



2023-2024 Annual Action Plan

Project Name	Amount	Description
CDBG - Administration	\$371,190	No more than 20% of entitlement funds and 20% of annual program income will be used to administer the CDBG activities.
CDBG - Public Services	\$278,392	Funds will be used to provide supportive and human services assistance for low- and moderate-income residents.
CDBG- Nonprofit Capacity Building	\$111,911	Activities that enhance the capacity and ability of nonprofits to carry out community development and affordable housing activities that benefit low-income persons.
CDBG - Neighborhood Resources	\$140,000	Neighborhood services for low-and moderate -income residents to include outreach, engagement, blight removal, and neighborhood revitalization activities.
CDBG - Rehabilitation	\$654,458	Funds will be used for housing rehabilitation activities for people who are below 80% AMI and are elderly, disabled, or experiencing emergent needs. Program administration costs are included.
CDBG - Special Economic Development	\$300,000	Activities that support job retention or creation for low- and moderate-income residents.
HOME - Administration	\$112,128	HOME funds used for administration will consist of no more than the allowable 10% of the grant award to support activities related to increasing and preserving affordable housing.
HOME - Affordable Housing Development	\$1,913,772	Development through new construction or rehabilitation of affordable housing.
HOPWA - Administration	\$25,821	HOPWA Funds to be used for administration is capped at 3% of the total award.
HOPWA - Program	\$834,891	Tenant Based Rental Assistance, and Supportive Services for individuals with HIV/AIDS.
<i>Subtotal New Resources</i>	\$4,742,563	
CDBG - Rehabilitation	\$243,817	Funds will be used for housing rehabilitation activities for people who are below 80% AMI and are elderly, disabled, or experiencing emergent needs. Program administration costs are included.
HOME - Affordable Housing Development	\$2,979,781	Development through new construction or rehabilitation of affordable housing.
HOPWA- Program	\$200,000	Tenant Based Rental Assistance, and Supportive Services for individuals with HIV/AIDS.
<i>Subtotal Prior Year Resources</i>	\$3,423,598	
TOTAL	\$8,166,161	



2023-2024 Annual Action Plan Competitive Awards

Organization	Project	Requested Amount	Recommended Amount
<u>CDBG Public Services Spending (15% Cap)</u>			
Combined Unified Services	Poverty Support Services	\$ 37,000	\$ 10,000
Connections of Cumberland County	Women's Day Resource Center	\$ 53,000	\$ 40,000
Veterans Bridge Home	Employment Referrals	\$ 25,000	\$ 20,000
Better Health of Cumberland County	Emergency Direct Aid	\$ 20,000	\$ 20,000
Myrover-Reese Fellowship Homes, Inc.	Women's Facility Support	\$ 20,000	\$ 10,000
Cumberland HealthNET	Homeless Street Outreach, Reunification, Day Resource Center	\$ 40,620	\$ 77,892
Fayetteville Urban Ministry	Emergency Assistance	\$ 15,500	\$ 15,500
The Salvation Army - Sandhills	White Flag and Supplies	\$ 25,000	\$ 10,000
Vision Resource Center	Tools for Visually Impaired	\$ 25,000	\$ 25,000
Greater Life of Fayetteville	Youth Development	\$ 10,000	\$ 10,000
Miller's Crew	Special Needs Employment	\$ 77,000	\$ 10,000
Fayetteville-Raeford CARES Mentoring Movement	Youth Development	\$ 15,000	\$ 10,000
United Ministries in Christ Church	LGBTQ Outreach and Support	\$ 20,000	\$ 10,000
Marius Maximus Foundation for Mental Health	Homeless Case Management	\$ 15,000	\$ 10,000
		\$398,120	\$278,392
<u>CDBG Not Subject to Cap</u>			
Fayetteville Urban Ministry - Nehemiah Project	Emergency Housing Repairs	N/A	\$449,137
Fayetteville Area Habitat for Humanity	Homeowner Rehab/Repairs	N/A	\$449,138
<u>HOME Community Housing Development Set Aside (15%)</u>			
Habitat for Humanity	Single Family Housing Development	N/A	\$170,000

JUSTIFICATION FOR REVISION TO RESALE/RECAPTURE POLICY

The City of Fayetteville Economic and Community Development Department proposes a revision to the current Resale/Recapture Policy. The current policy implements the HUD recapture provisions as outlined in 24 CFR Part 92.254 in administering its eligible HOME-funded homebuyer assistance programs by requiring the recapture of the full amount of the HOME subsidy if the property is sold during the period of affordability. The proposed revisions will allow for a proration of subsidy to be recaptured based on the amount of time the homeowner occupies the home as their principal residence. This allows the homeowner to retain a portion of the equity and build wealth.

