

Homeowner Assistance

September 12, 2022



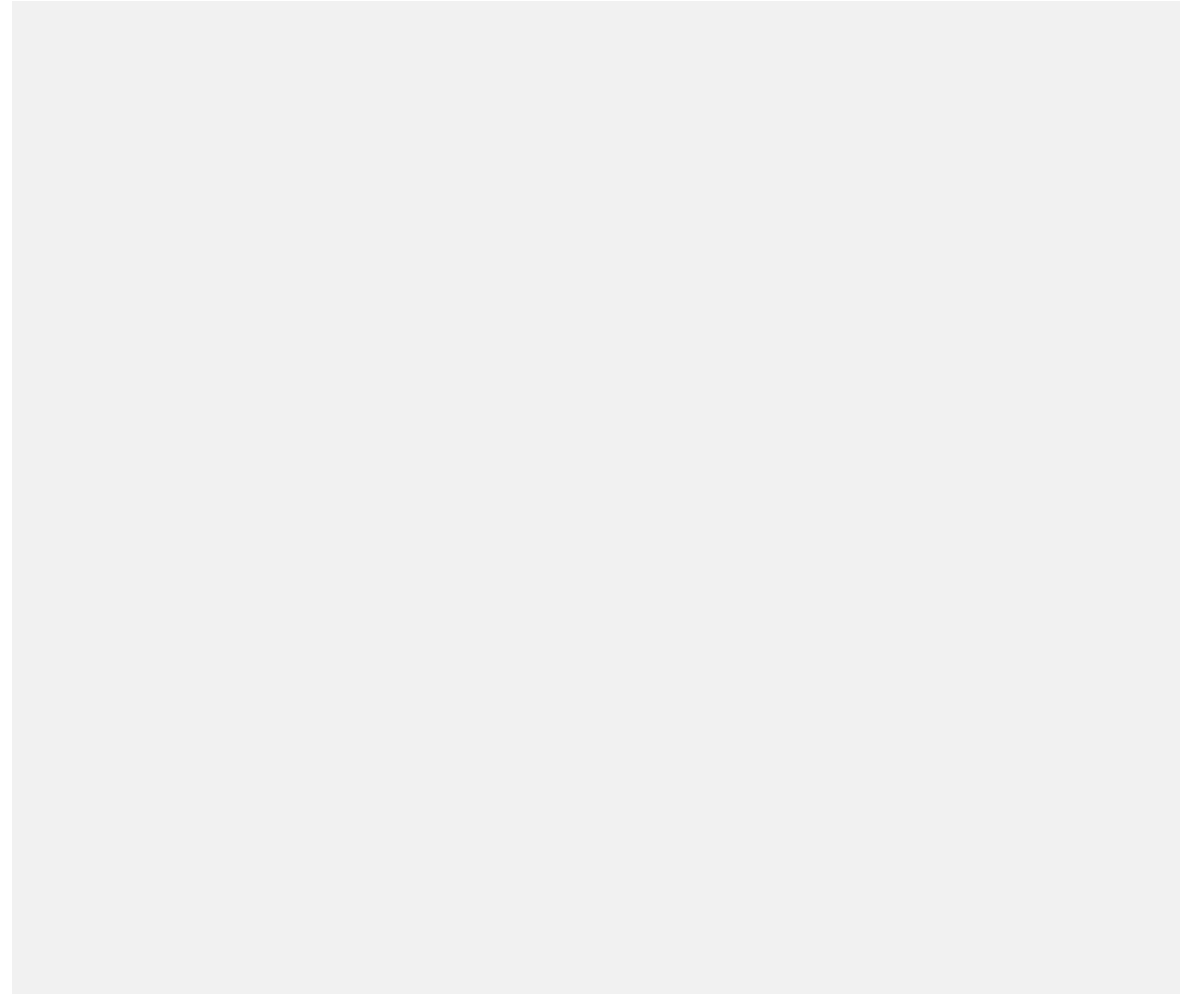
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Wake County Homeowners

- 249,560 homeowners in Wake County
 - 30,800 between 50% and 80% AMI (12.3%)
 - 25,430 50% AMI and below (10.1%)
- 1 in 6 homeowners have at least one of the following housing problems:
 - Housing cost burden greater than 30% of income
 - Incomplete kitchen facilities
 - Incomplete plumbing facilities
 - More than one person per bedroom



