (PIT), conducts a service gap analysis, facilitates the development of an effective Coordinated Entry system; and represents the continuum at local, state and national conferences and trainings related to housing and homelessness.

Additionally, City staff participate and represent in the Tri-HIC monthly meetings and Advisory Council bi-monthly meetings. The City will continue these efforts over the next year and the goals and allocation of resources reflects this commitment.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including

Reaching out to homeless persons (especially unsheltered persons) and assessing their

individual needs

For the last several years, First Fruit Ministries has been awarded a small grant through state ESG funds to provide street outreach to those experiencing homelessness to try and meet this gap in services. In addition to day shelter services provided by the Good Shepherd Center, two ministry-based day center programs have begun which provide unsheltered people with a place to receive meals and store their belongings during the day. Vigilant Hope has developed a shower trailer that allows the unsheltered and marginally housed population to take showers and receive a clean change of clothes four times per week. They provide housing needs assessments and meals as well. All outreach providers and community partners including Good Shepherd Center, New Hanover Regional Medical Center, Hope Recuperative Care and other agencies work diligently to make sure individuals experiencing homelessness are linked to the Coordinated Entry System to get placed on the Housing Prioritization List. From there, the CoC ensures administratively that individuals are prioritized while upholding the Fair Housing Act and HUD regulations and placed into appropriate and eligible housing services.

Addressing the emergency shelter and transitional housing needs of homeless persons

As shelters have moved towards a housing first model and lowering barriers, the utilization of shelter has increased, especially since Hurricane Florence hit the area, causing our community to have limited shelter beds. In September 2018 the community suffered a great loss of the Salvation Army shelter due to hurricane damages, which held roughly 50 beds. Salvation Army re opened in May of 2019 and continues to be a valuable resource for emergency shelter and Coordinated Entry access. Utilization of transitional housing has increased, but it is not at capacity. It is believed that the unaffordable rental market has contributed to the increase in utilization of transitional housing as a bridge between shelter and housing. Furthermore, Hurricane Florence has indirectly caused an increased in our homelessness numbers because there is a severe lack of affordable housing in the area to place people into housing.

Understanding the changing utilization, the City of Wilmington will continue to work in partnership with agencies serving homeless to target funds to meet the needs including emergency shelter, transitional housing and permanent housing.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were

recently homeless from becoming homeless again

The City provides funding to help support the operation of a 9 bed shelter for homeless youth ages 7-18, which works toward family reunification and housing for older independent youth. Our CoC has a Veterans Strategy Team which uses the By-Name List process to case manage all homeless veterans identified in the community. Monthly meetings allow the team to focus on barriers to housing and housing opportunities for those Veterans, as well as to coordinate engagement among multiple service providers. This team includes Veteran Affairs (VA), County Veterans Service Officers, and the Supportive Services for Veteran Families (SSVF) provider. In addition, the general and chronically homeless population is staffed through a By Name List weekly to ensure we are moving individuals into housing programs quickly and efficiently while utilizing every dollar the community has. Our shelters work with families to rapidly re-house them, or if they need additional support and when funds are not available, to place them in transitional housing for a more service intensive program.

In June of 2019, the CoC implemented a new Coordinated Entry System in order to efficiently serve the most vulnerable. Since June 2019, 462 individuals and families have sought homeless housing assistance through Coordinated Entry from our federal assistance. This breaks out to 271 single assessments and 61 family assessments (72 adults/119 children). Every week, HUD and non-HUD funded programs come together to provide updates on individuals who need to be connected to a program and to review agencies current caseloads and needs. We currently have over 20 different agencies meeting weekly, including domestic violence providers, emergency shelters, housing providers, mental health and substance abuse providers. Since implementation, 46% of referrals have left the Coordinated Entry program and have been referred to a housing program, self-resolved, left the coverage area or passed away. This coordinated effort has provided the community with invaluable data. We now know that we have an older homelessness population, between 51-61. Almost half of individuals are reporting a disability, with 66% reporting a physical disability. We've identified 31 chronically homeless individuals, and most individuals are being referred from emergency shelter. Using this data, we are fostering conversations with organizations on what our specific community needs are regarding affordable and accessible housing for this population. The City of Wilmington and the CoC Department are collaborating on potential initiatives utilizing best practices for landlord mitigation and assistance to help with these efforts.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities,

foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

Our community is limited in funds to help low-income individuals and families avoid homelessness and primarily relies on the Emergency Food and Shelter Program prevention funds, administered by The Salvation Army and First In Families, and the Help Hub, which is an interfaith emergency assistance program located in downtown Wilmington. Catholic Charities and other faith-based programs provide emergency assistance to low-income individuals and families. For utility assistance, our community utilizes the Low Income Energy Assistance Program, administered through the Department of Social Services (DSS). Other community funds for prevention are also administered through DSS. The Disability Resource Center is our local Center for Independent Living and assists people with disabilities in accessing income-based housing and other resources. The Cape Fear Housing Coalition has created an affordable housing guide that is widely distributed among community-based organizations to help people who are housing cost burdened access affordable housing units. Leading Into New Communities (LINC) receives funding from the City to provide transitional housing and program services to formerly incarcerated persons. In addition, the Continuum of Care department provides a “street sheet” of resources in the Wilmington community that individuals can access. The street sheet has resources for mental health, substance abuse, shelter, housing and food pantry services. It is a goal of 2019 for the CoC to bring prevention funds and additional rapid-rehousing funds into the community through the Emergency Solution Grant program for the 20-21 application.

Discussion

The City of Wilmington is a member of the Tri County Homeless Interagency Council. Moreover, the City provides CDBG and General Funds to support the administration of the Continuum of Care and several homeless shelters and homeless service and prevention initiatives.

AP-75 Barriers to affordable housing – 91.220(j)

Introduction:

In 2016, recognizing that federal funds are not sufficient to address the need for housing that is affordable, the City of Wilmington and New Hanover County Commissioners appointed a 14 member Affordable/Workforce Housing Ad hoc committee to assess the local housing need and market, examine best practices, and make recommendations for local action that will address the need for affordable housing.

One recommendation from the Ad hoc committee was to establish as permanent Workforce Housing Advisory Committee (WHAC) to continue their work. In June 2019, the City of Wilmington and New Hanover County entered into an interlocal agreement to establish the WHAC and provide funding for a housing study. As of the writing of this plan the committee is in the process of selecting consultants to conduct the housing study.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

The housing market is experiencing a shortage in supply and a high demand for housing due to an increase in population from in-migrating retirees and others. The result is a lack of housing that is affordable to low-to-moderate income homebuyers and renters, along with pressure for long-time homeowners to sell what was once affordable housing stock to developers for redevelopment into market rate i.e. unaffordable housing.

As of December 2019, the median sales price of a house in New Hanover County/Wilmington was \$290,000 up 10.6% over the same time last year. Days on market, an indicator of demand, is less than 60 days, a balanced market is 180 days, and this is down 9 days since last year. Similarly, months' supply of housing was 2.5 a 19% decrease and indicator of limited supply. (source of data Cape Fear Realtors Association). To help low-to-moderate income homebuyers using the City's HOP Homebuyer Assistance Program, a forgivable down payment assistance loan was add. As a result, the average City HOP loan, using CDBG funds for a zero percent second mortgage, was approximately \$150,000 including \$80,000 CDBG. There is strong interest in the HOP program as evidenced by attendance at the Homebuyer Education which averages over 250 persons per year and is trending up. Almost all new home construction is occurring outside the city limits and housing built within the city is most often

“luxury” housing. The HOP program required more subsidy, through forgivable down payment assistance, in order to serve low-to-moderate homebuyers given the current price of housing in the Wilmington market.

Appropriation of General Fund revenues to the City's Workforce Housing HOP program provide homeownership opportunities for households earning up to 130% AMI. This helps mitigate the negative effects of income inequity and provides a mobility strategy for low-to-moderate income families. Likewise, City General Funds for the City's Owner-Occupied Housing Rehabilitation Program support housing repair and rehab loans to those earning below 50% AMI. These loans are deferred and forgivable. This program helps address blight and displacement of lower income households due to economic pressure.

Increasing public awareness of housing issues and understanding of the need for housing that is affordable for working families. Dispelling myths about affordable housing and the negative stereotypes associated with affordable housing is recognized as an important strategy to garner more local resources for affordable housing.

The City is currently in the process of updating the Land Development Ordinance. The changes are being presented for public input. Additionally, in response to City Council directives to incentivize developers to include affordable housing in projects a Workforce Housing Mixed Use code amendments has been presented to the Planning Commission and City Council for input. The WHMU allows developers to opt-in to provide affordable housing as part of a residential development and received additional density or make a payment in-lieu. The WHMU is voluntary. Additionally, the City waives fees and prioritizes projects in the WHMU.

In addition to the production of more affordable housing, the creation of better paying jobs, and wage equity will go a long way towards addressing the City's barriers to affordable housing.

As mentioned above, the City's residential segregation by race and income has created pockets of concentrated poverty where residents don't have equitable access or good choices for decent, affordable housing, education, jobs, amenities or services. One strategy to address this problem is to disperse affordable housing throughout the community through the development or redevelopment of mixed-income neighborhoods and the revitalization of racial and ethnically concentrated areas of poverty.

Discussion:

City Council has identified workforce/affordable housing as a priority and is engaging the private sector, public sector officials, non-profits and others in formulating strategies to increase housing that is affordable throughout the city. Additionally, the HOP program was modified to provide a forgivable down payment assistance in addition to zero percent mortgage

funds to allow eligible low-to-moderate income homebuyers to find homes in available inventory of homes for sale.

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AP-85 Other Actions – 91.220(k)

Introduction:

Community development requires a comprehensive multi-faceted approach that recognizes the inter-related impact of housing, jobs, education, health and equity on the quality of life for all citizens. Addressing the obstacles and factors contributing to blighted communities benefits all members of the community.

Actions planned to address obstacles to meeting underserved needs

In the City's Assessment of Fair Housing completed in October 2016, a number of contributing factors were identified that are obstacles to meeting the needs of the underserved. Goals and related activities were formulated to address limited access to proficient schools with continued funding for afterschool, summer and other youth initiatives; limited participation in the labor market is a barrier which will be addressed with continued funding for literacy, job skills and job placement programs. Similarly, the City will continue funding for programs that address needs for elderly, disabled, homeless, formerly incarcerated, victims of domestic violence, victims of child abuse and other needs. Continued support and work with community agencies working to address the needs of special populations is planned in the FY20/21 City Budget and in this Annual Action Plan.