PROPOSED RESALE/RECAPTURE POLICY

The City of Fayetteville has prepared the following policy, which addresses the issues of sale or transfer of ownership of property financed with HOME assisted funding. This policy is in accordance with the HUD Regulations found in 24 CFR 92.254(a)(5)(ii). The City of Fayetteville has opted to use the recapture provisions by requiring a prorated amount of HOME subsidy if the property is sold during the period of affordability.

Affordability Period

HOME project owners/buyers are required to maintain HOME funded properties as affordable housing for a minimum affordability period based on the amount of HOME funds spent on the project. The Homeownership guidelines are as follows:

Under \$15,000 per unit 5 years

\$15,000 - \$40,000 per unit 10 years

Over \$40,000 15 years

Throughout the affordability period, income-eligible households must occupy the HOME-assisted housing.

Sale of Property During Affordability Period (Homeownership) - In the event of the sale or otherwise transfer of HOME financed property prior to the expiration of the affordability period, the City will seek to recapture a portion of the HOME subsidy. The portion of HOME subsidy due to the City decreases year by year during the affordability period.

The following is the City's recapture policy for homes sold during their affordability period:

- For affordability periods of five years, the City will forgive the full HOME subsidy amount at five (5) years after the purchase of the property. Should the property be sold or transferred prior to this date, the full HOME subsidy is due to the City for recapture.
- For affordability periods of ten years, the full HOME subsidy amount is due if the property is sold or transferred before year 5. After year 5, the amount due will be decreased by 20% until the affordability period ends at year 10.



- For affordability periods of fifteen years, the full HOME subsidy amount is due if the property is sold or transferred before year 5. After this date, the amount due is reduced by 10% until the affordability period ends at year 15.

Sale of Property During Affordability Period (Rental Development Projects) - In the event of the sale or otherwise transfer of the HOME financed rental property prior to the expiration of the affordability period, the recapture of the full HOME subsidy is required. This equates to the original HOME loan amount provided to the developer minus loan payments already received from the developer, for collection of the loan's principal balance due from, but not in excess of, the net sales proceeds.

- To the extent that net sales proceeds are available at closing, the principal balance of HOME funds is due and payable.
- In the event of foreclosure, the City may not require the developer to repay an amount greater than the net proceeds available after foreclosure sale.
- The City shall attempt to collect only the amount of its entire HOME subsidy and shall allow the developer to retain all appreciation from the sale once the City has been repaid its HOME funds.
- During the affordability period, a rental housing developer will not be permitted to refinance the property without the approval of the City of Fayetteville.

Resale Price of Property – Under the resale provisions (24 CFR 92.254(a)(5)(i)), the City of Fayetteville would be required to enforce that the property is sold to another low-income homebuyer who will use it as his or her principal residence. The original homebuyer would receive a fair return on investment to include the homebuyer's down payment plus capital improvements made to the house. The property would be sold at a price that remains affordable to a reasonable range of low-income homebuyers.

- Homebuyers that are considered program qualified to purchase an affordable home have incomes between 60% and 80% of an area's median income.
- The City of Fayetteville does not currently adhere to the Resale provisions and, as such, is not required to enforce the resale of property to a low- or moderate-income homebuyer.

Public Feedback Needed for Annual HUD Grant Plan

The City of Fayetteville's Economic and Community Development Department is seeking public feedback for the 2023 Annual Action Plan, which covers July 1, 2023 to June 30, 2024. The 2023 Annual Action Plan describes how the City intends to use the Community Development Block Grant, HOME Investment Partnership, and Housing for People with Aids funds for the 2023 program year. The public will have multiple opportunities to provide input:

Four public meetings will be held on the following dates and locations:

Massey Hill Recreation Center, February 16 at 6 PM

Cliffdale Recreation Center February 21 at 6 PM

Smith Recreation Center March 2 at 6 PM

Westover Recreation Center March 7 at 6 PM

A public meeting held by the Fayetteville Redevelopment Commission is scheduled for March 22, 2023. The public meeting will be held at Festival Park Plaza at 225 Ray Avenue, Suite 122 from 12 PM until 2 PM. Interested residents are encouraged to attend.