Wake County Homeowner Cost Burden

Household Income	Total Home-owners*	Cost Burdened >30%**	% of Total	Severely Cost Burdened > 50%	% of Total
30% AMI and below	11,115	8,615	77.5%	6,815	61.3%
30% to 50% AMI	14,315	8,635	60.3%	4,175	29.2%
50% to 80% AMI	30,800	10,995	35.7%	2,590	8.4%
Total	56,320	28,425	50.2%	14,120	25.1%

*Includes non-cost-burdened homeowners

**Includes severely cost-burdened (>50%) homeowners

Area Median Income vs. Federal Poverty Level

Area Median Income (Raleigh/Wake MSA)

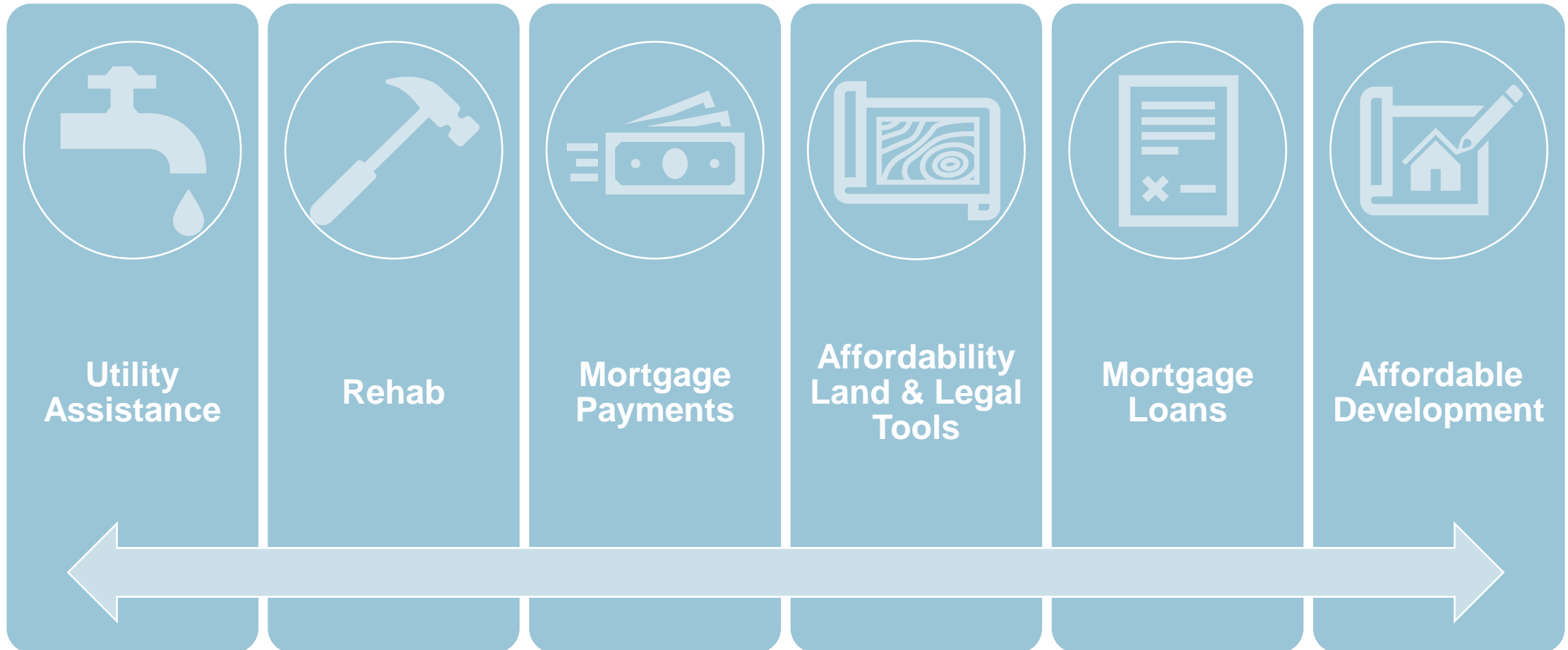
Family size	1	2	3	4
Median 100%	77,070	88,080	99,090	110,100
Low 80%	59,950	68,500	77,050	85,600
60%	44,940	51,360	57,780	64,200
Very Low 50%	37,450	42,800	48,150	53,500
40%	29,960	34,240	38,520	42,800
30%	22,500	25,700	28,900	32,100

Federal Poverty Level (Contiguous States)

Family size	1	2	3	4
400%	54,360	73,240	92,120	111,000
300%	40,770	54,930	69,090	83,250
250%	33,975	45,775	57,575	69,375
200%	27,180	36,620	46,060	55,500
150%	20,385	27,465	34,545	41,625
100%	13,590	18,310	23,030	27,750

Categories of Homeowner Assistance

Wake and Partners offer programs in all areas except mortgage payments.