Actions planned to foster and maintain affordable housing

The City's Owner-Occupied Housing Rehabilitation Program (OOHRP) guidelines were revised in 2016 in an effort to better serve the needs of the community, especially lower income homeowners living in blighted housing in need of rehabilitation to preserve and maintain the housing. Building on these changes the City's Loan Review Board is recommending the addition of a Code Enforcement component to the OOHRP to allow for increased investment in rehabilitation of serious Minimum Housing Code violations upon the referral by the Chief Code Enforcement Officer. Thus far, such cases are often too costly to fit within OOHRP guidelines. Leaving very low income households with MHC cases with no way to avoid condemnation and possible homelessness. The City's Owner-Occupied Housing Program provides for deferred and forgivable loans for households with income at or below 50% AMI with a priority for elderly and disabled homeowners. (See Appendix for Program Description)

Similarly, the City's loan guidelines for the Home Ownership Pool (HOP) program were revised in 2018, to include a forgivable down payment in addition to the zero percent second mortgage offered to eligible homebuyers. This change was necessary to increase the mortgage funds

available for eligible homebuyers to successfully find housing units in the Wilmington market, which have continually increased in price beyond the reach of HOP buyers. This change successfully addressed the problem and the number of HOP loans increased from nine to 24 with more than 25 qualified borrowers on a waiting list as CDBG funds were exhausted for PY19/FY20. Unfortunately, general funds appropriated for HOP loans for eligible households with incomes over 80% Area Median Income (AMI) but less than 130% AMI were not expended at the same rate as the CDBG funds. Analysis of the HOP borrower data indicates that the demand and need is for homebuyer assistance loans for households at 60% AMI up to 130% AMI; therefore, the Loan Review Board recommends a change to the HOP guidelines to remove the minimum 80% AMI requirement for use of general funds for HOP and to instead only use a maximum of 130% AMI. This change will free up these funds for use by homebuyers at lower AMI who represent at least 50% of the working households in the city of Wilmington. (See appendix for guideline revisions)

Actions planned to reduce lead-based paint hazards

LBP remediation is an integral part of the City's rehab program. All rehabs of owner-occupied home and homebuyer assistance homes (i.e. HOP) are assessed for LBP and tested and remediated as appropriate in accordance with all state and federal requirements. In 2019, the City successfully applied for a Lead Hazard Control grant from HUD Office of Healthy Homes Lead Hazard Control. This provides an additional \$1.8 million for use in lead hazard reduction and health and safety improvements. The City's Lead Hazard Reduction Program (LHR) will enable 65 households, with children under the age of six, to received grants of up to \$12,000 for lead hazard mitigation and \$3,000 for healthy home improvements over the next 42 months. Additionally, the grant provides for outreach and education targeted to low-to-moderate income households in older neighborhoods; and training for local volunteers and contractors in lead safe work practices. The LHR program can be combined with other funding sources, such as the City's OOHRP and will be available for use by non-profits providing housing repair and rehabilitation programs.

Actions planned to reduce the number of poverty-level families

City support for youth enrichment programs, literacy, jobs skills and placement initiatives are all aimed towards reducing poverty by enhancing the education and skills and employment of low income persons.

Actions planned to develop institutional structure

Continued collaboration with community-based organizations, public and private entities working to address affordable housing and needs of the underserved and protected classes is planned to maintain and improve institutional structure in the community. The City's Community Development and Housing staff, in partnership with other agencies, works to build the capacity of agencies serving lower income households and communities with one-one technical assistance and participation in workshops and trainings, such as Fair Housing Workshop for Landlords as one example.

The implementation of project management software for Rehab loans and HOP loans is improving project management and efficiency. In addition, the CDAH staff have and continue to participate in professional development including, but not limited to, HUD Homebuyer Counseling, Project Management, and Leadership Development.

Actions planned to enhance coordination between public and private housing and social service agencies

City community development and housing staff members represent the City on a number of community development organizations such as the Cape Fear Housing Coalition; TRI HIC – Tri County Homeless Interagency Council, and RESET Re-Entry and Treatment for Formerly Incarcerated. Additionally, CD staff participate in the City's and the New Hanover County's Comprehensive Planning efforts. In 2019, CD staff support the work of a joint City/County Workforce Housing Advisory Committee comprised of representatives of the non-profit and private sectors to conduct a housing study and make recommendations to the Wilmington City Council and New Hanover County Commissioners for local policy and other actions. CD staff members attend City Technical Review Committee meetings when residential projects are being reviewed in order to provide input and learn about upcoming residential development. Additionally, an interdepartmental collaboration among City staff, representing City Attorney, Budget, Planning and Community Development, explore how to incentivize developers to provide affordable housing or offer payment in-lieu to a Dedicated Housing Fund (DHF). CD staff will continue work with non-profit and private housing and social services agencies to implement the goals and recommendations coming out of the aforementioned efforts and plans.

Discussion:

The City of Wilmington City Council has identified Engagement in Civic Partnerships as a Strategic Plan Focus Area. The City has a long history of working with the community and community-based organizations to identify and address community needs. The community

development and housing staff members work to be responsive and engaging with the stakeholders in community development and housing programs.

Program Specific Requirements

AP-90 Program Specific Requirements – 91.220(I)(1,2,4)

Introduction:

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.220(I)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan
3. The amount of surplus funds from urban renewal settlements
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan.
5. The amount of income from float-funded activities

Total Program Income

Other CDBG Requirements

1. The amount of urgent need activities

HOME Investment Partnership Program (HOME)

Reference 24 CFR 91.220(I)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

The City of Wilmington uses HOME funds for home eligible activities. HOME funds are used to support owner-occupied housing rehab, CHDO housing production and when available gap financing for multi-family rental projects using NCHFA LIHTC or PSH funds.

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

Recapture

The City will use restrictions in the promissory note and deed of trust to enforce the recapture provisions of the HOME program found at 24 CFR 92.254 (a)(5)(ii). In accordance with applicable recapture provisions the City requires the recapture of its HOME-funded homeownership housing assistance from net sales proceeds when the original homebuyer sells the property during the affordability period. Any net proceeds in excess of the original HOME subsidy will go the homeowner. The City will recapture 100 percent of the net proceeds up to the amount of the HOME subsidy. In the case where there are insufficient net proceeds available at sale to recapture the entire direct HOME subsidy provided to the homeowner, the City can only recapture what is available from net proceeds. The City will limit the amount to be recaptured to the net proceeds, as defined herein, available from the sale of the property.

Resale

The City will use Resale provisions as required when HOME funds are used to provide subsidy to the developer that will not result in a Direct HOME subsidy to the homebuyer. "Resale" provisions will be used for HOME funds used for acquisition of land held in a Community Housing Land Trust, which constitutes a developer subsidy. Under the Land Trust model the land acquired with HOME funds will be held in trust and not conveyed to the homebuyer. A long-term ground lease between the Land Trust and Homebuyer will establish long-term affordability of the property, and the distribution of value of improvements between the Land Trust and homebuyer upon sale of the housing unit. The ground lease ensures that the original homeowner receives a fair return on investment and that the property is sold at a price that is affordable to a reasonable range of low-income buyers. In addition, the City will utilize deed restrictions to ensure continued affordability, along with a deferred promissory note and deed of trust, with covenants and deed restrictions as enforcement mechanism.

The full policy is included in the appendix/attachments

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

For units acquired with HOME funds for homeownership, Deed Restrictions and a Deed of Trust are recorded to the property s that upon the sale of the property, the City would recapture HOME funds if the owner did not remain in the property for the length of the affordability

period. It is also written in these documents that the funds are due and payable if the owners are no longer occupying the property as their primary residence.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

The City of Wilmington does not use HOME funds to refinance existing debt on a multi-family property.

The City implements in-house loan programs for homebuyer assistance and owner-occupied homeowner programs. In addition, the City provides financing, i.e. loans, to CHDOs and other affordable housing developers. Program income may be generated from the repayment of loans; and repayments are utilized for eligible activities under the CDBG & HOME programs. The City uses recapture provisions for compliance with HOME affordability requirements.

INSERT GUIDELINE CHANGES HERE ...OOREhab CE and HOP

Appendix - Carry-Over CDBG, HOME, Revolving Loan funds and Alternate/Local Data Sources

PY20/FY21 CDBG

| CDBG Budget PY20/FY21 | | |
|--|---------------------------|---------------------|
| | | CDBG |
| REVENUE SOURCE | | |
| CDBG Entitlement | | \$ 1,040,399 |
| CDBG FY20 Program Income -RL Owner-Occupied Rehab (Not Appropriated) | | \$ 125,915 |
| CDBG FY20 Program Income -RL HOP (Not Appropriated) | | \$ 89,552 |
| | | \$ - |
| TOTAL ALL REVENUES | | \$ 1,255,866 |
| | | |
| Unappropriated Revolving Loan Funds | | \$ 215,467 |
| Appropriated Revenues | | \$ 1,040,399 |
| | TOTAL REVENUES | \$ 1,255,866 |
| EXPENDITURES | | |
| Planning & Administration | | \$ 251,173 |
| | Total | \$ 251,173 |
| | | |
| | | |
| | | |
| Housing | | |
| Housing Delivery Costs-Rehab Adm | | \$ 242,199 |
| Housing Undesignated* (HOP) | | \$ 372,027 |
| Housing Rehab RL (Not Appropriated) | | \$ 125,915 |
| HOP RL (Not Appropriated) | | \$ 89,552 |
| | Total | \$ 829,693 |
| | | |
| Public Services * | | |
| Domestic Violence | | \$ 32,360 |
| First Fruit Ministries | | \$ 23,900 |
| Joint Project- Good Shepherd/Family Promise | | \$ 118,740 |
| | Total | \$ 175,000 |
| | | |
| | | |
| | | |
| | | |
| TOTAL CDBG EXPENDITURES Appropriated | | \$ 1,040,399 |
| TOTAL CDBG EXPENDITURES Unappropriated | | \$ 215,467 |
| | TOTAL EXPENDITURES | \$ 1,255,866 |

PY20/FY21 HOME

| | |
|--|---------------------|
| HOME Budget PY20/FY21 | |
| | |
| | |
| REVENUE SOURCE | |
| HOME Entitlement | \$ 692,384 |
| HOME Project Program Income/HOME Loan Repayments Transfer from Fund 77 | \$ 504,510 |
| TOTAL HOME REVENUES APPROPRIATED Project HM1718 | \$ 1,196,894 |
| EXPENDITURES | |
| Planning & Administration | \$ 119,689 |
| Total | \$ 119,689 |
| Housing | |
| CHDO set aside 15% | \$ 103,858 |
| Housing Projects (Rental Rehab; DPA; Owner Rehab; Housing Production) | \$ 973,347 |
| Total | \$ 1,077,204 |
| TOTAL HOME EXPENDITURES APPROPRIATED | |
| | \$ 1,196,894 |

General Fund Recommended Funding for Public Service Activities FY21

| Local Agency Application Combined by Organization | CDBG PY20/FY21 | General Fund RecommendFY21 |
|--|-----------------------|-----------------------------------|
| Ability Garden | | \$ 8,333.52 |
| Blue Ribbon Commission (Voyage Summer & Youth Enrich) | | \$ 68,672.10 |
| Brigade Boys & Girls | | \$ 56,420.62 |
| CF Communities in Schools | | \$ 23,940.10 |
| CF Community Land Trust | | \$ 24,440.00 |
| CF Literacy Council | | \$ 16,769.20 |
| Coastal Horizon (RCC/ Carousel Ctr, RESET, Youth Shltr) | | \$ 100,111.24 |
| Community Boys & Girls Club (Creative Arts & Delinq Prev) | | \$ 46,673.00 |
| Comprehensive Care: Aging in Place | | \$ 6,950.00 |
| Domestic Violence | \$ 32,360.00 | \$ 3,757.70 |
| DREAMS | | \$ 23,194.08 |
| First Fruit Ministries | \$ 23,900.00 | \$ - |
| First Tee-Greater Wilmington Youth Group initiative | | \$ 5,000.00 |
| Food Bank | | \$ 17,482.40 |
| Good Shepherd & Family Promise | \$ 118,740.00 | \$ 4,240.00 |
| Kids Making It | | \$ 35,979.58 |
| LINC Adult Program (MER) | | \$ 78,606.42 |
| One Love Tennis | | \$ 2,500.00 |
| StepUp Wilmington (Youth Prgrm & Job Life Skills) | | \$ 32,167.76 |
| WARM: Preserving Affordable Housing though Urgent Repair | | \$ 42,753.36 |
| WRAAP | | \$ 26,322.40 |
| TOTAL | \$ 175,000.00 | \$ 624,313.48 |

