



# Yakima HOME Consortium –Third Program Year 2013-14 Annual Action Plan

## ACTION PLAN

### **Executive Summary 91.220(b)**

The Yakima HOME Consortium will coordinate among its partner jurisdictions to expand affordable housing opportunities to low- and moderate-income households by initiating third year activities to achieve the following 2010-2014 Consolidated Plan goals, strategies and objectives (specific third year actions are described below under "Description of Activities").

**Goal I: Revitalize neighborhoods through stabilization and the expansion of home ownership.**

**Strategy 1. Construct new single-family housing for low- and moderate-income households in existing neighborhoods.**

**Objective 1.1.** Provide assistance in the amount of \$274,655.00 to a Community Housing Development Organization to construct homebuyer properties in each of the seven jurisdictions, targeting the needs of households at or below 60% of area median income.

**Expected Outcomes:** At the end of two years, there will be a minimum of one new single-homeowner unit in each jurisdiction that will be offered at 15% less than the current market rate.

**Goal II: Expand affordable housing opportunities for lower-income renter households.**

**Strategy 1. Expand the supply of decent affordable rental housing through the development of new multi-family housing resources throughout the area.**

**Objective 1.1.** Provide assistance to non-profit and public agencies to develop new affordable rental housing targeting the needs of households at or below 50% of area median income, including homeless and special needs households.

**Evaluation of Past Performance:** Estimated start of projects for program years 2010-2011 will be in May of this year.

## **Citizen Participation 91.220(b)**

Early in the planning process, the Consortium created a *Citizen Participation Plan for the Yakima County Consolidated Plan* to guide the citizen involvement process throughout the development of the Plan, as well as in the implementation and program evaluation phases in future years. The *Citizen Participation Plan* identifies how citizens can become involved through hearings on needs and proposed actions, commenting on proposed long-range and annual plans, and commenting on the Consortium's performance in expanding affordable housing. A draft of the *Citizen Participation Plan* was published for comment on March 24, 2010. At the end of the comment period the Board adopted the Plan. Please see the *Citizen Participation Plan* in the Appendix of the *Consolidated Plan* for detailed information.

During the five-month process to develop the Plan, key organizations (both public and private) were consulted and local planning groups provided input on needs and proposed strategies. The planning process began in 2009 with discussions among potential participating jurisdictions to determine interest in developing a consortium that would administer a federally-funded HOME Program. Following initial meetings, the jurisdictions developed a structure and organizational framework to begin planning the design of the program. The first meeting of the HOME Consortium Board took place on March 15, 2010.

A notice was placed in the *Yakima Herald-Republic* on April 2, 2010 inviting the public to participate in an open Public Hearing. Held on April 13, 2010, the Hearing served to obtain citizen's views on needs in the Consortium jurisdiction and to advise the public of the amount of funds available and the potential uses. Opportunities were provided for the public to comment and provide public testimony. County Commissioners were also present and participated in the proceedings.

Between April and June, consultants for the Consortium met with and interviewed representatives of key agencies and organizations representing the needs of low- and moderate-income populations to obtain their views on housing needs and potential solutions. At the same time, they and County staff researched a wide range of public documents and data to gather information on housing needs. Lastly, consultants met individually with representatives of each of the seven member jurisdictions to obtain their views on needs and potential activities.

In May and June, the Board formed a Technical Advisory Committee (TAC), composed of housing staff in each of the jurisdictions, to provide recommendations to the Board on technical aspects of the program design and operation.

Following the development of a *Draft Consolidated Plan*, an invitation for the public to comment on the Plan was published in the *Yakima Herald-Republic* on June 18, 2010 and the *Del Sol* (local Spanish language newspaper) on June 29, 2010. Copies of the *Draft Consolidated Plan* and the *Consolidated Plan* were made available at the City Halls of each of the partner jurisdictions, the County Offices, and each of the three local Public Housing Authorities.

In the June 18, 2010 issue of the *Yakima Herald-Republic*, the public was invited to participate and comment on the proposed activities of the Plan in a public hearing. This second hearing was held on July 13, 2010, with the County Commissioners present and participating in the process.

There were no comments made during the hearings and no comments were received on the draft plans.