Gaps in Wake County Programs

Funding Availability

50%-80% AMI Households

Mortgage Payment Assistance

**Partners for Affordable Homeownership
Construction and Preservation**

Legal Considerations

- Counties have the power to fund a number of affordable housing programs, however, that authority is limited when it comes to using **our own general fund revenues** on said programs because of the expenditure restraints set forth in the revenue statutes.
- To finance a program, there we must find authorization set forth in state statutes or by local acts of the General Assembly for a county to undertake such a program. (G.S. 153A-149(g))

Legal Considerations

Sampling of Homeowner Assistance Proposals (Social Services & Housing):

1. **Utility Assistance***: Authority to assist **low-income** homeowners, with limitations, potential expansion of LIEAP and CIP programs with local dollars may be possible, see G.S. 108A-25.4 and G.S.153A-149(c)(30), G.S.153A-255
2. **Rehabilitation/Repair**: Authority to assist **low-moderate income** homeowners, see G.S. 160D-1311(a)(1) and G.S.153A-149(15a)
3. **Construction or Sale**: Authority to assist **low-moderate income** homeowners, see G.S. 160D-1316 and G.S.153A-149(15b)
4. **Purchase of Affordability Easements**: No authority under NC statutes; affordable housing is not a stated purpose under NC Conservation and Historic Preservation Act (G.S. 121-35) & there is no program analogous to conservation and historic preservation easement programs available to homeowners
5. **Mortgage Payment Assistance**: No authority under NC statutes to use County funds, would require a referendum in accordance with 160D-1311(d)

*NOTE: Public assistance programs authorized under Chapter 108A are aimed at relief for the poor and basic necessities of life. Moderate income households do not qualify.

A stylized, light blue map of Wake County is centered in the background of the slide. The map shows the county's irregular shape with various indentations and protrusions.

Health & Human Services Programs

Proposed Utility Assistance Expansion

- Expand CIP (Heating and Cooling Assistance) budget by \$1M (additional 1,667 households could be served at current max)
- Maintain income eligibility level (150% FPL) and maximum annual allotment (\$600)
 - Actual allotment is based on the household need at the time.
- Total Administration Funds \$778,870
 - 10 Case Worker Positions
 - 1 Supervisor
 - Equipment
- HHS would need a separate application process to track all county utility assistance funds expended.
- County funding would only be used after Federal CIP funds are depleted.
- Payments would be made directly to the vendors.
- The State's approved budget increased the maximum allotment for CIP to \$1000 per year.
- When NCDHHS initiates this change through a Dear County Director Letter, HHS will raise the maximum allotment accordingly for both CIP and the County Utility Assistance Expansion Plan, which may decrease the number of households served.



Housing Programs

Major Repair Program



**Serving up to
80% AMI**



**Increased
Funding per
Household**



**Loans Not
Grants**



**Uses County
Funds**

A new Major Repair Program would be separate from existing rehabilitation programs to offer additional flexibility.

The Major Repair Program would expand funding availability and eligibility. It is also within the County's legal authority.

Major Repair Program Considerations

Eligibility

- Households 80% AMI and below
- Tax value limit: Wake median, excluding land
- Located in Wake County

Loan Type

- 15-year loan, deferred payment until sale
- Forgivable; 1/3 forgiven every 5-years
 - If sold within term, recapture remainder

Program and Sizing

- Up to \$90,000 per household (City of Raleigh benchmark)
- 15 households annually
- Funds for structural, health and safety repairs – roofing, flooring, foundation, HVAC