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CARRY-OVER Revolving Loan Funds as of March 20, 2020

Annual Action Plan
2020
City of Wilmington FY2021

| CDBG/HOME Activity Spreadsheet as of March 20, 2020 | | | | | | | | | | | | | | |
|---|---------------|---------------|---------------|----------------|----------------------|---------------|---------------|---------------|---------------------|---------------|--------------------|-----------------|-----------------|---------------|
| | | | Fund 80 | | Federally Funded | | General Fund | | Sub-Total Available | | Total Expenditures | | Total Available | |
| | | | General Fund | Revolving | Revolving Loan | Expenditures | Available | HOP Revolving | Expenditures | Available | Expenditures | Available | Expenditures | Available |
| | | | Revolving | Lead and Legal | Funds 71, 74, 75, 77 | | | Loan Fund 76 | | | | | | |
| | Prior Years | Current Year | Available | Expenditures | Available | Expenditures | Available | Expenditures | Available | Expenditures | Available | Expenditures | Available | Expenditures |
| | Pt & RL | Pt & RL | | | | | | | | | | | | |
| HOP | \$ 264,648.68 | \$ 140,958.72 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 709,554.17 | \$ - | \$ - | \$ 709,554.17 | \$ - | \$ - | \$ 709,554.17 |
| Legal Fees - Activity Delivery | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,304.93 | \$ 3,304.93 | \$ - | \$ 3,304.93 | \$ - | \$ - | \$ 3,304.93 |
| Rental Rehab | \$ 8,717.27 | \$ 70,790.88 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 287,326.08 | \$ 10,900.39 | \$ 276,425.69 | \$ - |
| Housing Rehab | \$ 250,823.02 | \$ 125,915.36 | \$ - | \$ - | \$ 517,825.03 | \$ - | \$ - | \$ 517,825.03 | \$ - | \$ - | \$ 517,825.03 | \$ - | \$ 517,825.03 | \$ - |
| HOP Fund 75 | \$ - | \$ 89,552.44 | \$ - | \$ - | \$ (209,972.65) | \$ 217,005.50 | \$ - | \$ - | \$ - | \$ - | \$ (209,972.65) | \$ 217,005.50 | \$ (426,978.15) | \$ - |
| Activity Delivery Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Activity Delivery Costs-Legal | \$ - | \$ - | \$ - | \$ - | \$ 279.15 | \$ 279.15 | \$ - | \$ - | \$ - | \$ - | \$ 279.15 | \$ 279.15 | \$ - | \$ - |
| Activity Delivery Costs-Lead Testing | \$ - | \$ - | \$ - | \$ - | \$ 2,484.00 | \$ 2,484.00 | \$ - | \$ - | \$ - | \$ - | \$ 2,484.00 | \$ 2,484.00 | \$ - | \$ - |
| HOME Loans | \$ 366,119.08 | \$ 504,509.61 | \$ - | \$ - | \$ 365,091.00 | \$ 366,119.08 | \$ - | \$ - | \$ - | \$ - | \$ 365,091.00 | \$ 366,119.08 | \$ (1,028.08) | \$ - |
| Housing Rehabilitation | \$ - | \$ - | \$ 393,199.81 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 393,199.81 | \$ - | \$ 393,199.81 | \$ - |
| Relocation | \$ - | \$ - | \$ 5,048.00 | \$ 5,048.00 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,048.00 | \$ - | \$ 5,048.00 | \$ - |
| Activity Delivery Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Legal Fees - Activity Delivery | \$ - | \$ 18,654.80 | \$ 132,568.22 | \$ 14,335.00 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 132,568.22 | \$ 14,335.00 | \$ 148,233.22 | \$ - |
| Lead Base Paint Removal/Testing | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| SUBTOTAL | \$ 890,208.05 | \$ 950,361.81 | \$ 530,816.03 | \$ 19,383.00 | \$ 963,032.61 | \$ 596,788.12 | \$ 712,859.10 | \$ 3,304.93 | \$ 2,206,707.74 | \$ 619,476.05 | \$ 1,587,231.69 | \$ 2,206,707.74 | \$ 1,587,231.69 | \$ - |
| Reprogrammable | | | | | | | | | | | | | | |
| Grand Total | \$ 890,208.05 | \$ 950,361.81 | \$ 530,816.03 | \$ 19,383.00 | \$ 963,032.61 | \$ 596,788.12 | \$ 712,859.10 | \$ 3,304.93 | \$ 2,206,707.74 | \$ 619,476.05 | \$ 1,587,231.69 | \$ 2,206,707.74 | \$ 1,587,231.69 | \$ - |

CARRY-OVER PY20/FY21 CDBG as of March 20, 2020

| CDBG/HOME Activity Spreadsheet as of March 20, 2020 | | | | | | | | | |
|---|---------------------|----------------------------|--------------------|---------------------|--------------------|----------------------------|-----------------------|--|--|
| CDBG Funds | | | | | | | | | |
| | Budget Appropriated | Available From Prior Years | Total Expenditures | Sub-Total Available | Total Expenditures | Total Available Carry Over | Reprogram for FY20/21 | | |
| HOP Fund 75 | \$ 354,644.00 | | \$ 354,644.00 | \$ 354,644.00 | \$ 354,644.00 | \$ - | \$ 167,455.04 | | |
| Activity Delivery Costs | \$ 242,199.00 | \$ 83,335.13 | \$ 121,099.50 | \$ 325,534.13 | \$ 121,099.50 | \$ 204,434.63 | \$ (83,335.13) | | |
| Disposition | \$ - | \$ 20,680.31 | \$ - | \$ 20,680.31 | \$ - | \$ 20,680.31 | \$ - | | |
| Housing Demolition | \$ - | \$ 12,253.00 | \$ - | \$ 12,253.00 | \$ - | \$ 12,253.00 | \$ - | | |
| Housing Demolition- Voluntary | \$ - | \$ 20,628.35 | \$ - | \$ 20,628.35 | \$ - | \$ 20,628.35 | \$ - | | |
| Joint Project/Habitat Warm Relocation | \$ - | \$ 123,155.79 | \$ - | \$ 123,155.79 | \$ - | \$ 123,155.79 | \$ (123,155.79) | | |
| Limited Assistance Grants | \$ - | \$ 14,102.39 | \$ - | \$ 14,102.39 | \$ - | \$ 14,102.39 | \$ - | | |
| | \$ - | \$ 5,653.66 | \$ - | \$ 5,653.66 | \$ - | \$ 5,653.66 | \$ 50,000.00 | | |
| SUBTOTAL | \$ 596,843.00 | \$ 279,808.63 | \$ 475,743.50 | \$ 876,651.63 | \$ 475,743.50 | \$ 400,908.13 | | | |
| Public Facilities-Comm Boys & Girls | \$ - | \$ 9,731.45 | \$ - | \$ 9,731.45 | \$ - | \$ 9,731.45 | \$ (9,731.45) | | |
| Public Facilities-Child Development Center | \$ - | \$ 60,000.00 | \$ 60,000.00 | \$ 60,000.00 | \$ 60,000.00 | \$ - | \$ - | | |
| Public Facilities-Cape Fear Literacy | \$ - | \$ 10,239.70 | \$ 10,239.70 | \$ 10,239.70 | \$ 10,239.70 | \$ - | \$ - | | |
| SUBTOTAL | \$ - | \$ 79,971.15 | \$ 70,239.70 | \$ 79,971.15 | \$ 70,239.70 | \$ 9,731.45 | | | |
| Domestic Violence | \$ 32,360.00 | \$ 530.53 | \$ 17,924.01 | \$ 32,890.53 | \$ 17,924.01 | \$ 14,966.52 | | | |
| First Fruit Ministries | \$ 23,900.00 | \$ 23,900.00 | \$ 23,900.00 | \$ 47,800.00 | \$ 23,900.00 | \$ 23,900.00 | | | |
| Joint Project- Good Shep. & WIN PO 20201954 | \$ 118,740.00 | \$ 7,000.53 | \$ 71,090.40 | \$ 125,740.53 | \$ 71,090.40 | \$ 54,650.13 | | | |
| Coastal Horizons | \$ - | \$ 1,232.67 | \$ - | \$ 1,232.67 | \$ - | \$ 1,232.67 | \$ (1,232.67) | | |
| SUBTOTAL | \$ 175,000.00 | \$ 32,663.73 | \$ 112,914.41 | \$ 207,663.73 | \$ 112,914.41 | \$ 94,749.32 | | | |
| Administration - CDBG-Planning | \$ - | \$ 1,381.25 | \$ - | \$ 1,381.25 | \$ - | \$ 1,381.25 | | | |
| Administration -CDBG | \$ 191,411.00 | \$ 28,340.81 | \$ 95,705.50 | \$ 219,751.81 | \$ 95,705.50 | \$ 124,046.31 | | | |
| SUBTOTAL | \$ 191,411.00 | \$ 29,722.06 | \$ 95,705.50 | \$ 221,133.06 | \$ 95,705.50 | \$ 125,427.56 | | | |
| Reprogrammable | | | | | | | | | |
| Grand Total | \$ 963,254.00 | \$ 422,175.25 | \$ 754,603.11 | \$ 1,385,429.25 | \$ 754,603.11 | \$ 630,826.14 | \$ 0.00 | | |

