

**Item Title:** Contract to Administer the Affordable Homeownership Program

**Specific Action Requested:**

**That the Board of Commissioners authorizes the County Manager to enter into a multi-year contract between Wake County and DHIC, Inc. to administer the Affordable Homeownership Program, subject to terms and conditions acceptable to the County Attorney, including the authority to process real estate loan transactions and enforce affordability restrictions.**

**Item Summary:**

**Purpose:** The Board of Commissioners approves all Wake County multi-year agreements.

**Background:** An affordable mortgage program was one of the top ten high-priority tools recommended in the Wake County Affordable Housing Plan. This program would provide deferred, zero percent interest second mortgages to households earning 80 percent of the area median income (AMI) or less for home purchase assistance and foreclosure prevention. The Housing Affordability & Community Revitalization (Housing) Department released RFP #20-066 seeking a qualified Affordable Homeownership Program Administrator on July 24, 2020. Of the two responses submitted, DHIC, Inc. was selected as the most responsive and responsible applicant. Wake County will enter a multi-year services contract with DHIC to allow for the program's operations.

**Board Goal:** This Board action directly supports the Board's desire to implement the Wake County Affordable Housing Plan in the Social and Economic Vitality goal area.

**Fiscal Impact:** The County allocated \$250,000 in County funds in the Housing CIP Fund and \$250,000 in Community Development Block Grant (CDBG) funds in the Housing Special Revenue Fund annually to support the Affordable Homeownership Program, including the administrative contract costs. \$500,000 is currently planned in the Housing CIP Fund for future years.

The total loan pool for the first year of the program will be \$500,000. The fee will be \$25,000, leaving \$475,000 for loans to serve at least 23 borrowers."

**Additional Information:**

The 2017 Wake County Affordable Housing Plan identified creating an affordable mortgage program and providing housing counseling as recommended tools to support homeownership among low- and moderate-income households in Wake County. Housing staff developed a program to provide deferred, zero-percent interest second mortgages

of up to \$20,000 for home purchase assistance and foreclosure prevention to households earning 80% of the area median income (AMI) or below, with a counseling requirement for all borrowers. The program will be eligible for use in Wake County's HUD entitlement area which is outside of the Raleigh and Cary municipal limits. The City of Raleigh and Town of Cary directly receive CDBG funding therefore the County is unable to assist homeowners in their jurisdiction. The City of Raleigh has a complementary affordable mortgage program. Program administrative guidelines were reviewed by the Finance Department and Attorney's Office. Housing determined that the program would be best administered by an experienced, third-party partner.

Wake County Housing released RFP #20-066 seeking a qualified Affordable Homeownership Program Administrator on July 24, 2020. A review committee comprised of Housing staff and City of Raleigh Housing and Neighborhoods staff, reviewed the proposals to determine the lead applicant. Evaluation focused on the applicants' prior experience promoting homeownership for the target population, their financial health and capacity to originate loans, and proposed administrative and affirmative marketing plans. The review panel determined that DHIC, Inc. was the lead applicant.

Wake County will enter into a multi-year services contract with DHIC, Inc. to allow them to administer the Affordable Homeownership Program, including originating and servicing loans, monitoring borrowers, providing or certifying the completion of housing counseling, and reporting all data to Wake County Housing. DHIC, as the Administrator, will provide recommendations to improve program performance where appropriate. Program guidelines allow the Administrator to receive a fee of five (5) percent of the loan pool to cover administrative costs, including counseling fees, deducted from the overall pool. The total loan pool for the first year of the program will be \$500,000. The fee will be \$25,000, leaving \$475,000 for loans to serve at least 23 borrowers.

The total loan pool may increase in future years or as demonstrated by community need and availability of funding. The administration fee will remain constant on a percentage basis. The contract will have an option for renewal, up to a total of five (5) years. Should DHIC not satisfactorily administer the program, a new administrator RFP will be released. The Administrator will submit reports on program performance and funding to Wake County Housing quarterly. Housing staff will monitor contract performance annually.

**Attachments:**

1. Program Administrator Guidelines