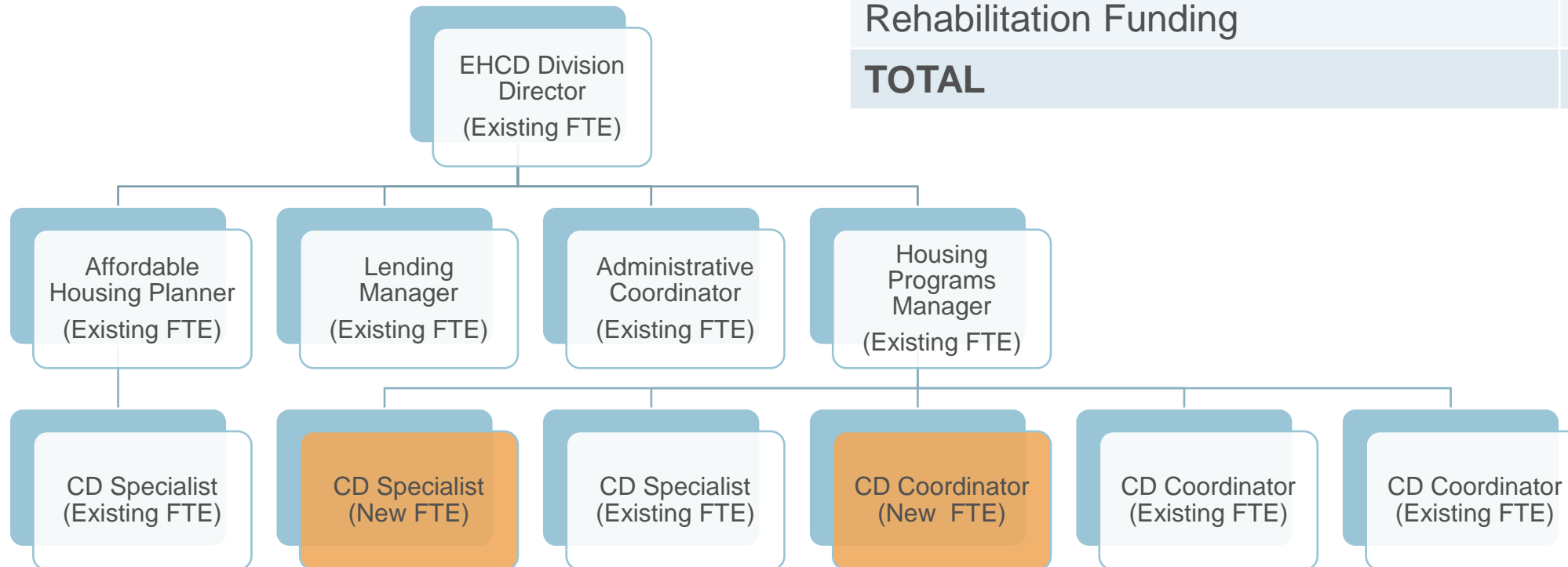
Logistics

- More in-depth project management required
- Loans require monitoring and servicing
- **Availability of qualified & willing contractors and tradespeople**

Major Repair Program Budget

Annualized Budget

Salary & Fringe (2.00 FTE)	\$170,000
Legal Representation	\$15,000
Operating Supplies & Services	\$7,500
Rehabilitation Funding	\$1,350,000
TOTAL	\$1,542,500



Affordable Home Development



**Serving up to
80% AMI**



**Increased
Funding for
Development**



**Loans Not
Grants**



**Uses County
Funds**

Increased funding for the Affordable Housing Development Program to support land acquisition and construction of new, affordable homeownership stock.

Homebuilder capacity a concern - requires outreach and partnership building.

Home Development Considerations

Eligibility

- For Sale to Households 80% AMI and below
- Located in Wake County
- New construction or acquisition/rehabilitation

Loan Type

- Up to 30-year loan
- 20+ year affordability period
- If sold within term, must be to income qualified buyer