To view the 2023 Annual Action Plan, click [here](#).

Residents that cannot attend any public meeting may submit written comments about either the 2023 Annual Action Plan or the Resale/Recapture Policy Substantial Amendment Posting from February 15 – March 19, 2023 at EconCommDev@FayettevilleNC.gov. The 2022 Annual Action Plan describes how the City intends to use the Community Development Block Grant, HOME Investment Partnership funds, and Housing Opportunities for Persons with AIDS program for the 2022 program year. All comments received during the meetings and by email, shall be accepted and submitted to the Fayetteville Redevelopment Commission, the Fayetteville City Council, and the Department of Housing and Urban Development.

SUBSTANTIAL AMENDMENT POSTING

The City of Fayetteville will also post during this 30-day period a Substantial Amendment to the Consolidated Plan for the Resale/Recapture Policy used in implementing the HOME Investment Partnership Program by the Economic and Community Development Department. Current policy implements the HUD recapture provisions as outline in 24 CFR Part 92.254 in administering HOME funded homebuyer assistance program that require recapture of the full amount of any HOME subsidy of a property sold during the period of affordability. The City is posting a new Resale/Recapture Policy in accordance with 24 CFR 92.254(a)(ii). This updated proposal will allow the City of Fayetteville to prorate the amount of recapture of the HOME subsidy if the property is sold during the period of affordability.

To view the Resale/Recapture Policy Substantial Amendment, click [here](#).

Residents may also review these documents online at www.FayettevilleNC.gov/ECD or may review them at the Economic and Community Development Department located at Festival Park Plaza, 225 Ray Avenue, Suite 198. For more information, call the Economic and Community Development Department at 910.433.1590.

