



# Affordable Housing Incentive Zoning Policy Administration Manual

Town Council Adopted \_\_\_\_\_, 2022

Town of Apex  
Planning & Community Development  
73 Hunter Street  
Apex, NC 27502  
919.249.3426 (Phone)

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# 1.0 Introduction

## *Introduction*

Town Council (Council) authorized direction through the adopted Town of Apex (Town) Affordable Housing Plan (AHP) to establish an Affordable Housing Incentive Zoning Policy (Policy) that would set forth clear minimum recommendation criteria, applicability standards, and a menu of incentive options for applicants (i.e. property owner, property developer, authorized organization, or representative on behalf of development) to consider in exchange for providing residential affordable housing units or lots within a development as part of the rezoning and Planned Unit Development (PUD) approval process. Incentive zoning policies encourage developers to provide a public service, such as residential affordable housing units or lots, as part of a proposed development, in exchange for incentives.

## *Goals*

While this Policy does not require applicants (i.e. property owner, property developer, authorized organization, or representative on behalf of development) to construct residential affordable housing units or lots within a development or contribute a certain dollar amount to the Town's Affordable Housing Fund (AHF), the Policy goals include:

- Provide a clear process and understanding of the Town's minimum recommended applicability standards to prospective applicants who may consider utilizing this Policy as well as Town staff;
- Add residential affordable housing units or lots to the Town's affordable housing portfolio versus collecting a financial contribution to the Town's AHF; and
- Offset potential market-rate development revenue loss for constructing newly created residential affordable housing units or lots through the use of incentives.

This Affordable Housing Incentive Zoning Policy Administration Manual (Administration Manual) details policies and procedures for the on-going administration of residential affordable housing units or lots generated through this Policy. This Administration Manual includes Policy definitions, Area Median Income (AMI) percentage categories, compliance, and monitoring procedures. This Administration Manual also provides additional guidance to Town staff, property owners, property developers, property management companies, affordable housing unit tenants, and homeowners. The attached exhibits also contain additional Policy and compliance documentation. The criteria in this Administration Manual must be interpreted in conjunction with the Town's Unified Development Ordinance (UDO). A separate manual, the "Affordable Housing Incentive Zoning Procedural Manual," details applicability and procedures for residential affordable housing units or lots generated through this Policy.

## **2.0 Interest List, Waiting Lists & Application Process**

### ***2.1 Affordable Housing Ownership & Rental Process***

Town staff will work with the property owner, property developer, or property management company to ensure that Town residents are notified in advance of any interest list, waiting list, or application process for residential affordable housing units offered within each development.

#### Affordable Housing Ownership Process

Town staff will work with the property owner or property developer to establish a formal procedure for an interest list, waiting list, and application intake process for each specific development. The property owner or property developer will be responsible for marketing and advertising, application intake, overseeing the execution of lot agreements, purchase agreements, and close of escrow process for the affordable housing ownership units. The property owner or property developer will coordinate with Town staff during the application intake process to ensure that applicant(s) (those applying for the affordable housing unit) are eligible to purchase the residential affordable housing ownership units per the Policy requirements.

#### Affordable Housing Rental Process

Town staff will work with the property owner, property developer, or property management company to establish a formal procedure for an interest list, waiting list, and application intake process for each specific development. The Property owner, property developer, or property management company will be responsible for property managing all aspects (i.e. application intake, executing lease agreements, collecting rents, re-leasing units, tenant notices, etc.) of the affordable housing rental units within the development. The property owner, property developer, or property management company will coordinate with Town staff during the application intake process to ensure that applicant(s) (those applying for the affordable housing unit) are eligible to rent the residential affordable housing rental units per the Policy requirements.

The Town may maintain an affordable housing interest list at its discretion to also notify residents and prospective applicant(s) of future affordable housing ownership and rental opportunities.

### ***2.2 Applicants Right to Refuse Affordable Housing Unit***

Applicant(s) who are offered a residential affordable housing unit and choose to decline the affordable housing unit will be placed at the bottom of the waitlist within that specific development. However, if the applicant(s) or a member of the applicant(s) household needs a reasonable accommodation due to a documented disability or handicap, the applicant(s) may decline the affordable housing unit and maintain their position on the waiting list until an affordable housing unit becomes available that meets the household's needs within that specific development and in order to comply with the Americans with Disabilities Act (ADA).