CARRY-OVER PY20/FY21 HOME as of March 20, 2020

| CDBG/HOME Activity Spreadsheet as of March 20, 2020 | | | | | | | | | | |
|---|----------------------|----------------------------|----------------------|----------------------|--------------------|------------------------|----------------------|------------------------|--|--|
| | HOME Funds | | | CHDO Proceeds | | | | | | |
| | Budget Appropriated | Available From Prior Years | Total Expenditures | Available | Total Expenditures | Sub-Total Available | Total Expenditures | Total Available | | |
| HOP | \$ - | \$ (664.52) | \$ - | \$ - | \$ - | \$ (664.52) | \$ - | \$ (664.52) | | |
| Housing Rehabilitation | \$ - | \$ 515,970.00 | \$ - | \$ - | \$ - | \$ 515,970.00 | \$ - | \$ 515,970.00 | | |
| Rental Rehab | \$ 789,260.00 | \$ 403,422.51 | \$ 768,328.42 | \$ - | \$ - | \$ 1,192,682.51 | \$ 768,328.42 | \$ 424,354.09 | | |
| Undesignated-HOME-moved \$1,133,228.00 to RR | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| Housing Relocation | \$ - | \$ 3,731.10 | \$ - | \$ - | \$ - | \$ 3,731.10 | \$ - | \$ 3,731.10 | | |
| Non-CHDO Housing - WHFD | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| Community Land Trust | \$ - | \$ 35,221.00 | \$ 28,268.00 | \$ - | \$ - | \$ 35,221.00 | \$ 28,268.00 | \$ 6,953.00 | | |
| Downpayment Assistance | \$ - | \$ 103,213.50 | \$ 96,600.00 | \$ - | \$ - | \$ 103,213.50 | \$ 96,600.00 | \$ 6,613.50 | | |
| Good Shepherd-Lakeside | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| CHDO Undesignated | \$ 92,152.00 | \$ 260,077.68 | \$ - | \$ - | \$ - | \$ 352,229.68 | \$ - | \$ 352,229.68 | | |
| CHDO - CDC | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| CHDO - AME Zion | \$ - | \$ - | \$ - | \$ 182,429.93 | \$ 7,116.57 | \$ 182,429.93 | \$ 7,116.57 | \$ 175,313.36 | | |
| CHDO - CDC | \$ - | \$ - | \$ - | \$ 7,287.84 | \$ - | \$ 7,287.84 | \$ - | \$ 7,287.84 | | |
| SUBTOTAL | \$ 881,412.00 | \$ 1,320,971.27 | \$ 893,196.42 | \$ 189,717.77 | \$ 7,116.57 | \$ 2,392,101.04 | \$ 900,312.99 | \$ 1,491,788.05 | | |
| Administration - HOME | \$ 97,934.00 | \$ - | \$ - | \$ - | \$ - | \$ 97,934.00 | \$ - | \$ 97,934.00 | | |
| SUBTOTAL | \$ 97,934.00 | \$ - | \$ - | \$ - | \$ - | \$ 97,934.00 | \$ - | \$ 97,934.00 | | |
| Reprogrammable | \$ - | \$ 0.92 | \$ - | \$ - | \$ - | \$ 0.92 | \$ - | \$ 0.92 | | |
| Grand Total | \$ 979,346.00 | \$ 1,320,972.19 | \$ 893,196.42 | \$ 189,717.77 | \$ 7,116.57 | \$ 2,490,035.96 | \$ 900,312.99 | \$ 1,589,722.97 | | |

New Program to Add to the Existing Owner-Occupied Housing Rehabilitation Program

Guidelines for Owner Occupied Rehabilitation Properties with Code Enforcement Violations

PURPOSE OF THE PROGRAM

- To provide loans and/or grants to low to moderate income homeowners to repair and improve their homes or to remove health and safety hazards, as well as address and correct any code enforcement violations.
- To make a long-term positive impact on The City of Wilmington's housing stock by encouraging rehabilitation of existing deteriorated single-family homes and reducing neighborhood blight.
- To correct code violations and substandard living conditions.

APPLICANT REQUIREMENTS

- Be the homeowner and occupy the dwelling for at least one(1) year; or be unable to occupy the dwelling due to an open code enforcement case;
- Total household income may not exceed 80% of area median income;
- No credit requirements. Credit will be examined to review payment history on first lien. Loan must be current at time of approval;
- Have and maintain homeowners insurance or the ability and willingness to obtain insurance.

SECURITY REQUIREMENTS

- Promissory Note and Deed of Trust for a period of twenty(20) years;
- City of Wilmington lien must be in 1st position.

PROPERTY REQUIREMENTS

- Must be located within the corporate city limits of Wilmington;

- Single-Family or Duplex; Primary Residence (On frame modular or manufactured homes are not eligible for assistance);
- When using HOME funds property must meet or exceed Section 8 Housing Quality Standards & City of Wilmington Minimum Housing Codes when rehabilitation is complete;
- Properties must have an active (open) code enforcement case with a minimum of one major or seven minor violations as defined by Wilmington City Code Chapter 16, Article 5. The owner must have exhausted the other possible remedies available with the Chief Code Enforcement Officer prior to being referred to the program.

LOAN AMOUNT AND TERMS

- The maximum loan amount is up to \$125,000 (includes a 15% repair contingency) to repair minimum housing and code enforcement deficiencies. If applicable and available, the loan may be combined with a lead grant;
- Loan interest rate fixed at 0%;
- 20-year loan term;
- No monthly payments due;
- Loan due upon death, sale/transfer of ownership or six consecutive months of non-occupancy;
- Principal balance of the loan will be forgivable at a rate of 5% each year for twenty (20) years;
- Lifetime maximum of one rehabilitation loan per owner

RECONSTRUCTION

In those instances where the cost of repairs exceed program limits and 75% of the homes tax value, the property may be demolished and reconstructed to local and state guidelines. The amount allocated to reconstruction is \$150,000, which includes a contingency.

- Reconstruction is subject to an environmental review;
- Community Development Block Grant (CDBG) funds will be used for the demolition and voluntary relocation based on the slum and blight national objective;
- Voluntary relocation may be available in accordance with the City of Wilmington Relocation Policy.

PROGRAM REQUIREMENTS

- Applicant must be referred by the Chief Code Enforcement Officer at the point of hearing;

- Applications will be evaluated for compliance with other rehabilitation loan programs prior to recommendation for special code enforcement guidelines;
- Loans will be underwritten pursuant to the existing General Underwriting Criteria for Owner Occupied Rehabilitation

Existing Owner-Occupied Housing Rehabilitation Program Guidelines

Adopted by Wilmington City Council 6/6/2017



Single Family Housing Repair Programs

Purpose of the program: To provide loans and/or grants to low to moderate income homeowners to repair & improve their homes or to remove health and safety hazards.

Minor Housing Repair Loan Program (Forgivable)

Grants up to a maximum of \$10,000 including a 15% contingency and closing costs (title opinion, recording fees, etc.) shall be available to homeowners whose income does not exceed 50% of Area Median Income (AMI) and have property issues which pose an immediate threat to the health and safety of the occupants.

Terms

- Lifetime maximum of \$10,000
- No payment required

Applicant Requirements

- Be the homeowner and occupy the dwelling for at least one(1) year
- Total household income may not exceed 50% of area median income
- Credit will be examined to review payment history on first lien holders and loan may be denied if mortgage is more than 60 days delinquent
- Have homeowners insurance or the ability and willingness to obtain insurance.

Security Requirements

- Promissory Note and Deed of Trust for a period of three (3) years.

Property Requirements

- Must be located within the corporate city limits of Wilmington
- Must have one of the following issues – HVAC repair or replacement, hot water heater replacement, Roof Repair, Access Ramp repair or replacement.
- Single-Family or Duplex; Primary Residence
- When using HOME funds property must meet or exceed Section 8 Housing Quality Standards & City of Wilmington Minimum Housing Codes when rehabilitation is complete.

Major Housing Repair Loan Program (Forgivable)

Loans up to a maximum of \$75,000 including a 15% contingency and closing costs (title opinion, recording fees, etc.), shall be available to homeowners whose income does not exceed 50% of Area Median Income (AMI). Loans may be used to repair and improve the dwelling and/or remove health and safety hazards.

Terms:

Loans up to \$45,000

- Loan interest rate fixed at 0%
- 10 year loan term
- Loan due upon death, sale/transfer of ownership, or non-occupancy.
- Principal balance of the loan will be forgivable at a rate of 10% each year for ten (10) years.

Loans from \$45,001 - \$60,000

- Loan interest rate fixed at 0%
- 15 year loan term
- Loan due upon death, sale/transfer of ownership, or non-occupancy.
- Principal balance of the loan will be forgivable at a rate of 6.66% each year for fifteen (15) years.

Loans from \$60,001 - \$75,000

- Loan interest rate fixed at 0%
- 20 year loan term

- Loan due upon death, sale/transfer of ownership, or non-occupancy.
- Principal balance of the loan will be forgivable at a rate of 5% each year for twenty (20) years.

Applicant Requirements

- Be the homeowner and occupy the dwelling for at least one year or;
- Be the homeowner but unable to occupy the dwelling due to an open Code Enforcement Case and/or displacement due to fire or other emergency.
- No Minimum Credit Score requirement, however, judgments and tax liens are not allowed. Credit will be examined to review payment history on first lien holder and loan may be denied if mortgage is more than 60 days delinquent
- Have homeowners insurance or the ability and willingness to obtain insurance.

Security Requirements

- City of Wilmington lien must be in 1st or 2nd position

Property Requirements

- Must be located within the corporate city limits of Wilmington
- Single-Family or Duplex; Primary Residence
- When using HOME funds property must meet or exceed Section 8 Housing Quality Standards & City of Wilmington Minimum Housing Codes when rehabilitation is complete.
- Property must be the primary residence upon completion of repairs.

Major Housing Repair Loan Program (Fully Amortized)

Loans up to a maximum of \$85,000 plus a 15% contingency for existing construction and \$100,000 plus a 15% contingency maximum for reconstruction and shall be available homeowners whose income does not exceed 80% of Area Median Income (AMI). Loans may be used to repair and improve the dwelling and/or remove health and safety hazards. Closing costs may also be included in the loan.

Loan Terms

- Loan interest rate fixed at 2%
- 20 year loan term for participants whose debt-to-income ratio is 40% or less

- 30 year loan term for participants whose debt-to-income ratio is over 41%-50%
- Loan due upon death, sale/transfer of ownership, or non-occupancy.
- Loan payments are fully amortized.

Applicant Requirements

- Be the homeowner and occupy the dwelling for at least one year or;
- Be the homeowner but unable to occupy the dwelling due to an open Code Enforcement Case and/or displacement due to fire or other emergency.
- A maximum of 40% housing debt and 50% overall debt
- 620 Minimum Credit Score requirement

Property Requirements

- Must be located within the corporate city limits of Wilmington
- Single-Family or Duplex; Primary Residence; When using HOME funds property must meet or exceed Section 8 Housing Quality Standards & City of Wilmington Minimum Housing Codes when rehabilitation is complete.

General Underwriting Criteria

Employment and Income:

Employment must be verified for the previous 24 months; a minimum of six months continuous employment with the current employer is required. A minimum of one year work experience in the same general field of work is preferred (pursuit of a degree or participation in job training for a minimum of one year prior to current employment is also acceptable); copies of signed federal income tax returns with W-2s for the past two years shall be provided if filed.

Verification of Income Form indicative of hours worked per week if the applicant is paid hourly; if a range of hours is given on the verification the actual earnings for the past year and year-to-date earnings will be averaged to determine the gross monthly income. Letter of explanation is required for employment lapses of more than three months.

Applicants must disclose alimony, child support and separate maintenance for compliance purposes whether they desire to use such income for qualification. Bonuses, commissions,

overtime, part-time employment, investment income, alimony, child support and separate maintenance are all considered secondary income.

Overtime & Bonuses income may be used as qualifying income if the employer verifies such income was received for the past year and it is likely to continue.

Commissions income may be used if received for one year; and must be verified with a copy of the prior year's signed federal income tax return. Income shall be calculated by averaging the prior year's commission earnings plus year-to-date commissions. Projected commissions on pending sales shall not be counted unless the employer provides a written statement indicating the commission amount and when it will be paid.

Part-time employment income may be verified through a VOE and W-2.

