

# SW NC HOME Consortium FY 2022 Annual Action Plan

## Executive Summary

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

**1. Introduction**

**2. Summarize the objectives and outcomes identified in the Plan**

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

**3. Evaluation of past performance**

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

**4. Summary of Citizen Participation Process and consultation process**

[Summary from citizen participation section of plan.](#)

**5. Summary of public comments**

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

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

**7. Summary**

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

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

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
HOME Administrator		Southwestern Commission Council of Governments

**Table 1 – Responsible Agencies**

**Narrative**

**Consolidated Plan Public Contact Information**

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

### **1. Introduction**

**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)).**

**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.**

**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**

### **2. Agencies, groups, organizations and others who participated in the process and consultations**

**Table 2 – Agencies, groups, organizations who participated**

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

**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?

**Table 3 – Other local / regional / federal planning efforts**

**Narrative**

**AP-12 Participation - 91.401, 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**

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)

Table 4 – Citizen Participation Outreach

## Expected Resources

### AP-15 Expected Resources - 91.420(b), 91.220(c)(1,2)

#### Introduction

The following list represents potential funding sources for proposed HOME projects, some of which have been committed to specific organizations, and others, like LIHTC, are awaiting approval. The list is not yet a complete picture, especially of other local and private funding sources, but also of state and federal sources. Project applicants will submit detailed project budgets to provide a complete picture of anticipated resources.

#### Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				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 TBRA	626,350	0	0	626,350	1,879,050	HUD HOME funding. Allocation will be re-evaluated in Y3 and could be increased if the consortium is expanded to include additional jurisdictions.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
LIHTC	public - federal	Multifamily rental new construction	7,000,000	0	0	7,000,000	20,000,000	9% and/or 4% tax credits through the NCHFA. Estimating 4-5 projects in the region over a five-year period.
Other	private	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership	1,000,000	0	0	1,000,000	4,000,000	Both the Dogwood Health Trust and Nantahala Health Foundation provide funding to support housing access in the region.
Other	public - federal	Other	0	0	0	0	1,600,000	Vaya Health is currently the only CoC recipient in the region.

Table 2 - 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**

To get to Consortium started, Dogwood Trust contributed the initial match of \$261,690 (~35%). Anticipated resources over 5 years will leverage federal HOME funds at least 12:1. This number will likely be higher once projects have been selected and detailed budgets have been compiled.

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

Waynesville Housing Authority's strategic plan includes expanding the number of units on property they already own and manage. Most jurisdictions in a rural region do not own many unutilized parcels of land, they are typically already used for public facilities and utilities. However, they may have tax foreclosures (typically land) that would be good candidates for development. Smoky Mountain Housing Partnership has identified the acquisition of these as one of their strategies in their 2021-2023 strategic plan.

**Discussion**



## Annual Goals and Objectives

### AP-20 Annual Goals and Objectives - 91.420, 91.220(c)(3)&(e)

#### Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	New construction of rental housing	2021	2025	Affordable Housing	Region	Develop new rental housing Provide special needs housing Prevent and end homelessness	HOME: \$200,000	Rental units constructed: 84 Household Housing Unit
2	Homeownership assistance	2021	2025	Affordable Housing	Region	Promote homeownership Preserve and improve existing housing	HOME: \$100,000	Direct Financial Assistance to Homebuyers: 5 Households Assisted
3	Rent assistance	2021	2025	Affordable Housing Public Housing Homeless Non-Homeless Special Needs	Region	Prevent and end homelessness	HOME: \$60,000	Tenant-based rental assistance / Rapid Rehousing: 70 Households Assisted
4	Homeless housing	2021	2025	Homeless	Region	Prevent and end homelessness	HOME: \$120,000	Housing for Homeless added: 10 Household Housing Unit

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
5	Housing rehabilitation	2021	2025	Affordable Housing	Region	Preserve and improve existing housing Provide special needs housing Prevent and end homelessness	HOME: \$195,000	Rental units rehabilitated: 10 Household Housing Unit Homeowner Housing Rehabilitated: 30 Household Housing Unit

Table 3 – Goals Summary

### Goal Descriptions

1	<b>Goal Name</b>	New construction of rental housing
	<b>Goal Description</b>	New multi-family rental housing will continue to be a priority to as this type of project will serve a large number of households more economically. Also, with construction costs being inflated, it will be cheaper to build multi-family housing rather than single family.
2	<b>Goal Name</b>	Homeownership assistance
	<b>Goal Description</b>	Down payment assistance will help make the affordable housing stock that is available more attainable to households in need.
3	<b>Goal Name</b>	Rent assistance
	<b>Goal Description</b>	Support programs providing both deposit and first month's rent for new renters as well as emergency rental assistance for people in need of short -term assistance.