#### Example:

An example of refusing a residential affordable housing unit would be the applicant(s) or applicant(s) household member has a documented disability and the initial affordable housing unit that became available was located on the second floor of the development with no elevator or ADA access and the applicant(s) or applicant(s) household member needs an affordable housing unit located on the first floor with ADA access.

### ***2.3 Requests for Reasonable Accommodation***

If the applicant(s) or applicant(s) household member has a disability or handicap, the applicant(s) may request a reasonable accommodation. Examples may include making large-type documents or a reader available to visually impaired applicants or permitting an outside agency to assist with the application process. The applicant(s) may request a reasonable accommodation at any time during the application process or after having been selected for a residential affordable housing unit.

### ***2.4 Solicitation of Applicants***

Interest list and waiting list applications for residential affordable housing units will be solicited as necessary to maintain an adequate number of prospective applicant(s) in each of the following affordable housing income categories and AMI percentages as shown in Table 1 below.

***Table 1 –Affordable Housing Income Categories and AMI Percentages***

<b>Affordable Housing Income Category</b>	<b>Housing Tenure</b>	<b>*Maximum AMI Percentage (%)</b>
Extremely Low-Income	Rental	Up to 30% AMI
Very Low-Income	Rental	Up to 50% AMI
Low-Income	Rental	Up to 70% AMI
Low-Income	Ownership	Up to 80% AMI
Median-Income	Ownership	Up to 100% AMI
Workforce-Income	Ownership	Up to 110% AMI

\*Based on U.S. Department of Housing and Urban Development (HUD) Raleigh, NC Metropolitan Statistical Area (MSA) Area Median Income (AMI) published income limits.

Town staff will work with the property owner or property developer on marketing strategies to ensure outreach is conducted through the Town’s website, social media platforms, and online and print advertising in a format that is culturally and linguistically appropriate to the community. Information will be made available at Town Hall and other appropriate locations. Town staff will work with property owners, property developers, and property management companies to ensure residents are notified in advance of future affordable housing opportunities.

### ***2.5 Annual Household Gross Income***

The Town utilizes the U.S. Department of Housing and Urban Development (HUD) HOME Investment Partnerships Program (HOME) 24 CFR Part 5 regulations for calculating a household’s gross income and determining a household’s income eligibility. For further explanation of verification methods, see Chapter 5 of the HUD Handbook 4350.3 titled Determining Income and Calculating Rent, provided online at the following website:

In summary, gross household income is the sum of all the income for every adult, 18 years or older, living in the affordable housing unit. Sources of income include all wages or salaries, overtime pay, commissions, fees, tips, bonuses and other compensation, net income from a business or profession or from the rental of real or personal property, interest and dividends, payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, payments in lieu of earnings, public assistance, alimony and child support received, and other sources of income.

## ***2.6 Other Housing Programs***

An applicant (i.e. property owner, property developer, authorized organization, or representative on behalf of development) may include residential affordable housing ownership units through other state, federal, or local affordable housing programs such as Habitat for Humanity, community land trust, or other construction partnerships. When residential affordable housing ownership units are developed through other state, federal, or local affordable housing programs or other construction partnerships, in some cases the Town may defer to the specific regulatory requirements of those programs or partnerships for the residential affordable housing ownership units within the development.

An applicant (i.e. property owner, property developer, authorized organization, or representative on behalf of development) may include residential affordable housing rental units through other state, federal or local affordable housing programs such as the Section 8 Housing Choice Voucher Program or similar programs or other construction partnerships. When residential affordable housing rental units are included through other state, federal or local affordable housing programs or construction partnerships, in some cases the Town may defer to the specific regulatory requirements of those programs or partnerships for the residential affordable housing rental units within the development.

## ***2.7 Conflict of Interest***

The following individuals are ineligible to purchase or rent a residential affordable housing unit due to conflict of interest: (1) Town employees and officials (and their immediate family members) who have policy-making authority or influence regarding Town's housing programs and do not qualify as having a remote interest, (2) an applicant (i.e. property owner, property developer, or authorized representative) of the development containing the residential affordable housing units and their officers and employees (and their immediate family members).