Investment income may be verified through the most recent statement from the financial institution

Child support income may be verified through a copy of the recorded court decree or judgment that legally compels the payer to continue making such payments for at least the next three years; copies of the payer's canceled checks, or the payee's deposit record showing positive verification of payment.

Alimony income may be verified by copies of the payer's or payees federal income tax returns for the past two (2) years.

Income from Self Employment may be used as qualifying income if the applicant has been self-employed for at least the previous two (2) full tax years. Copies of signed federal income tax returns for the past two years are required. If self-employment is the primary source of income for the applicant, YTD profit & loss statements and balance sheets are required.

Social Security, Retirement & Disability Income may be verified with a statement of entitlement from the Social Security Administration, or copies of the last 12 bank statements showing direct deposit of the benefit is acceptable. Retirement and disability income may be verified with a copy of the most recent check and a statement from the payer of the benefit. Direct deposits on bank statements are acceptable form of verification. For non-permanent disabilities, verification of the duration of the disability and the expected date of return to work must be provided.

Asset Requirements & Limitations:

Applicants with liquid assets exceeding \$40,000 are not eligible for financing. Money invested in a tax-qualified retirement plan is not considered a liquid asset.

Credit Requirements:

Community Development Analyst shall obtain a tri-merge credit report. Applicants must demonstrate a willingness to repay debt. Documented extenuating circumstances impacting

credit will be considered. References on all debts shall be listed on the application. Any delinquencies within the past three (3) months are not allowed. Non-sufficient funds checks without an acceptable explanation within the last twelve (12) months are not allowed. Unpaid non-medical collections within the previous six (6) months are not allowed. However, the applicant may request an exception providing a satisfactory explanation and/or payment/settlement of the non-medical collection. All requests for exceptions must be presented in writing to the Loan Review Board (LRB) for acceptance or denial. If the applicant has been subject to bankruptcy it must have been discharged at least two years prior to application. Tax liens and/or judgments are not allowed.

Rehabilitation Cost Eligibility:

- Code Violations – Items that are not in compliance with minimum property standards.
- Incipient Repairs – Items that are expected to need repair or replacement within the next eighteen (18) months.
- Lead-Based Paint Hazards – Items necessary to reduce the hazards associated with lead-based paint.
- General Property Improvements & Appliances – Range, Refrigerator, Washer Dryer, Dishwasher (\$3,000 maximum).
- Clearing Title – Up to \$10,000 of the total loan may be used to clear title to the property by refinancing existing liens, paying judgments or back taxes. (Federal funds may not be used to pay back taxes).
- Environmental Review – All properties will be subject to an Environmental Review and determination that the property is exempt or successfully mitigated prior to loan funding.

Termite Inspection:

Termite inspection will be ordered at the discretion of the Rehabilitation Specialist following site inspection.

Application Review:

Loan Review Board (LRB) determines if applicant meets underwriting guidelines. The committee sets a maximum loan amount based upon 120% of the city's cost estimate plus projected soft costs and the required contingency. In no case, however, will the approved loan amount exceed the maximums set in the underwriting criteria section above. If the bid selected exceeds the established maximum, the package must be resubmitted to the LRB for review.

Exceptions to Underwriting Criteria:

Rehabilitation LRC may consider compensating factors and make exceptions to the underwriting criteria. In such instances the loan file shall include notation of the compensating factors considered and the exception recommended.

Loan Approval:

The City Manager or his designee approves all loans. (Established by 3/24/09 Resolution)

Underwriting Guidelines



HOME OWNERSHIP POOL

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INTRODUCTION

The purpose of the underwriting guidelines for the Home Ownership Pool (HOP) is to set forth the qualification requirements and procedures for a HOP loan. The HOP program was created to assist low and moderate income individuals and families in qualifying for the purchase of a home.

Since many people are unable to qualify for a mortgage under typical underwriting guidelines in the conventional mortgage market, the HOP guidelines are somewhat less stringent. However, all HOP borrowers must have a reliable source of income and demonstrate a responsible attitude towards credit.

The HOP program is available on a one-time basis to borrowers purchasing homes within the corporate limits of the City of Wilmington as their primary residence.

Refinance of a HOP loan is limited to the reasons specified in Article VI of this Agreement. The program is limited to borrowers where the total gross household income does not exceed 130% of the Wilmington area median income (AMI) at the time of application. The City of Wilmington contributes general funds to HOP annually. These funds are unrestricted and to be used to serve borrowers that

are 130% or below of the area median income as determined by the Department of Housing & Urban Development (HUD).

Although the HOP program is not specifically designated for first time homebuyers, applicants are not eligible for HOP financing if they hold interest in real estate with certain exceptions detailed under Asset Limitations found in Section One-III.

These underwriting guidelines supersede all previous guidelines for the HOP program and it is this version which is incorporated by reference as “Exhibit A” of the Supplemental Agreement executed on the 1st day of October 2018.

SECTION ONE

HOP PROGRAM REQUIREMENTS

I. Income Limits

- a) The gross household income shall not be greater than 130% of the Wilmington area median income (AMI).
- b) Median income figures shall be those amounts annually calculated by the US Department of Housing and Urban Development for the Wilmington Metro FMR Area. All median incomes shall be adjusted for family size.
- c) Income eligibility determination shall be based on anticipated income during the upcoming 12-month period. The U.S. Census Bureau's long form definition of income shall be used to determine income eligibility. **Loan underwriting, however, shall be based on verified income as defined herein.**
- d) Applicants exceeding HOP income limits (greater than 130% of the Wilmington MSA median) will be referred to the HOP participating banks for funding consideration.
- e) Non-federal and otherwise unrestricted funds shall use the income limits as defined in Sec. I (a-d) not to exceed 130% of annual median income.

II. Homebuyer Education

- a) Homebuyer Education shall be a mandatory requirement for all participants. No exceptions will be made.
- b) The Homebuyer Education Certification shall be good for two (2) years
- c) Verification that the applicants have completed a Homebuyer Education class from the City of Wilmington, or a HUD or FNMA approved housing counseling agency is required

III. Asset Limitations

- a) Applicants with liquid assets exceeding \$40,000.00 are not eligible for financing through HOP. Money invested in a tax-qualified retirement plan is not considered a liquid asset.
- b) Applicants are not eligible for HOP financing if they hold any interest in real estate with the exception of unimproved land. The land's assessed value will count towards the applicant's liquid assets. The municipality's most recent property tax assessment of the parcel will be used to determine assessed value.

IV. Maximum Mortgage Amounts

- a) The total amount borrowed may not exceed the 95% of the average or median, whichever is less, sales price for New Hanover County. The average or median sales price will be calculated using annual data from the Cape Fear Realtors Association.

SECTION TWO

PARTICIPANT REQUIREMENTS

I. Participants

- a) Participants of the HOP Program should be a U.S. Citizen or;
- b) Show proof of permanent resident alien status
- c) Required Documentation
 - The Community Development Specialist will make copies of the applicant's original government issued Photo ID or Green Card/Proof of Citizenship

II. Employment Requirements

a) Full-Time Employment

- Full time employment is defined as working a minimum of thirty-six (36) hours per week.
- Employment must be verified for the previous 24 months.
- A minimum of six months continuous employment with current employer is required.
- A minimum of one year work experience in the same general field of work is required (pursuit of a degree or participation in a job training program for a minimum of one year prior to current employment is also acceptable).
- Current pay statements and copies of signed federal income tax returns with W-2s for the past 2 years shall be provided if filed.

b) Part Time Employment

- Part time employment is defined at working a minimum of twelve (12) hours per week.
- Acceptable verifications will be in the defined as a Verification of Employment from the employer and/or tax returns with W-2's and current paystubs.
- Borrower must have been employed for two (2) years.
- May be used as qualifying income if the employer verifies such income was received for the past two (2) years and it is likely to continue.

c) Verification of Employment

- Should indicate hours worked per week if the applicant is paid hourly.
- If a range of hours is given on the verification, the actual earnings for the past year and year-to-date earnings will be averaged to determine the gross monthly income.
- Copies of signed federal income tax returns with W-2's for the past two years, plus copies of pay statements for the past 30 days may be used to verify employment.

d) Self-Employment

- May be used as qualifying income if the applicant has been self-employed for at least the previous 2 full tax years.
- Copies of personal and business signed federal income tax returns and any supplemental schedules as well as YTD Profit and Loss Statement and Balance Sheet are required.

III. Income Requirements

a) Acceptable Sources of Income

- Full-time Employment, Part-time Employment, Self-Employment
- Overtime, Bonuses, Commissions, Tips, Investment Income
- Alimony, Child Support and Separate Maintenance
- Social Security, Retirement, Disability

b) Overtime and Bonus Income

- May be used as qualifying income if the employer verifies such income was received for the past two (2) years and it is likely to continue.

c) Commission Income

- Must be verified with a copy of the most recent two (2) years signed federal income tax return.
- An earnings trend must be established. If the earnings are stable or increasing, an average of the income is used for qualifying purposes. If the trend was declining, but has since stabilized and there is no indication that commission income will

not continue, the income must be based on the current stable earnings. If the trend is declining, the commission income should not be considered for qualifying purposes unless there are significant documented compensating factors.

- Projected commissions on pending sales shall not be counted.

d) Tip Income

- Tip income must be claimed on the borrowers previous two years tax return
- An earnings trend must be established. If the earnings are stable or increasing, an average of the income is used for qualifying purposes. If the trend was declining, but has since stabilized, the income must be based on the current stable earnings. If the trend is declining, the tip / gratuity income should not be considered for qualifying purposes unless there are significant documented compensating factors.
- Three months bank statements showing tip income received in the form of cash

e) *Alimony, Child Support, Separate Maintenance Income*

- Applicants must disclose alimony, child support and separate maintenance for compliance purposes, whether or not they desire to use such income for qualification.
- These funds may be considered as qualifying income if such payments are likely to continue for at least the next 3 years.
- Verification that the income has been consistently received for the past 12 months is required.
- Acceptable documentation of child support: A copy of the recorded court decree or judgment that legally compels the payer to continue making such payments for at least the next three years plus a copy of the clerk of court's ledger, copies of the payer's canceled checks, or the payee's deposit record showing positive verification of payment.
- Acceptable documentation of alimony or separate maintenance payments: Copies of the payer's or payees federal income tax returns for the past 2 years.
- Monthly parental assistance will not be considered an acceptable source of income.

f) Social Security, Retirement & Disability Income

- A statement of entitlement from the Social Security Administration and/or a 1099A are acceptable forms of verification. Two (2) most recent month's bank statements or equivalent documentation is required.
- Retirement and Social Security disability income may be verified with a copy of a 1099 and/or a statement from the payer of the benefit. Two (2) most recent month's bank statements or equivalent documentation is required.
- For non-permanent disabilities, verification of the duration of the disability income for three (3) years beyond the closing date and the expected date to return to work must be provided.
- Any non-taxable income may be grossed up 15%.

IV. *Debt Ratios*

- a) The total projected housing ratio shall not exceed 33% of gross monthly income.
- b) The total projected housing ratio shall not be lower than 20% of gross monthly income.
- c) The total projected debt ratio shall not exceed 45% of gross monthly income.
- d) Installment debts scheduled to be completely paid within 6 months of loan closing will not be calculated in determining total debt ratios.
- e) The HOP Review Committee may consider compensating factors i.e. housing payment is lower than current rental payment, etc. in approving higher ratios.