<b>4</b>	<b>Goal Name</b>	Homeless housing
	<b>Goal Description</b>	This population is not well served by the private market, especially if experiencing compounding issues like substance use disorder, mental or behavioral health issues, etc. Permanent housing opportunities are a great need for this population that is not currently being met in our region.
<b>5</b>	<b>Goal Name</b>	Housing rehabilitation
	<b>Goal Description</b>	With the current costs of new construction, the rehabilitation of existing housing is crucial. Preserving and improving existing affordable housing, both for homeowners and renters, is a high priority for our region.

## AP-35 Projects - 91.420, 91.220(d)

### Introduction

The following projects have been identified through stakeholder consultation and represent the combination of their proposed ideas and service targets, rather than specific, individual projects since these will be selected through the application process. Locations are not specified as they will vary depending on the applications received.

#	Project Name
1	Down payment assistance
2	Homeowner housing rehabilitation
3	Homeless housing
4	New multi-family rental housing
5	Rent assistance
6	Rental housing rehabilitation
7	Administration

**Table 4 – Project Information**

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

The generalized projects suggested for the second year of HOME allocations are focused on securing access to the minimal supply of affordable housing in the region through down payment and rent assistance, as well as preserving and improving existing affordable housing for both homeowners and renters. New construction of multi-family rental housing is prioritized over single-family construction in the first year to increase housing supply at a lower cost, considering the current inflation in material costs. New homeless housing is also prioritized because this is an unmet need in the region that is not well-served by the private market.

**AP-38 Project Summary**  
**Project Summary Information**

1	<b>Project Name</b>	Down payment assistance
	<b>Target Area</b>	Region
	<b>Goals Supported</b>	Homeownership assistance
	<b>Needs Addressed</b>	Promote homeownership
	<b>Funding</b>	HOME: \$63,715
	<b>Description</b>	Leverage funding to create affordable down payment assistance options or new construction of
	<b>Target Date</b>	6/30/2024
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	10 low-to-moderate income families.
	<b>Location Description</b>	Anywhere in Consortium region
	<b>Planned Activities</b>	
2	<b>Project Name</b>	Homeowner housing rehabilitation
	<b>Target Area</b>	Region
	<b>Goals Supported</b>	Housing rehabilitation
	<b>Needs Addressed</b>	Preserve and improve existing housing
	<b>Funding</b>	HOME: \$50,000
	<b>Description</b>	Focus of rehab will be to improve the health and safety of homes.
	<b>Target Date</b>	6/30/2024
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	25 low-to-moderate income households.
	<b>Location Description</b>	Anywhere in Consortium region.
	<b>Planned Activities</b>	
3	<b>Project Name</b>	Homelessness
	<b>Target Area</b>	Region
	<b>Goals Supported</b>	Homeless housing
	<b>Needs Addressed</b>	Prevent and end homelessness
	<b>Funding</b>	HOME: \$100,000

	<b>Description</b>	Support existing organizations who serve homeless individuals and help them to expand their capacity.
	<b>Target Date</b>	6/30/2024
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	100 individuals or families experiencing homelessness
	<b>Location Description</b>	Haywood County
	<b>Planned Activities</b>	
<b>4</b>	<b>Project Name</b>	New multi-family rental housing
	<b>Target Area</b>	Region
	<b>Goals Supported</b>	New construction of rental housing
	<b>Needs Addressed</b>	Develop new rental housing
	<b>Funding</b>	HOME: \$300,000 15% of these funds will be set aside for a CHDO.
	<b>Description</b>	9% or 4% LIHTC project. New construction of family apartment community.
	<b>Target Date</b>	6/30/2024
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	84 low-to-moderate income households.
	<b>Location Description</b>	Anywhere in the Consortium area.
	<b>Planned Activities</b>	
<b>5</b>	<b>Project Name</b>	Rental housing rehabilitation
	<b>Target Area</b>	Region
	<b>Goals Supported</b>	Housing rehabilitation
	<b>Needs Addressed</b>	Preserve and improve existing housing
	<b>Funding</b>	HOME: \$50,000
	<b>Description</b>	Focus on health and safety repairs to improve and preserve rental housing supply.
	<b>Target Date</b>	6/30/2024