## ***2.8 False Statements***

During the application process, applicant(s) who intentionally make false statements or misrepresent any facts on the application to purchase or rent a residential affordable housing unit will be removed from the waiting list and barred from re-applying for an affordable housing unit within the Town in the future.

## **3.0 Affordable Housing Ownership Units**

### **3.1 Income Limits**

#### Affordable Housing Ownership Income Limits

“Affordable Housing Low-Income Ownership Income Limits” means those households whose annual income, does not exceed eighty-percent (80%) of the Area Median Income (AMI), adjusted for family size, applicable to the Raleigh, NC Metropolitan Statistical Area (MSA) as published by the U.S. Department of Housing and Urban Development (HUD).

“Affordable Housing Median-Income Ownership Income Limits” means those households whose annual income, does not exceed one-hundred percent (100%) of the Area Median Income (AMI), adjusted for family size, applicable to the Raleigh, NC Metropolitan Statistical Area (MSA) as published by the U.S. Department of Housing and Urban Development (HUD).

“Affordable Housing Workforce-Income Ownership Income Limits” means those households whose annual income, does not exceed one-hundred and ten-percent (110%) of the Area Median Income (AMI), adjusted for family size, applicable to the Raleigh, NC Metropolitan Statistical Area (MSA) as published by the U.S. Department of Housing and Urban Development (HUD).

#### Affordable Housing

“Affordable Housing” means housing on which the occupant is paying no more than thirty-percent (30%) of gross monthly household income for housing costs, including utilities.

### **3.2 Ownership Co-applicants**

“Ownership Co-Applicant” means as an adult member of the household, whether related or unrelated, who intends to apply for a residential affordable housing ownership unit, must be on the title of the property with the applicant, and occupy the unit as the primary residence.

The combined income of all adult members of the household (including co-applicants) to purchase a residential affordable housing ownership unit must not exceed the affordable housing maximum income limit per household size. All co-applicants must go through the same process as the applicant and must agree to comply with the Policy requirements. Non-occupant co-signors are not allowed to assist with the affordable housing ownership unit purchase.

### **3.3 Household Composition**

“Family” means one (1) or more persons occupying a premises and living as a single housekeeping unit, provided that no housekeeping unit shall contain more than five (5) persons unless they are related by blood, marriage adoption, guardianship, or foster care.

An unborn child can be counted in family size once there is medical confirmation of pregnancy. An adoption in process will be counted in family size with verification of the adoption process being underway. A child will be considered part of the household when the child lives with a single parent for at least seventy-five percent (75%) of the time or in instances of joint custody, at least fifty-percent (50%). Applicant(s) will need to submit a copy of a divorce decree and/or child custody agreement as verifiable documentation. If a divorce is in process, it may not be possible to qualify the applicant(s) because family size and financial status are unclear. If applicant(s) are proposing to combine households for the purchase

of a residential affordable housing ownership unit, the combined household must still meet all Policy eligibility requirements including not exceeding the maximum affordable housing ownership income limits, per household size.

### ***3.4 Definition of First-time Homebuyer***

“First-Time Homebuyer” means a person who has not owned a home during the three (3) year period prior to the purchase of the residential affordable housing ownership unit. A mobile home not on a permanent foundation is not considered a “home” for the purpose of this section. A first-time homebuyer also includes a displaced homemaker. A displaced homemaker is an adult who has been legally separated from his or her spouse or domestic partner in the last three (3) years, has no current ownership interest in a home, and has not had an ownership interest in his or her primary residence during the past three (3) years, except with his or her spouse or domestic partner.

First-time homebuyer eligibility will be verified by reviewing the three (3) most recent consecutive years of signed and filed federal income tax returns for the applicant(s) household.

### ***3.5 Affordable Housing Ownership Resale Prices***

Affordable housing ownership unit resale prices, formulas and calculations will be determined by the restrictive covenant recorded against the property or lots. When a resale transaction occurs, either the property owner, property developer, or Town staff will assist the seller(s) and potential new buyer(s) with the resale transaction process.