Citizen Participation PY 23-24 Annual Action Plan

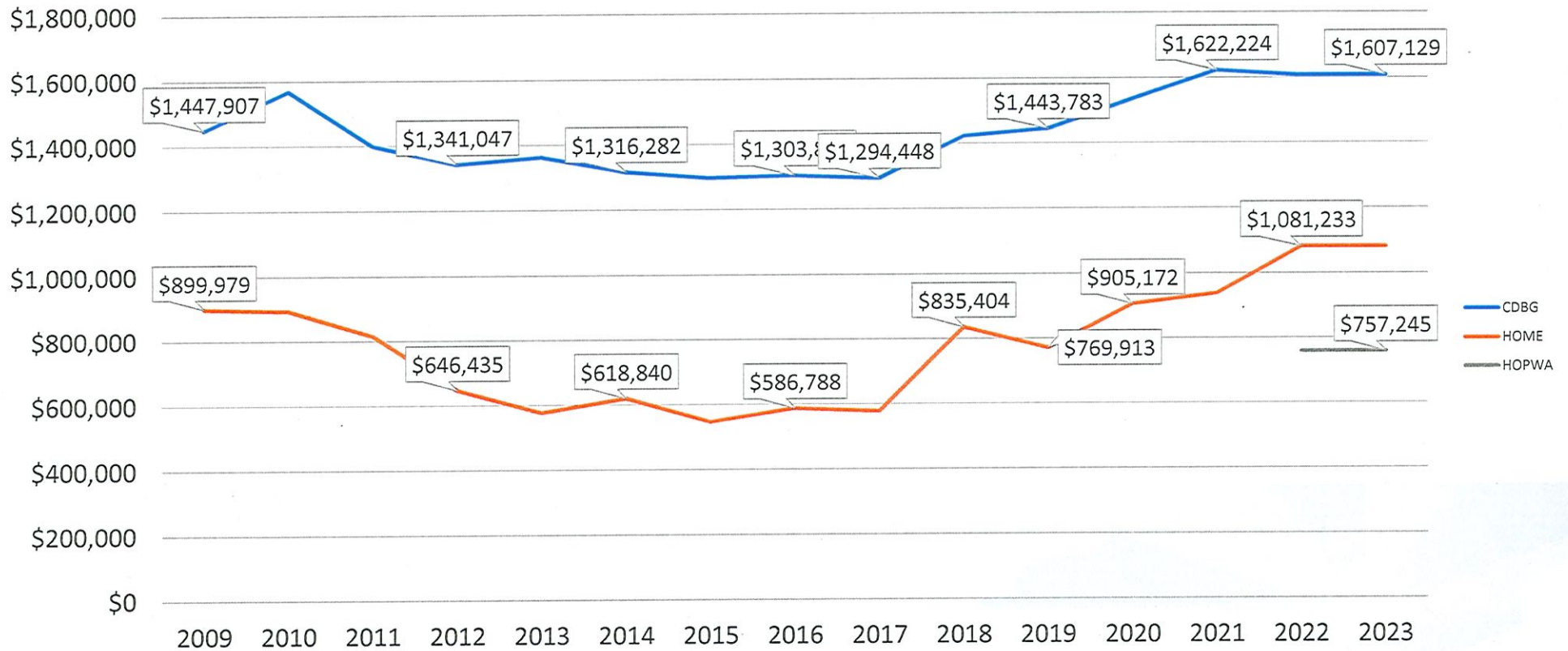
February/March 2023



CDBG, HOME, and HOPWA Overview

- The Community Development Block Grant (CDBG), Home Investment Partnership (HOME) and Housing for People with Aids (HOPWA) is awarded to States, Counties, Cities
 - Some Cities get funds from the State (Sub-grantee)
 - Others get funds directly from HUD (Entitlement)
 - Fayetteville is an entitlement City
- Must meet the stated goals of each program:
 - CDBG
 - Benefit Low and Moderate Income Persons
 - Reduce Slum and Blight
 - Urgent Need (Rarely used)
 - HOME
 - Create Affordable Housing
 - HOPWA
 - To address the housing needs of persons living with HIV/AIDS and their families

How Much Money?



PY 23-24 Anticipated Resources

Entitlement: Grant funds made available to a jurisdiction directly from the Department of Housing and Urban Development

Program Income: Funds produced from grant funded activities such as loans

HOME Match: Required 25% local match for HOME grants

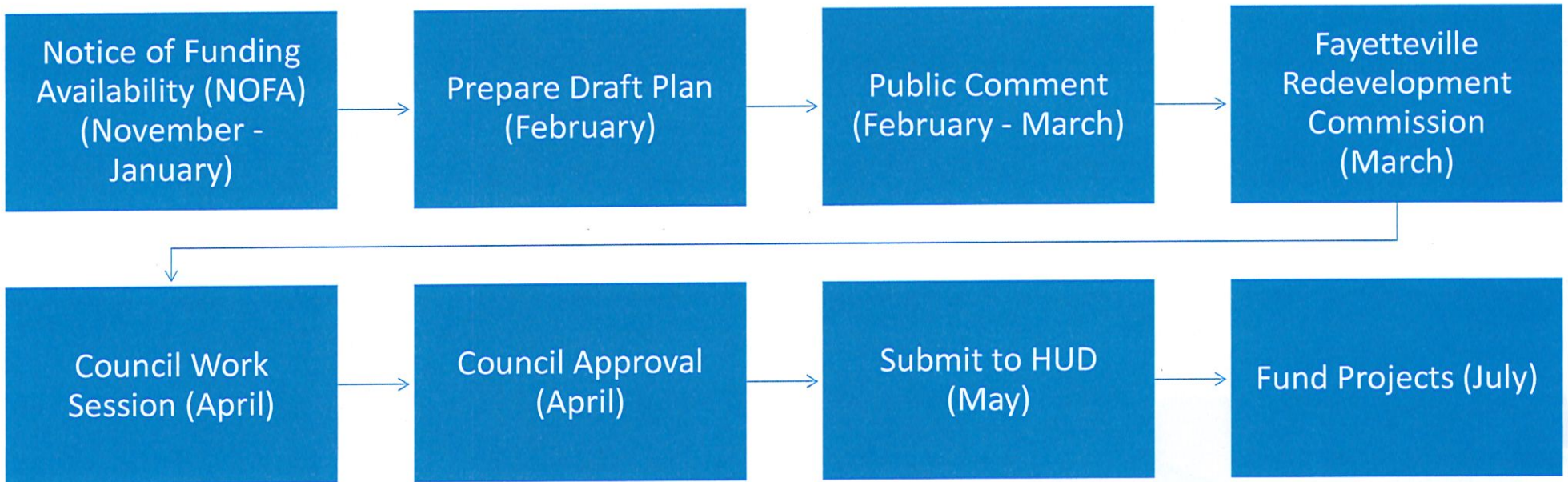
Prior Year Funds: Remaining Grant funds estimated at the end of the Program Year, to be reallocated