	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	20 low-to-moderate income households.
	<b>Location Description</b>	Anywhere in the Consortium region.
	<b>Planned Activities</b>	
6	<b>Project Name</b>	Administration
	<b>Target Area</b>	Region
	<b>Goals Supported</b>	New construction of rental housing Housing rehabilitation Homeownership assistance Rent assistance Homeless housing
	<b>Needs Addressed</b>	Develop new rental housing Promote homeownership Preserve and improve existing housing Provide special needs housing Prevent and end homelessness Educate landlords and tenants
	<b>Funding</b>	HOME: \$62,635
	<b>Description</b>	These funds will be used for the salary of an SW NC HOME Consortium staff member.
	<b>Target Date</b>	
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	
	<b>Location Description</b>	
	<b>Planned Activities</b>	
	7	




## **AP-50 Geographic Distribution - 91.420, 91.220(f)**

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

The need for affordable housing is so pervasive that no specific areas will be targeted at this time, beyond a general preference for locating any new development near existing infrastructure to reduce costs and improve efficiency of service provision and access to transportation, jobs, health care, etc...

### **Geographic Distribution**

<b>Target Area</b>	<b>Percentage of Funds</b>
Region	

**Table 5 - Geographic Distribution**

### **Rationale for the priorities for allocating investments geographically**

N/A

### **Discussion**

## Affordable Housing

### AP-55 Affordable Housing - 91.420, 91.220(g)

#### Introduction

The number of households assisted has been estimated from information provided by stakeholders and the potential level of funding their projects may receive.

<b>One Year Goals for the Number of Households to be Supported</b>	
Homeless	10
Non-Homeless	174
Special-Needs	25
Total	209

**Table 6 - One Year Goals for Affordable Housing by Support Requirement**

<b>One Year Goals for the Number of Households Supported Through</b>	
Rental Assistance	70
The Production of New Units	94
Rehab of Existing Units	40
Acquisition of Existing Units	5
Total	209

**Table 7 - One Year Goals for Affordable Housing by Support Type**

#### Discussion

These numbers will be updated once specific projects have been selected for funding.

## **AP-60 Public Housing - 91.420, 91.220(h)**

### **Introduction**

Four public housing authorities serve the 6-county region. Waynesville Housing Authority manages and operates its own housing supply, the others provide vouchers and their program participants have had increasing difficulty finding affordable and sufficient housing options to use them.

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

Rental housing rehab is one of the projects proposed for the upcoming year to increase supply for voucher holders. The Waynesville Housing Authority will begin initial planning and developing cost estimates and partnerships to expand their housing portfolio.

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

The Waynesville Housing Authority also recently completed their strategic plan and consulted with residents throughout that process.

Mountain Projects, Inc and their affordable housing division, Smoky Mountain Housing Partnership, established a Home Ownership Center in 2021 to offer a full range of home ownership services to clients including credit evaluation, education, financing, and down payment assistance.

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

N/A

### **Discussion**

## **AP-65 Homeless and Other Special Needs Activities - 91.420, 91.220(i)**

### **Introduction**

Homelessness is a problem in rural areas, even if it is harder to see and quantify. Below are some examples of actions and activities that will be undertaken to assist people who are unsheltered or at risk of becoming homeless.

### **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**

Both Haywood Pathways and HERE in Jackson County have street outreach programs to reach unsheltered people and assess their needs as well as connect them with resources. The Town of Waynesville also has a Homelessness Task Force to assess both individual and community-wide needs.

#### **Addressing the emergency shelter and transitional housing needs of homeless persons**

Currently, most homeless assistance in the region is focused on emergency shelter. Haywood Pathways has 96 shelter beds and HERE in Jackson County provides additional units (typically hotel rooms) for temporary shelter. HERE is considering building its own congregate shelter as both demand and hotel costs continue to increase. In December 2020, HERE spent \$65,000 on 44 hotel rooms (up from 12 in 2009).

The Waynesville Homelessness Task Force identified the need for both a low-barrier shelter, especially for re-entry populations and people with Substance Use Disorder, as well as for transitional housing to provide more stability and a pathway to 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**

One of the projects proposed for every year of funding would create 10 units of permanent housing and provide wrap-around services. As discussed above there is a shortage of transitional housing, as well as

permanent supportive housing to help people avoid and break the cycle of homelessness.