### ***3.6 General Homeownership and For Sale Program Requirements***

At initial application and until the close of escrow, households may earn no more than eighty-percent (80%) of AMI for low-income, one-hundred percent (100%) of AMI for median-income and one-hundred and ten-percent (110%) of AMI for workforce-income (unless Town Council approved a different AMI percentage for the development), based upon household size. If closing takes place less than six (6) months after initial application, income recertification is not required. In addition, applicant(s) must meet debt-to-income ratios, loan-to-value (LTV) ratios, credit, asset, down payment and closing costs requirements as set forth by the licensed residential North Carolina lending institution the applicants are utilizing.

Town staff shall determine the initial qualifying household income based on the applicant(s) and lender documentation submitted to the Town for review. Town staff shall have the right to request documentation from the applicant(s) and lender to determine program and Policy eligibility not limited to:

- Mortgage Loan Application;
- Closing Costs Estimate;
- Income Documentation (i.e. paystubs, W2’s, 1099, social security, disability, etc.);
- Three (3) Years Signed and Filed Income Tax Returns;
- Asset Documentation;
- Letter’s of Explanation;
- Title Report;
- Closing Disclosure (HUD-1 Form);
- Earnest Money Deposit/Due Diligence;
- Lot Reservation Agreement;

- Purchase Agreement; and
- Other Documentation Necessary to Determine Eligibility

Town staff will review each application file and issue a written decision letter (i.e. approval, denial, request for additional information, etc.) notifying the applicant(s), lender and seller(s) if the applicant(s) qualify for the purchase of the affordable housing ownership unit prior to the applicant(s) entering into a fully executed lot or purchase agreement.

Initial qualifying household income must not exceed eighty-percent (80%) of AMI for low-income, one-hundred percent (100%) of AMI for median-income and one-hundred and ten-percent (110%) of AMI for workforce-income (unless Town Council approved a different AMI percentage for the development). Applicant(s) must maintain income and lender required financing eligibility until the close of escrow. After the close of escrow and during the period of affordability, the qualifying household must continue to use the home as their principal residence. Household income will not be verified after the close of escrow and during the period of affordability; however, Town staff will monitor to ensure the home is being used as the principal residence of the qualifying household. Homeowner's will certify annually that the affordable housing ownership unit is the homeowner's principal residence. Affordable housing ownership units must remain affordable for the entire period of affordability as specified in the restrictive covenant recorded against the property.

### ***3.7 Down Payment and Closing Costs***

Down payment and closing costs requirements are set forth by the licensed residential North Carolina lending institution the applicant(s) are utilizing for the purchase. Affordable housing ownership unit applicant(s) must be able to meet the lender's down payment and closing costs requirements.

### ***3.8 Credit***

Credit and credit scoring requirements are set forth by the licensed residential North Carolina lending institution the applicant(s) are utilizing for the purchase. Affordable housing ownership unit applicant(s) must be able to meet the lender's credit requirements.

### ***3.9 Applicant Assets***

Asset requirements are set forth by the licensed residential North Carolina lending institution the applicant(s) are utilizing for the purchase. Affordable housing ownership unit applicant(s) must be able to meet the lender's asset requirements.

### ***3.10 Financing***

Prospective applicant(s) of affordable housing ownership units must seek and obtain their own primary mortgage financing in order to purchase an affordable housing ownership unit. There is no prearranged Town financing.

### ***3.11 Loan Requirements***

The primary first mortgage loan must be a fully amortized thirty (30) year term fixed principal and interest loan. Interest only loans, negative amortization loans, adjustable rate loans and reverse mortgage loans are not permitted. In some cases, the primary thirty (30) year fixed principal and interest loan may

be combined with down payment assistance, mortgage assistance or a community program second loan.

### ***3.12 Required Pre-Purchase Education***

After the applicant(s) have been pre-approved by the lender and Town staff to purchase the residential affordable housing ownership unit, but prior to entering into a fully executed lot or purchase agreement, the applicant(s) must complete a pre-purchase education workshop, training or course offered by a qualified HUD-approved agency. Once the applicant(s) complete the HUD-approved workshop, training or course, the applicant(s) must submit a certificate of completion to Town staff to sign off on this pre-purchase condition.