FUNDING SOURCE	CDBG FUNDS	HOME FUNDS	HOPWA FUNDS	Total Budget
Entitlement	\$1,607,129	\$1,081,233	\$757,245	\$3,445,607
Program Income	\$88,117	\$624,293	\$0	\$712,410
HOME Match	NA	\$270,309	NA	\$270,309
Total New Resources	\$1,695,246	\$1,975,835	\$757,245	\$4,428,326
Prior Year Funds	\$322,003	\$2,824,666	\$200,000	\$3,346,669
Total Resources	\$2,017,429	\$4,800,501	\$957,245	\$7,774,995

Slide 4

AB1 insert new figures
Albert Baker, 2/13/2023

The Action Plan Process





CDBG and HOME Closer Look

Each grant comes with its own set of rules and guidelines that limit how the funds can be used

CDBG

- 20% for Administration
- 15% for Public Services (Social Service Activities)

HOME

- 10% for Administration
- 15% for Community Housing Development Organizations (CHDO)

HOPWA

- 3% for Administration

Required Set Asides	Cap	Amount
CDBG Public Services Cap (15%):	\$254,286	\$254,286
CDBG Admin Cap (20%):	\$339,049	\$339,049
HOME Admin Cap (10%):	\$108,123	\$108,123
HOME CHDO Set Aside (15%)	\$162,184	\$170,000
HOPWA Admin Cap (3%)	\$22,717	\$22,717



Grant Applications

2023-2024 Annual Action Plan Competitive Awards

Name	Funding Requested	Funding Approved
Community Outreach - City Staff	\$ 30,000	\$ 30,000
Connections of Cumberland County	\$ 53,000	\$ 30,000
Veterans Bridge Home	\$ 25,000	\$ 10,000
Better Health of Cumberland County	\$ 20,000	\$ 20,000
Myrover-Reese Fellowship Homes, Inc.	\$ 20,000	\$ 10,000
Cumberland HealthNET - Street Outreach	\$ 40,620	\$ 53,786
Fayetteville Urban Ministry - Adult Literacy & Education Center	\$ 15,500	\$ 10,000
The Salvation Army - Sandhills	\$ 25,000	\$ 15,500
Vision Resource Center	\$ 25,000	\$ 10,000
Greater Life of Fayetteville	\$ 10,000	\$ 25,000
Miller's Crew	\$ 77,000	\$ 10,000
Fayetteville-Raeford CARES Mentoring Movement	\$ 15,000	\$ 10,000
United Ministries in Christ Church	\$ 20,000	\$ 10,000
Marius Maximus Foundation for Mental Health	\$ 15,000	\$ 10,000
Totals	\$ 391,120	\$ 254,286



Grants Not Subject to Cap

Program	Agency	Amount
CDBG - Rehabilitation	Fayetteville Urban Ministry	\$300,000 (New Funds)
CDBG - Rehabilitation	Fayetteville Urban Ministry	\$161,001 (Rollover Funds)
CDBG - Rehabilitation	Habitat for Humanity	\$300,000 (New Funds)
CDBG - Rehabilitation	Habitat for Humanity	\$161,002 (Rollover Funds)
HOME - Affordable Housing Development	Habitat for Humanity	\$170,000 (CHDO Reserve)
	Total	\$1,092,003