**Program Resources 91.220(c)(1) and (c)(2)**

During the third program year (2013-2014), the following resources are anticipated to be available for expansion of affordable housing in the Consortium:

|                  |           |
|------------------|-----------|
| HUD HOME Program | \$404,176 |
| Total            | \$404,176 |

Third Year HOME Program activities will be limited to the creation of single-unit construction for homeownership and multi-family construction of rental housing.

**Annual Objectives 91.220(c)(3)**

**Goals and objectives to be carried out during the action plan period are indicated by placing a check in the following boxes.**

|                                     | <b>Objective Category<br/>Decent Housing</b>   |                          | <b>Objective Category:<br/>Expanded Economic<br/>Opportunities</b>   |                          | <b>Objective Category:<br/>Expanded Economic<br/>Opportunities</b>   |
|-------------------------------------|--|--------------------------|--|--------------------------|--|
|                                     | Which includes:  |                          | Which includes:  |                          | Which includes:  |
| <input type="checkbox"/>            | assisting homeless persons obtain affordable housing   | <input type="checkbox"/> | improving the safety and livability of neighborhoods   | <input type="checkbox"/> | job creation and retention   |
| <input type="checkbox"/>            | assisting persons at risk of becoming homeless   | <input type="checkbox"/> | eliminating blighting influences and the deterioration of property and facilities  | <input type="checkbox"/> | establishment, stabilization and expansion of small business (including micro-businesses)  |
| <input type="checkbox"/>            | retaining the affordable housing stock   | <input type="checkbox"/> | increasing the access to quality public and private facilities   | <input type="checkbox"/> | the provision of public services concerned with employment   |
| <input checked="" type="checkbox"/> | increasing the availability of affordable permanent housing in standard condition to low-income and moderate-income families, particularly to members of disadvantaged minorities without discrimination on the basis of race, color, religion, sex, national origin, familial status, or disability | <input type="checkbox"/> | reducing the isolation of income groups within areas through spatial deconcentration of housing opportunities for lower income persons and the revitalization of deteriorating neighborhoods | <input type="checkbox"/> | the provision of jobs to low-income persons living in areas affected by those programs and activities under programs covered by the plan |
| <input type="checkbox"/>            | increasing the supply of supportive housing which includes structural features and services to enable persons with special needs (including persons with HIV/ADOS) to live in dignity and independence   | <input type="checkbox"/> | restoring and preserving properties of special historic, architectural, or aesthetic value   | <input type="checkbox"/> | availability of mortgage financing for low income persons at reasonable rates using non-discriminatory lending practices                 |
| <input type="checkbox"/>            | providing affordable housing that is accessible to job opportunities   | <input type="checkbox"/> | conserving energy resources and use of renewable energy sources  | <input type="checkbox"/> | access to capital and credit for development activities that promote the long-term economic social viability of the community            |

A summary of specific objectives that will be addressed during the program year are described under "Description of Activities."

## **Description of Activities 91.220(d) and (e)**

### **1. Providing assistance to develop new affordable rental housing.**

The Consortium will award \$89,104.00 to a Community Housing Development Organization (CHDO) to develop rental housing in the Consortium area.

#### **Outcome measures:**

- *Commitments* - Commit resources for the development of single-family rental units for low-income households.
- *Completions* - Expand affordable housing opportunities for lower income renter households.

### **2. Provide assistance to support CHDO affordable housing activities.**

The Consortium will award \$274,655.00 to a CHDO for creation of single-unit construction for homeownership in each of the seven Consortium areas. The CHDO will thus be provided with a subsidy of \$39,236 per home.

#### **Outcome measure:**

At the end of two years, there will be a minimum of one new single-homeowner unit in each jurisdiction that will be offered at 15% less than the current market rate.

### **Proposed 2012-13 HOME allocations in support of the third year activities:**

#### **Expand Affordable Housing Opportunities through CHDOs**

|                                   |                       |
|-----------------------------------|-----------------------|
| Construction of Homeowner Housing | \$274,655             |
| Construction of Rental Housing    | \$89,104 <sup>1</sup> |

|                       |                 |
|-----------------------|-----------------|
| <b>Administration</b> | <u>\$40,417</u> |
|-----------------------|-----------------|

|              |                  |
|--------------|------------------|
| <b>Total</b> | <b>\$404,176</b> |
|--------------|------------------|

Selection of CHDOs will follow local procurement guidelines.