V. *Credit Requirements*

a) Documentation

- All credit documentation (credit report, verifications of employment and deposit, etc.) must not be more than 90 days old at the time of loan approval and not more than 120 days old on the date of loan settlement.
- If the closing is scheduled more than 120 days after the date of the credit documents, the credit documents must be updated prior to loan settlement.

- If an updated document indicates a significant change in the applicant's financial situation, the loan application must be re-submitted to the HOP Review Committee for underwriting.
- The HOP Review Committee has the option of accepting or rejecting any alternative documentation.

VI. Credit Analysis

a) Credit Report and Score

- While consideration will be given for documented extenuating circumstances impacting credit, a minimum credit score of 620 is required for approval. Such score shall be the middle score derived from the three national credit repositories.
- The credit report shall be a triple merged report with credit scores and shall be ordered by the City of Wilmington and/or the selected funding lender upon application.
- A minimum of two scores is required. Should a borrower only have only two scores then the lower of the two will be considered.
- Fraud Alerts will be treated in the following manner:
 - (1) All loan processing activity ceases
 - (2) Explanation of fraud alert or disputed trade lines
 - (3) Application re-reviewed depending upon explanation

b) Debt

- Full disclosure of all debts shall be included on the application.
- If additional debts are discovered, a written explanation from the applicant is required for the file.
- If there have been inquiries within the last 120 days, a written explanation of the inquiry indicating whether or not funds were borrowed from the inquirer must be provided.
- If an inquiry resulted in a new debt, the debt must be verified and included on the application.
- If the report indicates any delinquencies, the applicant must provide a signed statement with a satisfactory explanation.
- Delinquencies must have been temporary, a result of an error, or the result of circumstances beyond the applicant's control.

c) Student Loans

- All student loan debt is to be disclosed and counted with documentation from the lender as to the type of payment plan and expected or current monthly payment. Exceptions may not be granted due to the loan being in deferment.

d) Pay Advance Accounts

- No pay advance accounts will be allowed

e) Charge-Offs and Repossessions

- Any charge-offs must be paid in full with a satisfactory explanation.
- Borrowers with repossessions within the previous 24 months will be deemed ineligible for loan approval.
- Any repossession greater than 24 months old must be satisfied in full with a satisfactory explanation.

f) Collections

- Borrowers with unpaid collections within the previous six (6) months will be deemed ineligible for loan approval.
- Unpaid collections within the previous twelve (12) months must be paid and a satisfactory letter of explanation must be provided.
- Consideration will be given to applicants with unpaid medical collections if any of the following conditions have been satisfied:
 1. The applicant's credit report is acceptable with the exception of outstanding hospital and medical bills.
 2. The applicant has received counseling from an approved credit counseling agency.
 3. The applicant and the medical provider have signed an agreement providing for the bills to be paid in a timely manner.
 4. The applicant shows evidence of timely payments to the provider for a minimum of six consecutive months prior to making application to the HOP program.

g) Tax Liens and Judgments

- Tax liens and judgments must be fully satisfied prior to application and a letter of explanation provided.

h) Bankruptcy

- If the applicant has been subject to bankruptcy, the HOP Review Committee must obtain satisfactory documentation to evaluate the applicant's creditworthiness. The HOP Review Committee will consider granting credit after a bankruptcy if:
 1. The applicant has provided a written detailed, satisfactory explanation.
 2. A copy of the discharge is provided and shows the satisfaction occurred at least two (2) years previously with extenuating circumstances and four (4) years with financial mismanagement.
 3. The applicant must have established new credit with no delinquencies within the six (6) months prior to loan approval.

i) Foreclosure, Short Sales, Deed-in-Lieu

- The HOP Review Committee must obtain satisfactory documentation to evaluate the applicant's creditworthiness. The HOP Review Committee will consider granting credit after a Foreclosure, Short Sale or Deed-in-Lieu of Foreclosure if all of the following conditions have been met:
 1. The applicant has provided a written, detailed satisfactory explanation of the event.
 2. Twenty-four (24) months have passed since the occurrence of the event.
 3. The applicant must have established new credit with no delinquencies within the six (6) months prior to loan approval.

j) Separation of Marriage

- The HOP program may lend to a participant who is separated from his or her spouse.
- A Copy of filed separation agreement detailing borrower's legal rights when attaining property will be required

k) Divorce

- In the event of a divorce and the borrower was also a Co-borrower of jointly held real property and has stated that the other spouse is now responsible for the debt:
 1. The borrower must obtain evidence that timely payments are being made by someone other than the Borrower and document that

someone other than the Borrower makes the payments by obtaining copies of canceled checks or a statement from the lender.

2. The borrower may document that timely payments are being made through a reference on the Borrower's credit report or by obtaining a payment reference from the lender. If someone other than the Borrower has been making the payments for the most recent 12 months and the payments have been timely for the most recent 12 months, the contingent liability may be excluded.
 3. If the payments on the contingent liability have not been timely over the most recent 12 months or if the borrower is unable to document that someone other than the Borrower made the payments for the most recent 12 months, the liability must be included in the data submitted to Loan Prospector or, when manually underwriting, included in the monthly debt payment-to-income ratio.
- If the Borrower is listed as the Borrower on a Mortgage that has been assumed by another, the Borrower must obtain a copy of the documents transferring the property and any assumption agreement executed by the transferee. As long as the Borrower no longer owns the property, the contingent liability may be disregarded, without having to document the most recent 12 months' payment history.
 - The contingent liability (on a secured debt or Mortgage) may also be disregarded and the documentation of the most recent 12 months' payment history is not required, if the obligation to make the payments on a debt of the Borrower:
 1. Has been assigned to another by court order, such as a divorce decree, or
 2. The borrower documents the order (provides appropriate pages from the separation agreement or divorce decree) and documents the transfer of title

l) Alternative Forms of Credit

- In the event the applicant does not have sufficient information on file to generate a credit score, applicant will be advised to establish credit and reapply when at least two credit scores are available.

m) Rental History

- Verification of rental or mortgage must indicate all payments for the past 12 months were timely. An applicant with a history of slow payments must show strength in other areas of the underwriting analysis for the application to be approved.
- Rental payment history may be verified with front and back copies of canceled checks for the preceding 12 months.

VII. Asset Requirements

- Applicants must show sufficient assets for the application fee, closing costs, and pre-paid escrows.
- Bank deposits may be verified with copies of original bank and/or investment statements for the past two months. A single deposit that exceeds 50% of monthly qualifying income must be sourced.
- A printout on bank letterhead or stamped with the name of the institution detailing the past two months' history signed by an official of the financial institution is acceptable.
- The application fee shall be \$50.00 charged by the City of Wilmington.
- In no case will the cash investment contributed by an applicant be less than \$500.00.
- Grants and/or subsidies may be used to supplement the applicant's savings as long as the minimum contribution requirement is met and any security for these funds is subordinate to the notes and deeds of trust securing the loans of the participating lender and the City of Wilmington.
- Seller paid concessions towards closing costs will be allowed up to 3% of the purchase price, not to exceed the total amount of closing costs.
- Gift funds shall be allowed to supplement the applicant's savings from immediate family members only so long as the minimum contribution requirement is met, with exemptions being marital gifts. Immediate family members shall be defined as parents, grandparents or siblings.

VIII. Reserves

- A total of one (1) month of reserves shall be required for applicants with credit scores of 700 or above
- A total of two (2) months of reserves shall be required for applicants whose credit score is below 700

The HOP Review Committee will consider all aspects of the applicant's credit before reaching a judgment as to whether the applicant is one from whom timely repayment of the proposed debt can be expected.

Note: The Fair Housing Act and the Equal Credit Opportunity Act make it unlawful for a lender to decide qualification for a loan, or to offer less favorable terms, for reasons such as race, color, religion, national origin, age, sex, or familial status of the applicant.

SECTION THREE

PROPERTY REQUIREMENTS

I. Property Type

- a) Either attached or detached single family residential units may be financed.
- b) Condominiums and townhomes may be financed with the HOP.
- c) One unit in a condominium project may be financed with the HOP; however, no more than 10% of the units may be financed without prior approval from the HOP Review Committee
- d) New Construction
 - The HOP program does not provide construction loans but will preapprove participants for permanent financing of proposed new construction.
- e) Ownership
 - Heir Property : should a property be owned as heir property and is the primary residence of the applicant then the home loan will be treated as a normal purchase whereas the purchase price of the home would be listed as the home's value less any equity stake the borrower has claim to.
 - Partner Bank Owned Property: should the property be owned by a lender participating in the HOP program then the loan will be treated as a standard purchase.
- f) Rent to Own
 - Rent to Own purchases are not allowed under the HOP program.

II. Environmental Compliance

- a) The City of Wilmington will perform an environmental review of each property financed in accordance with provisions of the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321) and the related authorities listed in HUD's implementing regulations at 24 CFR parts 50 and 58.
- b) Lead-based paint hazard reduction measures may be required for homes constructed prior to 1978.

III. Occupancy

- a) Home purchases made through the HOP program are required to be the primary residence of the borrower(s).
- b) Property must be vacant at the time the property is listed in the MLS or first offered for sale or;
- c) Occupied by the seller(s) or the HOP applicant at the time of loan application
- d) Tenant-occupied homes are not eligible for HOP financing

IV. Appraisal

- a) An appraisal, conducted by a State Certified Appraiser, is required for all properties seeking financing through the HOP program.
- b) If rehabilitation is being financed as a part of the loan, the appraisal will be made subject the completion of all repairs referenced in the work write-up and subsequent accepted bid.
- c) FNMA Form 1004 will be used for single family residences.
- d) FNMA 1073 will be used for condominiums and townhomes.
- e) The appraised value may not exceed the FHA 203 (b) one-family mortgage limit for the Wilmington Metropolitan Statistical Area.
- f) The appraisal should not be more than 120 days old when submitted to the HOP Review Committee.
- g) The appraiser may provide a re-certification of value for appraisals more than 120 days old but not greater than one year old.
- h) Appraisals prepared for other lenders will not be accepted for loan underwriting.
- i) Challenges to the appraisal will be handled in the following manner:
 - 1. Applicant or their representative informs the lender of the nature of their challenge
 - 2. Appraisal challenges will be subject to the discretion of the HOP Review Committee
 - 3. Lender can petition the appraiser if they deem it necessary

SECTION FOUR

LOAN PROCESSING

I. Selection of Lender

- a) The funding lender for HOP loans, with the exception for applicants referred by a participating bank, will be selected on a rotating basis from an alphabetized list.
- b) If there is a merger or acquisition among participating lenders, then the former names of lenders prior to the merger will continue to fulfill the commitment of each lender.
- c) Participating lenders referring applicants to the HOP program agree to fund all such referrals if the applicant referred is approved by the HOP Review Committee. Funding loans under this provision is in addition to, not in place of, funding using the process of selection on a rotating basis referenced above. To be considered a qualifying referral, the referring lender shall meet the following minimum criteria:
 1. Submit information from the borrower on a completed loan application;
 2. Provide an analysis of the prospective borrower's income and debt;
 3. Educate the prospective borrower in the home buying and financing process;
 4. Submit up-to-date financial information (tax returns, W-2s, bank statements, pay stubs, investment statements, etc.);
 5. Assist the prospective borrower in understanding and clearing derogatory credit items listed on the credit report.