Other Programs

Project Name	Allocation	Activity
CDBG - Neighborhood Resources	\$100,000	Beautification
CDBG - Neighborhood Resources	\$90,000	Blight Removal
CDBG - Special Economic Development	\$200,000	Business Assistance Loan
CDBG- Nonprofit Capacity Building	\$111,911	Strengthen Nonprofits in the Community
HOME - Affordable Housing Development	\$1,697,712	HOME Housing Trust Fund
HOPWA - Program	\$500,000	HOPWA Tenant Based Rental Assistance
HOPWA - Program	\$234,528	HOPWA Supportive Services
CDBG - Administration	\$339,049	Program Administration
HOME - Administration	\$108,123	Program Administration
HOPWA - Administration	\$22,717	Program Administration
<i>Rollover Resources</i>		
<i>HOME - Affordable Housing Development</i>	<i>\$2,824,666</i>	<i>HOME Housing Trust Fund</i>
<i>HOPWA- Program</i>	<i>\$200,000</i>	<i>HOPWA Tenant Based Rental Assistance</i>



Staff Recommendations

Project Name	Amount	Description
CDBG - Administration	\$339,049	No more than 20% of entitlement funds and 20% of annual program income will be used to administer the CDBG activities.
CDBG - Public Services	\$254,286	Funds will be used to provide supportive and human services assistance for low- and moderate-income residents.
CDBG- Nonprofit Capacity Building	\$111,911	Activities that enhance the capacity and ability of nonprofits to carry out community development and affordable housing activities that benefit low-income persons.
CDBG - Neighborhood Resources	\$190,000	Neighborhood services for low-and moderate -income residents to include outreach, engagement, blight removal, and neighborhood revitalization activities.
CDBG - Rehabilitation	\$300,000	Funds will be used for housing rehabilitation activities for people who are below 80% AMI and are elderly, disabled, or experiencing emergent needs. Program administration costs are included.
CDBG - Special Economic Development	\$200,000	Activities that support job retention or creation for low- and moderate-income residents.
HOME - Administration	\$108,123	HOME funds used for administration will consist of no more than the allowable 10% of the grant award to support activities related to increasing and preserving affordable housing.
HOME - Affordable Housing Development	\$1,867,712	Development through new construction or rehabilitation of affordable housing.
HOPWA - Administration	\$22,717	HOPWA Funds to be used for administration is capped at 3% of the total award.
HOPWA - Program	\$734,528	Tenant Based Rental Assistance, and Supportive Services for individuals with HIV/AIDS.
<i>Subtotal New Resources</i>	\$4,128,326	
CDBG - Rehabilitation	\$322,003	Funds will be used for housing rehabilitation activities for people who are below 80% AMI and are elderly, disabled, or experiencing emergent needs. Program administration costs are included.
HOME - Affordable Housing Development	\$2,824,666	Development through new construction or rehabilitation of affordable housing.
HOPWA- Program	\$200,000	Tenant Based Rental Assistance, and Supportive Services for individuals with HIV/AIDS.
<i>Subtotal Prior Year Resources</i>	\$3,346,669	
TOTAL	\$7,474,995	

Next Steps and Timeline

Events	Dates
Public Comment Period	February 15 – March 19, 2023
Citizen Participation Meetings Massey Hill Recreation Center Cliffdale Recreation Center Smith Recreation Center Westover Recreation Center	Date February 16 at 6 PM February 21 at 6 PM March 2 at 6 PM March 7 at 6 PM
FRC Meeting (2 hours)	March 22, 2023
City Council Work Session	April 3, 2023
City Council Public Hearing/Adoption	April 24, 2023
Plan Submitted to HUD	Acton Plan due by May 15 th or 60 days after allocation letter received, whichever comes first.



Substantial Amendment

Also posted for 30-days is a Substantial Amendment to the Consolidated Plan

- Resale/Recapture Policy
 - Currently the policy requires the *full* repayment of any HOME subsidy of a property sold during the period of affordability through the homebuyer assistance program
 - The new proposed policy will allow the City to prorate the amount of the recapture of the HOME subsidy if the property is sold during the period of affordability.

Residents may review all documents online at www.FayettevilleNC.gov/ECD, or by contacting our office at 910-433-1590 for more information. The City will receive written comments about the Annual Action Plan or the Resale/Recapture Policy Substantial Amendment from February 15 – March 19, 2023, at EconCommDev@FayettevilleNC.gov

View more details at:
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Please submit comments via email to
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