## **Geographic Distribution/Allocation Priorities 91.220(d) and (f)**

Funds for providing assistance to support CHDO affordable housing activities will be allocated based on a minimum of one unit in each of seven partner jurisdictions during Program Year 3. The total number of units will be seven.

Rental housing projects receiving funds will occur in the Consortium area. Any additional rental units built within a jurisdiction will assist all jurisdictions in addressing the area's very low vacancy rate.

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<sup>1</sup> Shortfall from FY 2011 allocated to FY 2012.

## **Annual Affordable Housing Goals 91.220(g)**

The Annual Affordable Housing Goals for the third year are the following:

**Goal I: Revitalize neighborhoods through stabilization and the expansion of home ownership.**

**Strategy 1. Construct new single-family housing for low- and moderate-income households in existing neighborhoods.**

**Objective 1.1.** Provide assistance in the amount of \$274,655.00 to a Community Housing Development Organization to construct homebuyer properties in each of the seven jurisdictions, targeting the needs of households at or below 60% of area median income.

Goal I – Strategy 1 differs from the Consolidated Plan Goal I – Strategy 1 in that it does not include “demolish derelict and substandard housing not suitable for rehabilitation.” This portion of the strategy is not a part of Year 3 because funding reductions made it necessary to focus the entire allocation on the production of new affordable homebuyer properties. In addition, Objective 1.1 focuses assistance on CHDOs as the most strategic use of limited funds to increase the affordable housing supply.

**Goal II: Expand affordable housing opportunities for lower-income renter households.**

**Strategy 1. Expand the supply of decent affordable rental housing through the development of new multi-family housing resources throughout the area.**

**Objective 1.1.** Provide assistance to non-profit and public agencies to develop new affordable rental housing targeting the needs of households at or below 50% of area median income, including homeless and special needs households.

## **Public Housing 91.220(h)**

There will be limited opportunities to help meet housing authority needs in the third year, as activities will be focused on construction of single-family homeowner units.

Beginning in Year 3, there will be opportunities for connections with public housing residents, as the planned activities are expanded to the production of new homeownership opportunities. Third year opportunities will also include the start-up of new rental housing production, which could offer a source of new rental housing for previous housing authority tenants.

## **Homeless and Special Needs 91.220(i)**

In addition, planning for fourth year activities will take place during the third year, and could include consideration of producing new rental housing units accessible for homeless persons, persons at risk of homelessness, and others with special needs.

The Homeless Network of Yakima County is implementing the *County-wide Ten Year Plan to End Homelessness*, which includes activities to: prevent homelessness; expand homeless housing and services; and address the specific needs of homeless populations, including chronic homeless persons. The Network is actively seeking HUD McKinney-Vento resources annually to decrease homelessness.

### **Barriers to Affordable Housing 91.220(j)**

The County is assessing the barriers to affordable housing. The Homeless Network of Yakima County Affordable Housing Committee – which comprises multiple service providers and members of the community who are associated with the development, management, and access to affordable housing in Yakima County – will assist in determining gaps in the housing continuum of care and will make recommendations to the Executive Committee regarding how to best close those gaps in relation to the *Ten-Year Plan to End Homelessness in Yakima County*. To best make these recommendations, the committee will:

- Advocate and educate consumers and the public through the development of a Communications Plan which will highlight Best Practices and Innovations for addressing gaps in housing as well as changes in the population that is being served.
- Target engagement of stakeholders and investors of the for-profit housing industry.
- Develop a Landlord Support Program to provide engagement, incentives, and support.
- Develop a Housing Locator Database.

### **Other Actions 91.220(k)**

#### **Address Obstacles to Meeting Underserved Needs**

In Year 3, the most significant barrier to affordable housing will be a lack of funding for HOME Consortium activities due to a 39% cut in HOME funds on top of the 13% reduction in FY 2011.

One of the major actions taken to avoid slow delivery of program activities in the first two years has been to utilize a consultant provided through HUD resources to assist in developing program delivery tools and policies prior to the beginning of the program year. The development of a Technical Advisory Committee (TAC) has also provided an opportunity for expert technical input during the planning stage.

#### **Foster and Maintain Affordable Housing**

See “Barriers to Affordable Housing.”