II. Loan Processing

- a) Once the borrower has identified a property and presents an executed purchase contract, an appointment will be scheduled between the selected lender and the borrower for application for the first mortgage.
- b) The selected lender will be responsible for the individual loan application for the first mortgage and providing the Loan Estimate, service provider list, and all other required disclosures to the borrower.
- c) The selected lender and/or the City of Wilmington will order the borrower's credit report upon application.
- d) The borrower will be given the option to "lock-in" or "float" their interest rate at application with the selected lender.
- e) The interest rate shall be based on Freddie Mac average 30 year rounded up to the nearest 1/8th.
- f) Borrower must give an "intent to continue" to the selected bank and the City of Wilmington within ten (10) days upon receipt of initial application disclosures.
- g) The selected lender will provide a copy of all documentation to the borrower.

- h) The borrower will provide one copy of all documentation from the first mortgage to the City of Wilmington and apply for the second mortgage with the City.
- i) The City of Wilmington will be responsible for the individual loan application for the second mortgage and providing the Loan Estimate, service provider list, and all other required disclosures to the borrower.
- j) An appraisal must be ordered in conjunction with the purchase of the house in accordance with the City of Wilmington or selected participating lenders own rotating appraisal ordering process at a cost not to exceed \$400.00. Partner lenders who choose to order the appraisal shall ensure that the appraiser sends a color copy of the appraisal to the City of Wilmington Community Development Specialist.
- k) The City of Wilmington shall be responsible for ordering all verifications.
- l) The City of Wilmington shall be responsible for conducting an inspection of the property.
- m) Evidence of insurance binder will be required prior to loan approval.
- n) The City of Wilmington Community Development Specialist will package the loan for review by the HOP Review Committee.

III. Home Inspections

- a) A home inspection is mandatory using the HOP program with the exception being new construction. An inspection by the City of Wilmington will be conducted to ensure homes financed with HOP meet minimum housing code standards. The buyer may elect to have additional inspections performed by other professionals.

b) Property Inspections

- An inspection will be made by the City of Wilmington rehabilitation specialist to identify any minimum housing code violations found with the property.
- Lead-based paint hazard inspections may be required for homes constructed prior to 1978.
- The Rehabilitation Specialist will provide a written inspection report to the borrower and the Community Development Specialist outlining the required repairs and also make recommendations if other repairs or improvements would increase the functional utility of the house.
- The borrower shall be required to have the seller complete all required repairs referenced within the inspection report prior to closing.

c) Rehabilitation of Homes using the HOP Loan

- It is anticipated that some houses will require rehabilitation and/or the seller is unable or unwilling to conduct required repairs prior to loan settlement. The HOP loan may be used to finance these items if all of the following conditions are met:
 1. The appraised “after rehab” value supports the total loan amount and,
 2. The borrower qualifies for the purchase price plus the additional amount requested for repairs and/or rehabilitation
- The potential buyer may also request repairs or improvements to meet their specific needs. The rehabilitation specialist will provide the potential buyer and the Community Development Specialist with a preliminary cost estimate of the repairs and improvements. Lead-based paint hazard inspections reduction measures may be required for homes constructed prior to 1978.

d) Work Write-Up and Bidding

- After the applicant makes a formal loan application, the rehabilitation specialist prepares a detailed work write-up and cost estimate for the proposed rehabilitation and/or repairs.
- Fifteen percent (15 %) of the rehabilitation and/or repair amount will be added to the loan as a contingency fund.
- The applicant approves the final revision of the work write-up prior to the solicitation of bids.
- Contractors listed on the City’s Register of Contractors have approximately two weeks to submit bids.
- The applicant may select any contractor whose bid falls within 85%-115% of the cost estimate.

e) Rehabilitation Work Contract

- After loan settlement, the buyer enters into a rehabilitation work contract with the selected contractor.
- The contract sets forth the cost, the time allotted to complete the rehabilitation and/or repairs, and the responsibilities of the property owner and the contractor.
- All work must be performed in accordance with the work write-up.
- No changes may be made in the work contract without a properly executed change order to the contract.

f) Draw-downs from Construction Escrow

- All rehabilitation and/or repair work will be monitored by the rehabilitation specialist for compliance with the contract.
- The rehabilitation specialist and the property owner must review and approve all requests from the contractor for payment.
- A 10% retainage is held from each payment.
- The final 10% is disbursed after the job is accepted by the property owner.
- Prior to the final draw, the contractor must submit lien waivers for all subcontract work and a final affidavit certifying all labor and materials bills have been paid in full.

g) Requirements for Contractors

- The City of Wilmington's Register of Contractors is open to all general contractors who can demonstrate the ability to handle residential renovation work.
- Each contractor must have workers compensation and general liability insurance, a good credit history, a privilege license, and a track record of at least three rehabilitation jobs.
- A surety deposit is held by the City on each contractor.
- Contractors bidding on jobs totaling \$30,000.00 or greater must have a North Carolina General Contractors License.

SECTION FIVE

LOAN APPROVAL, SETTLEMENT & FUNDING

I. Loan Review and Approval

- a) The HOP Review Committee will **underwrite and approve** all loans made through the HOP program.
- b) A quorum of fifty percent (50%) plus one (1) of the committee members is required to review and approve application.
- c) Two partner bank members must be included in the quorum.
- d) Loans will be approved by a majority vote of the members present.
- e) The terms of the loan and the conditions for the approval will be acknowledged by the HOP Review Committee and forwarded to the applicant for acceptance.
- f) The applicant must agree to the terms of the loan commitment letter upon approval.
- g) If a loan is denied, the reason(s) for the denial must be provided in writing to the applicant.

II. Loan Closing

- a) Once approved by the HOP Review Committee, the lender selected to fund the first mortgage shall have two full business weeks to close the loan and should not delay preparation of closing loan documents because they elect to re-underwrite the loan.
- b) Closing Instructions and related closing documentation shall be prepared by the funding lender for the funding lender's loan and delivered to the settlement agent in a timely manner.
- c) Closing instructions and related closing documentation for the City of Wilmington's loan shall be prepared by the Community Development Specialist and delivered to the settlement agent in a timely manner.
- d) All loans require title insurance, hazard insurance including wind and hail, and a wood destroying insect report.
- e) HO6 insurance is required on all condominiums and townhomes.
- f) Tax service fees, flood certification fees and credit report fees may be charged by the funding lender. The funding lender **may not** collect a loan processing fee, document preparation fee, underwriting fee, inspection fee, appraisal review fee, or any other type of loan fee not specifically provided for herein.
- g) The Partner Lender's Closing Disclosure and/or HUD-1 Settlement Statement shall reflect the disclosure of 1% of their mortgage amount as an origination fee made payable to the City of Wilmington as a credit and any additional closing costs as allowable by Section Five (II) (f) of the HOP Guidelines.
- h) The application, credit report, appraisal fees and 1% of the first mortgage amount shall be the only allowable fees paid to the City of Wilmington. The City of Wilmington will not collect an additional origination fee on the second mortgage.

- i) The City of Wilmington will be responsible for the disclosure of their own closing costs, i.e. application fee, appraisal fees, recording fees, etc. on the Loan Estimate and the City of Wilmington HUD-1 Settlement Statement or Closing Disclosure.
- j) No discount points shall be paid by the borrower.
- k) A Separate HUD-1 Settlement Statement and/or Closing Disclosure shall be prepared by the closing attorney for the lender loan and the City of Wilmington second mortgage.
 - Each participating lender and the City of Wilmington shall be responsible for “*curing*” at closing if actual costs exceed Tolerance Category Allowances. In the event that the excess is caused by actions of the City of Wilmington, including but not limited to failure to advise partner lender within three (3) days of any changed circumstance, that resulted in higher costs associated with the first mortgage or costs were underrepresented by the City of Wilmington, the lender may seek reimbursement.
 - The funding lender is responsible for establishing and maintaining the escrow account for real estate taxes and hazard insurance.

III. Funding and Servicing

a) Funding Allocations

- Primary funding by the participating lender shall not exceed 50% of the total financial package when the borrower’s household income is equal to or less than 80% of the Wilmington median income. Primary funding by the participating lender shall not be less than 70% when the borrower’s household income is greater than 80%, but less than or equal to 130% of the Wilmington median income.
- Secondary funding by the City of Wilmington shall not exceed 50% of the total financial package when the borrower’s household income is equal to or less than 80% of the Wilmington median income. Secondary funding by the City of Wilmington shall be 30% when the borrower’s household income is greater than 80%, but less than or equal to 130% of the Wilmington median income.
- Secondary funding by the City of Wilmington shall be offered at 0% interest to households below 130% of area median income (AMI).
- The Partner lender shall retain first lien security position.
- Deferred mortgages and/or other forms of down payment assistance from other sources may be used, when available, to increase affordability for households with incomes not exceeding 130% of the Wilmington median income.
- In no event shall the combined funding lender and City loan amounts exceed the lesser of either 100% of the acquisition cost or the appraised value.

- Acquisition cost is defined as the purchase price plus the cost of renovations, closing costs and prepaid items.

b) Funding Rehabilitation and/or Repairs

- If the applicant is borrowing funds for rehabilitation and/or repairs, 15% of the rehabilitation and/or repair amount will be added to the loan as a contingency fund.
- If the total cost of the rehabilitation and/or repairs plus the contingency exceeds the City's loan, the balance will be funded with the bank loan. Any such amount will be disbursed at loan closing to the City to be held in the construction escrow account.
- Contingency funds not used for construction will be applied to reduce the principal balance of the HOP Loan in the same manner as distribution of the loan. i.e. 50%/50% or 70%/30%
- If the total acquisition cost exceeds the appraised value, the applicant may elect to use their own funds to pay for the balance of the rehabilitation and/or repair costs. Such funds must be collected at closing to be held by the City in the construction escrow account.
- All private funds held in the construction escrow account will be disbursed to the contractor prior to any of the loan funds being disbursed.

c) Loan Servicing

- The funding lenders and the City are responsible for servicing their respective loans.

IV. Legal Requirements of Borrowers

a) Promissory Note and Deed of Trust

- Both deeds of trust must be signed by all parties taking title to the property.
- The promissory notes must be signed by all individuals listed on the application as borrowers.

- The deed of trust must also be signed by each individual whose signature is necessary under the applicable statutory or decisional law of the state to create a valid lien, pass clear title, waive inchoate rights or assign earnings.
- Additional signatures may be accepted if voluntarily submitted.
- Cases involving “power of attorney” must be pre-approved.

b) Period of Affordability

- All loans funded through the HOP program will have a required period of affordability
- The Period of Affordability for all HOP loans will be five (5) years.
- Should the borrower sell or transfer title to the property prior to the expiration of the Period of Affordability then an interest penalty shall be applied.
- The interest penalty shall be defined as twenty percent (20%) of recaptured interest on the City of Wilmington second mortgage calculated at the interest rate of the first mortgage for the period of time the borrower has left on the period of affordability. (Per Loan Review Board meeting minutes dated June 14, 2017).