**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.**

Examples of programs to prevent homelessness are the Hinton Center's home rehab program and Vaya's permanent supportive housing for people with behavioral and mental health needs. The Hinton Center continues to assist households with home modifications, when required for release from medical care, that are often too costly for patients. Vaya's program provides 97 beds (scattered site) for both adults and children.

Housing choice vouchers and rental assistance also help prevent homelessness. There are approximately 1,500 vouchers currently in use in the region. Service providers would also like to provide emergency rental assistance and security deposits/first month's rent to an additional households as homes become available on the market.

## **Discussion**

## **AP-75 Barriers to affordable housing -91.420, 91.220(j)**

### **Introduction**

In the 6-county consortium region, most communities have zoning but a detailed analysis has not been done to evaluate restrictions that may affect affordable housing development. In previous interviews, stakeholders did not raise concerns with local zoning (or lack thereof) as a primary concern. Instead, they cited state-level restrictions on how tourism development authorities (TDAs) use occupancy taxes as a potential barrier to supporting affordable housing and related infrastructure development. More limited access to LIHTC, a key tool for affordable housing development, in rural areas was also raised as a limiting factor.

In general, market-drivers (i.e., the cost and availability of land, labor and materials; available financing; real estate transaction costs) were more often cited as having a significant impact on affordable housing development.

### **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:**

One strategy will be identifying proactive policies and strategies that communities can implement to support and encourage affordable housing development, since stakeholders did not cite current land use regulations as a major barrier. Waynesville adopted an affordable housing incentive policy in 2019, which will provide a starting point for evaluating what could work in other communities. Jackson County has also explored a housing trust fund, which is another type of initiative that could be moved forward. Other communities, like Maggie Valley and Jackson County, allow cluster and higher density development in topographically constrained areas to make development more feasible and less costly. A more detailed analysis of these types of strategies and their effectiveness throughout the region can provide a range of options for local governments.

### **Discussion**

## **AP-85 Other Actions - 91.420, 91.220(k)**

### **Introduction**

#### **Actions planned to address obstacles to meeting underserved needs**

A big, continuous obstacle to meeting underserved needs is insufficient financial and human resources. The region has many dedicated and engaged service providers who need additional support to carry out their missions. The HOME Consortium and funding will continue to provide a platform and means for more collaboration to maximize resources and service delivery. All housing activities will benefit individuals or households earning at or less than 80% of the area median income. Housing activities will include the development of new affordable rental housing, new homes for homebuyer assistance, additional funding for rental assistance programs, and additional funding for homeowner rehabilitation. Another obstacle to meeting needs in our Consortium region is the lack of availability of affordable dwellings. The activities mentioned above will help to address the needs in our region.

#### **Actions planned to foster and maintain affordable housing**

HOME funding will be used to seed new housing projects as well as to acquire and rehabilitate existing affordable housing stock.

#### **Actions planned to reduce lead-based paint hazards**

All rehab performed with HOME funds will meet LBP safety standards. The potential for lead-based paint will be assessed whenever program funds are used to repair or purchase an existing home. If LBP is found, and the repair actions will disturb surfaces, then LBP removal and mitigation techniques will be employed. Families will be informed and educated about the risks associated with LBP.

#### **Actions planned to reduce the number of poverty-level families**

Increasing the supply of affordable housing and providing rent and down payment assistance will help reduce the housing cost burden, a major factor contributing to poverty in the region. The Consortium plans to develop affordable rental units, assist homebuyers with down payment assistance, assist households with tenant-based rental assistance, develop household units for homeless, and rehabilitate rental units and homeowner houses.

#### **Actions planned to develop institutional structure**

Currently, there are housing developers/providers outside of the region that qualify as a designated



CHDO, but no providers within the consortium region. It is the goal of the Consortium to encourage and facilitate the establishment of an organization within the Consortium region to become a CHDO.

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

The consortium board, meetings, and funded projects will encourage and enhance coordination among all stakeholders. Additionally, the Waynesville Housing Authority has prioritized community partnerships in its 2021-2025 Strategic Plan, and other organizations also prioritize partnerships with public and private entities. The Smoky Mountain Housing Partnership would like to work with Haywood County to develop an affordable housing fund, and would also like to target tax foreclosures for purchase and rehab.

### **Discussion**

## Program Specific Requirements

### AP-90 Program Specific Requirements - 91.420, 91.220(I)(1,2,4)

#### Introduction

The following guidelines will be reviewed and updated as needed.

#### **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:

No other forms of investment are anticipated being used.