#### **Lead Based Paint Hazards**

The third year activities are restricted to New Construction.

## Reducing Poverty

The Consortium anticipates that the construction of additional affordable housing units will provide opportunities for more families to spend less on housing costs and to become more self-sufficient.

## Institutional Development and Improving Coordination

Coordinating actions that will occur in the third year of the HOME Consortium will include:

- Increase capacity of the lead entity by hiring a dedicated full-time staff person to administer the program.
- The Board of the Consortium and the Technical Advisory Committee will provide leadership to the programs, and County staff (as the Lead Agency) will provide technical and program management services.
- During the third year, the Consortium will communicate with other Yakima County jurisdictions to determine their interest in expanding the areas covered by the Consortium.

## PROGRAM SPECIFIC REQUIREMENTS

### HOME 91.220(I)(1)

#### 1. Recapture Provisions

- a. Reduction during Affordability Period. The HOME investment amount to be recaptured on a pro-rata basis for the time the homeowner has owned and occupied the housing measured against the required affordability period. Pro-rata is defined as 1/15<sup>th</sup> for every year spent meeting the affordability requirements.
- b. Shared Net Proceeds. The net proceeds are the sales price minus loan repayment (other than HOME funds) and closing costs. If the net proceeds are not sufficient to recapture the full HOME investment plus enable the homeowner to recover the amount of the homeowner's down payment and any capital improvement investment made by the owner since purchase, the net proceeds may be shared. The net proceeds are to be divided proportionally as set forth in the following mathematical formulas:
  - i. Owner investment returned first. The homebuyer is to recover the entire investment (down payment and capital improvements made by the owner since purchase) before recapturing the HOME investment.
  - ii. Remainder of Net Proceeds is returned to the COUNTY for re-investment into the HOME Program.
- c. Amount Subject To Recapture. The HOME investment that is subject to recapture is based on the amount of HOME assistance that enabled the homebuyer to buy the dwelling unit. This includes any HOME assistance that reduced the purchase price from fair market value to an affordable price, but excludes the amount between the cost of producing the unit and the market value of the property (i.e., the development subsidy).
- d. Homeowner Subsidy: The homeowner unit will be developed by the CHDO and offered to the homebuyers at a 15% reduction from market value. HOME funds will be used for the development of the homeownership unit

and will not be used for homebuyer's down payment assistance or homebuyer loans since the COUNTY has no down payment assistance or homebuyer loan programs. In the event that a homeowner unit that is assisted with HOME Program funds in the PROJECT is sold, other than to the original purchaser, conveyed or transferred during the affordability period, the total amount of the HOME investment for the homeownership unit, less the prorated HOME investment amount for the length of time the homeowner owned and occupied the unit, will be recaptured out of the available net proceeds within 30 days of the closing of such sale, refinance, or change of use.

2. Resale Provisions – NA: There is no resale of homes planned for the third year.
3. HOME Tenant-Based Rental Assistance – NA: Will not be used in the third year.
4. Other Forms of Investment – NA
5. Affirmative Marketing Plan for five or more HOME-assisted units – The numbers of units is currently being determined.
6. Minority Outreach Program – To the maximum extent possible, the Consortium will ensure inclusion, in contract opportunities, of minorities and women – and entities owned by minorities and women, including without limitation, real estate firms, construction firms, appraisal firms, management firms, financial institutions, investment banking firms, underwriters, accountants, and providers of legal services. This inclusion will apply to all public and private contracts entered into by the participating jurisdiction for the purpose of facilitating the activities of the participating jurisdiction, and for providing affordable housing under the HOME program (or any other Federal housing law applicable to such jurisdiction).
7. Refinancing Existing Debt – NA: Multi-family rehabilitation is not planned in Year 3, so there will be no refinancing of existing debt for rehabilitating multi-family housing with HOME funds.
8. Monitoring of Program Activities – Beginning in the first year of the program, the Consortium implemented the Monitoring Plan outlined in the Consolidated Plan. The Lead Agency will be responsible for monitoring activities to assure they are implemented in compliance with Federal regulations. The Agency will also monitor progress Quarterly monitoring of progress, with reports to the Board. Program rehabilitation standards will include compliance with local codes and Lead Based Paint Hazards.