Program and Sizing

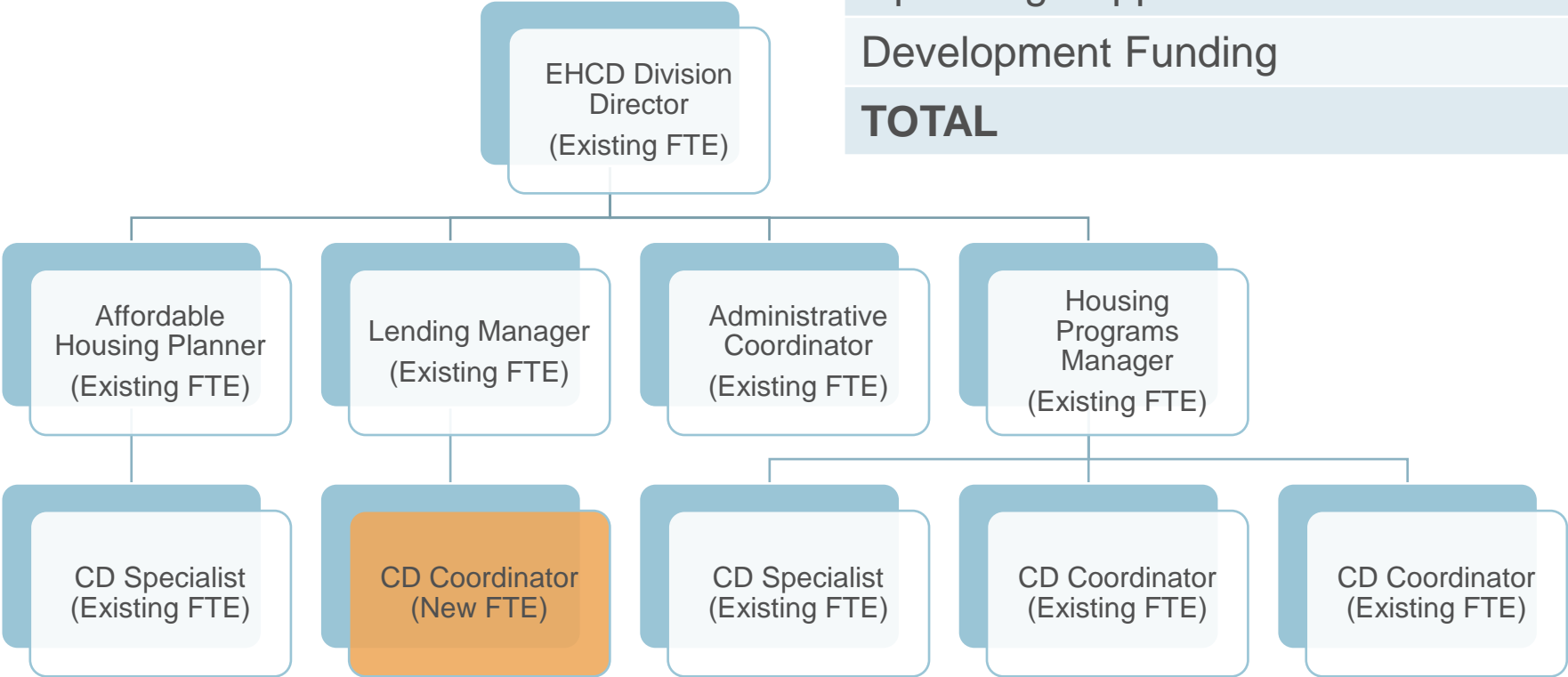
- Estimated \$100,000 per home, 15 homes annually
- Construction financing (new construction or rehab)
- Acquisition financing (land or existing homes)

Logistics

- More project support required
- Loans require monitoring and servicing
- **Availability of qualified & willing development partners**

Home Development Program Budget

Annualized Budget	
Salary & Fringe	\$95,000
Legal Representation	\$10,000
Operating Supplies & Services	\$4,000
Development Funding	\$1,500,000
TOTAL	\$1,609,000



Program Support

- The addition of any new program requires consideration of internal department and county support
- To maintain compliance, internal functions such as budget, accounting, contracts, and auditing will be impacted and may require additional personnel resources
- Housing would also require the addition of 1.00 FTE for program operations. Estimated cost would be approximately \$95,000



Other Homeownership Considerations

Based on community need, Wake County will examine opportunities to enhance other existing programs for homeowners and homeownership.



Public Land Disposition

- Continue to evaluate Program opportunities for homeownership development

E&D and Emergency Grant

- In 2019 increased income target from 40% to 50% AMI to meet community need

Affordable Homeownership Program

- In 2022 removed purchase price limit, increased Debt to Income ratio, considering further adjustments



Summary

Annual Budget, FTE & Households Served

**Total budget of \$5,025,370*
serving 1,030 residents**

Major Repair Program	Home Development Program	Housing Operating Support	Utility Assistance Expansion
\$1,542,500 2.00 FTE 15 Homes	\$1,609,000 1.00 FTE 15 Homes	\$95,000 1.00 FTE	\$1,778,870 11 FTE 1,000 Households