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:

The following provisions will be used by the Southwestern NC HOME Consortium (the Consortium) as well as sub-recipients using HOME funds for homebuyer activities. The homeownership housing assistance provided by the Consortium will be a direct subsidy to the homebuyer. The amount subject to recapture is the direct subsidy received by the homebuyer.

The amount of direct HOME subsidy will reduce on a pro-rata basis for the time the home buyer owns and occupies the home, measured against the required affordability period. The pro-rata amount recaptured will never exceed the available net proceeds from the sale of the home. The pro-rata is determined by:

- Dividing the number of years the homebuyer occupied the home by the period of affordability,
- Multiply the resulting figure by the total amount of direct HOME subsidy originally provided to the homebuyer.

Recapture shall occur if the property is sold, financed, or otherwise transferred. The HOME program may defer recapture in the event of a refinance should the homebuyer be securing better terms that reduce monthly housing costs, or if sufficient equity exists, to take cash out for immediate property repairs or catastrophic expenses. The recapture provision is enforced during the period of affordability through a promissory note secured by a deed of trust and a declaration of deed restrictions, signed by the homeowner and filed at the Register of Deeds office. This is usually a

second position lien behind that of the primary mortgage lender. The purpose of this enforcement mechanism is to ensure that the Consortium recaptures the direct subsidy to the HOME-assisted homebuyer if the HOME-assisted property is transferred.

For example:

A homebuyer receives \$10,000 of HOME down payment assistance and purchases a home developed with HOME funds for \$10,000 below fair market value. The total direct HOME subsidy to the homebuyer is \$20,000 and requires a 10-year period of affordability. If the homebuyer sells the unit in year 5 of the 10-year period of affordability, the PJ would *forgive* 50 percent of the direct HOME subsidy and *recapture* 50 percent of the direct HOME subsidy, or \$10,000 of the \$20,000 HOME investment, assuming that there are sufficient net proceeds available.

A clear, detailed written agreement will be discussed, reviewed, and executed with the homebuyer at or before the time of sale. The homebuyer must be aware of and have an understanding of the specific HOME requirements that apply to the unit that they are intending to purchase. The written agreement will be a separate legal document from any loan instrument. If the Consortium provides HOME funds to a sub-recipient for homebuyer assistance, the Consortium will prepare and execute the written agreement with the homebuyer or be a party to the agreement along with the sub-recipient.

If the ownership of the housing is conveyed pursuant to a foreclosure or other involuntary sale, the Consortium must attempt to recoup any net proceeds that may be available through the foreclosure sale.

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:

The following provisions will be used by the Southwestern NC HOME Consortium (the Consortium) as well as sub-recipients using HOME funds for homebuyer activities. The homeownership housing assistance provided by the Consortium will be a direct subsidy to the homebuyer. The amount subject to recapture is the direct subsidy received by the homebuyer.

The amount of direct HOME subsidy will reduce on a pro-rata basis for the time the home buyer owns and occupies the home, measured against the required affordability period. The pro-rata amount recaptured will never exceed the available net proceeds from the sale of the home. The pro-rata is determined by:

- Dividing the number of years the homebuyer occupied the home by the period of affordability,
- Multiply the resulting figure by the total amount of direct HOME subsidy originally provided to the

homebuyer.

Recapture shall occur if the property is sold, financed, or otherwise transferred. The HOME program may defer recapture in the event of a refinance. The recapture provision is enforced during the period of affordability through a promissory note secured by a deed of trust and a declaration of deed restrictions, signed by the homeowner and filed at the Register of Deeds office. This is usually a second position lien behind that of the primary mortgage lender. The purpose of this enforcement mechanism is to ensure that the Consortium recaptures the direct subsidy to the HOME-assisted homebuyer if the HOME-assisted property is transferred.

A clear, detailed written agreement will be discussed, reviewed, and executed with the homebuyer at or before the time of sale. The homebuyer must be aware of and have an understanding of the specific HOME requirements that apply to the unit that they are intending to purchase. The written agreement will be a separate legal document from any loan instrument. If the Consortium provides HOME funds to a subrecipient to develop and sell affordable housing, the Consortium will prepare and execute the written agreement with the homebuyer or be a party to the agreement along with the subrecipient.

If the ownership of the housing is conveyed pursuant to a foreclosure or other involuntary sale, the Consortium must attempt to recoup any net proceeds that may be available through the foreclosure sale.

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:

N/A