SECTION SIX

DOWN PAYMENT ASSISTANCE

I. Tiered Down Payment Assistance

- The City of Wilmington will offer the following three tiered down payment assistance program for all HOP borrowers, those using federal funds as well as those using general funds. Sources of funds is based on Area Median Income (AMI).

| Single Family Homes Up to \$25,000 | Condominiums/Townhomes Up to \$35,000 | HOP/Rehabilitation Up to \$50,000 |
|--|---|--|
| Allows the borrower to purchase a property with a higher sales prices and also to minimize the possibility of the owing more than the property is worth if and/or when a market correction occurs. | Allows the borrower to be able to offset the cost of higher homeowner association fees which, in the past, have been a deterrent to being able to purchase this more affordable option. | Incentivizes the borrower to pursue properties with a lower sales price that may need some work done to make the property safe and habitable and to meet HUD Guidelines. Also, addresses neighborhood blight and assists with mitigating housing code issues. Down payment assistance is available where rehabilitation is required. |

- Down payment assistance will be in the form of a forgivable loan which will be in 3rd lien position.
- The loan will be forgiven at the end of the period of the affordability (currently 5 years).
- There will be no payment required on the down payment assistance.
- Down payment assistance will be offered in addition to the applicant's prequalification amount with the 50%/50% split being done on the original prequalification amount or sales price minus down payment assistance.

- The amount of down payment assistance available to the borrower will be calculated by determining the amount of DPA needed to calculate the housing expense ratio at no more than 30% and no less than 28%.
- Down payment assistance will be reviewed annually.

HOME Investment Partnership Program (HOME)

Recapture and Resale Policy

Reference 24 CFR 91.220(I)(2)

A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

In FY2012-13 HUD Field Office staff reviewed the City of Wilmington Recapture/Resale Policy in accordance with federal regulations. The field office has approved the following policy which was adopted on October 2, 2012, by City Council.

City of Wilmington

Community Development

Policy for

Ensuring Affordability for Low-to-Moderate Income Homebuyers

I. Purpose

When HOME Investment Partnership program funds are used to assist homebuyers, the regulations require that the unit remain affordable regardless of any subsequent resale. The period of affordability is determined by a schedule set forth in 24 CFR 92.254.

| Homeownership Assistance HOME amount per unit | Minimum period of affordability in years |
|--|---|
| Under \$15,000 | 5 |
| \$15,000 - \$40,000 | 10 |
| More than \$40,000 | 15 |
| New Construction | 20 |

II. Background

The City of Wilmington (City) is a participating jurisdiction in and recipient of HOME Investment Partnership program funds to be used by the City to expand the supply of decent, safe, sanitary, and affordable housing available to low-income and very low-income residents.

The City has established the Recapture and Resale policies in accordance with HUD guidance provided in CPD Notice 12-003. These policies ensure that properties developed with HOME funds for homebuyers remain affordable to a reasonable range of low-income homebuyers, or that the HOME investment in affordable housing are recaptured upon sale of the property for use in other HOME eligible housing activities.

The City has elected to use “Recapture” as the primary method of ensuring affordability for low-to-moderate income homebuyers; however, “Resale” provisions will be used for HOME funds used for acquisition of land held in a Community Housing Land Trust. That said, with the exception of Community Housing Land Trust, all Community Development Housing Organizations, and sub-recipients receiving City HOME funds and other community development funds to provide affordable housing are required to use “Recapture” provisions to ensure affordability.

The City will use HOME funds to provide direct HOME subsidies to eligible Low-to-Moderate Income homebuyers through the City’s low interest Second Mortgage Purchase Program and through sub-recipients including, but not limited to, Community Housing Development Organizations (CHDO), and other affordable housing developers.

III. Definitions:

Direct HOME subsidy is the amount of HOME assistance, including any program income that enables the homebuyer to buy the unit. The direct subsidy includes HOME funds used for down payment, closing cost, interest subsidies, or other HOME assistance provided directly to the homebuyer

In addition, direct subsidy includes any assistance that reduced the purchase price from fair market value to an affordable price. If HOME funds are used for the cost of developing the unit and the unit is sold below fair market value the difference between fair market value and the purchase price will be added to the HOME subsidy amount. In such cases, the direct HOME subsidy will be provided to the homebuyer as a forgivable subordinate mortgage lien held by the City.

Purchase price as described herein refers to the amount of the affordable mortgage to be repaid by the eligible low-income homebuyer. The difference between the purchase price and contract sales price or fair market value, whichever is less, will be the direct HOME subsidy to the homebuyer.

Net proceeds are the funds remaining from the sale of the property by the original homebuyer less the repayment of the outstanding balance on any superior mortgage and any closing cost.

Low-income homebuyers are individuals and households that meet the HUD income limits for HOME Investment Partnership Program as published annually. HOME funds are used for households at or below 80 percent of the HUD published area median income (AMI).

Affordable housing is defined by HUD as housing cost that does not exceed 30 percent of household gross income. Generally, for owner-occupied housing it may be characterized as housing that can be purchased for no more than 2.5 to 3 times the total annual household income.

IV. Recapture

The City will use restrictions in the promissory note and deed of trust to enforce the recapture provisions of the HOME program found at 24 CFR 92.254 (a)(5)(ii). In accordance with applicable recapture provisions the City requires the recapture of its HOME-funded homeownership housing assistance from net sales proceeds when the original homebuyer sells the property during the affordability period. Any net proceeds in excess of the original HOME subsidy will go the homeowner. The City will recapture 100 percent of the net proceeds up to the amount of the HOME subsidy. In the case where there are insufficient net proceeds available at sale to recapture the entire direct HOME subsidy provided to the homeowner, the City can only recapture what is available from net proceeds. The City will limit the amount to be recaptured to the net proceeds, as defined herein, available from the sale of the property.

V. Resale

The City will use Resale provisions as required when HOME funds are used to provide subsidy to the developer that will not result in a Direct HOME subsidy to the homebuyer. “Resale” provisions will be used for HOME funds used for acquisition of land held in a Community Housing Land Trust, which constitutes a developer subsidy. Under the Land Trust model the land acquired with HOME funds will be held in trust and not conveyed to the homebuyer. A long-term ground lease between the Land Trust and Homebuyer will establish long-term affordability of the property, and the distribution of value of improvements between the Land Trust and homebuyer upon sale of the housing unit. The ground lease ensures that the original homeowner receives a fair return on investment and that the property is sold at a price that is affordable to a reasonable range of low-income buyers. In addition, the City will utilize deed restrictions to ensure continued affordability, along with a deferred promissory note and deed of trust, with covenants and deed restrictions as enforcement mechanism.

The following “Resale” provisions apply for Community Housing Land Trust:

Sale of Improvements to Property held in Land Trust

Homebuyers purchasing homes in a Community Housing Land Trust purchase the improvements and lease the land, therefore these homebuyers are referred to as homebuyer/lessee or homeowner/lessee upon purchase of housing unit.

Improvements include all buildings, structures, fixtures, and other improvements purchased by the homebuyer/lessee or constructed or placed by the homeowner/lessee are the property of the homeowner/lessee.

The homeowner/lessee may transfer interest in the improvements only to the Community Housing Land Trust or another low-income homebuyer/lessee. Upon notice of homeowner/lessee intent to sell, the CHLT has the option to purchase the improvements. This option to purchase is intended to further the purpose of preserving the affordability of the improvements for succeeding low-income homebuyers.

The seller's resale price shall be determined by the resale formula stipulated in their ground lease. The formula will allow the homeowner/lessee's to sell their home for their original purchase price, plus 25 percent of the increase in market value of the entire property (land and improvements combined) as determined by appraisal at time of notice of intent to sell minus the initial appraised value at purchase. The appraisal shall meet Federal Housing Administration (FHA) standards.

The CHLT does not recapture the other 75 percent of the increase in market value, but rather this value "remains with the property", thereby ensuring continued affordability for succeeding homebuyers. This formula allows the homeowner/lessee to receive a fair return on increase in value to the property while maintaining continued affordability for subsequent homebuyers. Appraisal is an accepted method for determining value of land and improvements. Appraisal is commonly used by lenders to determine property value in real estate transactions.

Example: A homebuyer/lessee purchases a home in a Community Housing Land Trust (CHLT) for a purchase price of \$80,000. The property is appraised at a market value of \$110,000. Five years later the homeowner/lessee notifies the CHLT of intent to sell. The improvements are appraised at \$130,000. The homeowner/lessee is entitled resell their home at a price of \$85,000. $(\$80,000) + (.25 * (\$130,000 - 110,000))$.

Resale or Transfer of Improvements

Upon purchase of improvements from the homeowner/lessee the CHLT will re-sell the improvements and lease the land to another low-income homebuyer at purchase price that is affordable to a reasonable range of low-income homebuyers. A reasonable range of low-income homebuyers consists of households earning between 60 and 80 percent of the Area Median Income. The City's original deed restrictions, which run with the land, will require the CHLT to always re-sell the home to buyers earning at or less than 80 percent of the Area Median Income.

The CHLT may provide additional subsidy in the form of down-payment assistance, and /or deferred subordinate mortgage to ensure affordability. The amount of subsidy will be determined by the difference between return on improvements and the fair market value as determined by appraisal at time of resale.

City of Wilmington Policy for Calculating the Program Planning and Administrative Cap of CDBG under grant-specific accounting rule in accordance with CFR 570.200

(Effective July 1, 2019)

The City of Wilmington is an entitlement city for Community Development Block Grant (CDBG) and HOME Investment Partnership Program funding received through the U.S. Department of Housing and Urban Development (HUD). CDBG and HOME grant funds are dispersed through the Integrated Disbursement and Information System (IDIS). In 2015, CDBG accounting requirements directed grantees to begin using grant-specific accounting and implemented changes to the calculation of program administration and planning.

The CDBG Interim Rule published in the Federal Register on November 12, 2015, describes a new additional test which limits planning and administration expenditures to no more than 20 percent of each separate origin year grant (excluding program income).

The amount of funds obligated for planning and administrative costs is limited to 20 percent of the sum of the origin year grant amount for that program year plus the amount of program income received by the grantee during that program year.

In accordance with the CDBG Interim Rule published November 12, 2015, the City of Wilmington will calculate planning and administration budget for CDBG as follows:

- Allocate CDBG planning and administration at 20% of the CDBG grant award. Submit as part of the Annual Action Plan and City Budget.
- Expend and draw CDBG entitlement funds based upon eligible planning and administration activities.
- CDBG entitlement funds obligated for planning and administration shall be expended and drawn from the U.S. Treasury, after available program income is used for planning and administration costs.
- Staff and overhead costs directly related to carrying out eligible CDBG activities will be expended and drawn from obligated activity delivery costs for the program year in which the activities occur.
- The total amount of CDBG entitlement funds and program income expended on planning and administration costs shall not exceed 20 percent of the CDBG grant and program income received in the program year.
- In the event planning and administration costs exceed the CDBG 20 percent cap from the origin year plus program income, then general funds shall be used to make up the difference.
- Expenditures for planning and administration will be based upon staff time as recorded on timesheets for each pay period.
- Draws for Planning and Administration will be monitored by City Finance staff to ensure the 20 percent Cap is not exceeded.