*Benefits = \$3,850,000, Administrative Cost = \$1,175,370

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Appendix

Existing Program Inventory

Utility Assistance

Existing Programs

- Crisis Intervention Program
- Share the Light
- Wake Round Up
- Low Income Energy Assistance Program
- Low Income Household Water Assistance
- TANF Emergency Assistance – Utilities
- City of Raleigh Utility Customer Assistance Program
- Warmth/Cool for Wake

Program Parameters

Eligibility

- Up to 200% Federal Poverty Limit
 - \$43,920 annual for 3-person HH

Payments

- \$200 to \$800 annually depending on program
- All programs can be used more than once

Existing Inventory - Rehabilitation

Wake County Elderly and Disabled Grant

- 62 and over or disabled
- 50% AMI and below
- Up to \$20,000

Wake County Emergency Grant

- 50% AMI and below
- Up to \$5,000 for critical repairs

City of Raleigh Homeowner Rehab Program

- 40% AMI and below
- Up to \$90,000

City of Raleigh Limited Repair Program

- 62 and over
- 40% AMI and below
- Up to \$15,000

Healthy Homes Cary

- 65% AMI and below
- Up to \$12,500

Apex Cares

- 65% AMI and below
- Up to \$15,000

NCHFA Essential Single-Family Rehab

- 80% AMI and below
- Up to \$30,000

NCHFA Urgent Repair Program

- 50% AMI and below
- Up to \$12,000

Existing Inventory – Mortgage Payments

NCHFA Homeowner Care Fund

- \$273 million temporary state-wide fund – available until spent
- **Uses**
 - Up to \$40,000 per household for:
 - Utility assistance
 - Property taxes
 - Accrued fees
 - **Mortgage payments**
 - Past due and up to 3 months future payments
- **Eligibility**
 - Households earning \$90,000 and below
 - Experienced pandemic-related financial hardship (job loss, business closure, loss of hours)
 - At least 30 days past due on payments

No comparable program offered locally for emergency mortgage payment assistance.

- HOPWA provides short-term rent and mortgage payments for households living with HIV/AIDS.

Existing Inventory – Land and Legal

Community Land trusts

Non-profit organization owns the land (dirt)

Low-income buyers purchase improvements, lease land from Trust and agree to share appreciation

Existing homeowners could sell their land to the Land Trust and retain ownership of the improvements.

- Lower tax liability
- Not feasible with existing mortgage

Best as option for affordable homeownership opportunity for new buyers.

Affordability Covenants

Recorded at closing as an encumbrance on title & binds the property to be used for affordable housing for a specified time period

- Target homeowners at 80% AMI and below

Employed by Wake County with resale of County-owned homes & as a condition to County funded housing loans

Challenges:

- Monitoring
- Enforcement at sale
- Income Eligibility
- Education required
- Limits future sale price

Existing Inventory – Mortgage Loans

City of Raleigh City Seconds

- 80% AMI and below
- Homes \$275,000 and below
- Up to \$20,000 forgivable second mortgage
- Home purchase assistance/down payment assistance

Wake County Affordable Homeownership Program – Home Purchase Assistance

- 80% AMI and below
- No purchase price limit
- Up to \$20,000 0% forgivable second mortgage
- Home purchase assistance

Wake County Affordable Homeownership Program – Foreclosure Prevention

- 80% AMI and below
- Up to \$20,000 0% forgivable second mortgage
- Principal buy-down or payment of arrears and accrued escrow expenses

NCHFA Community Partners Loan Pool

- 80% AMI and below
- Up to \$40,000 with NCHFA mortgage
- Up to 10% of purchase price (max \$375,000) with USDA mortgage
- Deferred 0% second mortgage

Existing Inventory – Development

HACR Affordable Housing Development Program

- Gap financing eligible for use with homeownership development
- Subsidy for units serving 60% AMI and below

HACR Public Land Disposition Program

- Request for Proposals process to disposition County-owned land for affordable housing development
- Some sites suitable for single-family development

Habitat for Humanity of Wake County

- Long-time partner in affordable homeownership development
- Recipient of AHDP funds for land acquisition
- Targets HH earning 60% AMI and below
 - Currently challenging to serve this population

City of Raleigh East College Park Redevelopment

- Raleigh Housing and Neighborhoods acquired parcels in the ECP neighborhood
- Partnered with area homebuilders to construct over 90 for-sale single-family homes and townhomes
- Homes sold to households earning 80% AMI and below with equity sharing requirements