### ***3.13 Documents for Completing Home Purchase***

The recorded restrictive covenant requires affordable homeowners to live in their home as their principal residence. The recorded restrictive covenant may also restrict the sales price at which the residential affordable housing ownership unit can be sold during the period of affordability. If the existing homeowner sells the residential affordable housing ownership unit above the restricted sales price, then the homeowner may be responsible for paying the difference between the restricted sales price and the actual sales price. In addition, the owners should notify the entity responsible for administering the affordable housing ownership unit and follow certain procedures prior to selling the home, upgrading the home or refinancing the home as outlined in the recorded restrictive covenant.

In some cases, the Town may also have a “first option to purchase” a residential affordable housing ownership unit at the restricted sales price whenever the owners decide to sell the home or if the owners violate any terms or conditions of the recorded restrictive covenant. The purpose of the recorded restrictive covenant is to make sure that the residential affordable housing ownership unit remains affordable over a specified period of time to other qualified households upon resale.

### ***3.14 Annual Occupancy Verification***

As a condition of purchasing a residential affordable housing ownership unit, the Town may have the right to request proof that that the affordable homeowner is still residing at the subject property address as their principal residence. The Town may request annually (see Exhibit A – Homeowner Certification) a copy of a property tax bill, mortgage statement, homeowner’s insurance policy, utility bill, or other acceptable documentation to determine occupancy status and eligibility.

### ***3.15 Record Keeping and Retention***

The property owner or property developer must maintain a database of the following items upon each residential affordable housing ownership unit being sold within their development:

- Names of purchasers;
- Household size of purchasers;
- Date of purchase;
- AMI % of purchasers;
- Affordability period; and
- Affordable ownership initial sales price.

In addition, the Town will maintain files and a database of all residential affordable housing ownership units throughout the period of affordability for each development.

### ***3.16 Term of Affordability***

Final affordability terms and conditions will be included in the following: (1) zoning condition as approved by Town Council, and (2) memorialized in a recorded restrictive covenant against the property and/or individual lots.

## **4.0 Affordable Housing Rental Units**

### ***4.1 Affordable Housing Income Limits, Rent Limits and Rent Costs for Rental Units***

#### Affordable Housing Rent Income Limits

“Affordable Housing Extremely Low-Income Rent Income Limit” means those households whose annual income, does not exceed thirty-percent (30%) of the Area Median Income (AMI), adjusted for family size, applicable to the Raleigh, NC Metropolitan Statistical Area (MSA) as published by the U.S. Department of Housing and Urban Development (HUD).

“Affordable Housing Very Low-Income Rent Income Limit” means those households whose annual income, does not exceed fifty-percent (50%) of the Area Median Income (AMI), adjusted for family size, applicable to the Raleigh, NC Metropolitan Statistical Area (MSA) as published by the U.S. Department of Housing and Urban Development (HUD).

“Affordable Housing Low-Income Rent Income Limit” means those households whose annual income, does not exceed seventy-percent (70%) of the Area Median Income (AMI), adjusted for family size, applicable to the Raleigh, NC Metropolitan Statistical Area (MSA) as published by the U.S. Department of Housing and Urban Development (HUD).

#### Affordable Housing:

“Affordable Housing” means housing on which the occupant is paying no more than thirty-percent (30%) of gross monthly household income for housing costs, including utilities.

#### Affordable Housing Rent Housing Costs:

Affordable housing as defined above provides a baseline definition on how much a household can spend as a percentage of their gross household income for housing. However, affordable housing has several distinct affordable income categories and AMI percentages based on industry standards and best practices. Thus, a more specific calculation is utilized to define affordable housing rent housing costs for extremely low-income, very low-income and low-income households as described below.

“Affordable Housing Extremely Low-Income Rent Housing Costs” means a monthly rent, including utilities in the form of a utility allowance which does not exceed thirty-percent (30%) of thirty-percent (30%) of the Area Median Income (AMI), adjusted for family size, applicable to the Raleigh, NC Metropolitan Statistical Area (MSA) as published by the U.S. Department of Housing and Urban Development (HUD). Area Median Income (AMI) shall be adjusted for assumed household size based on unit size as follows: one person in a studio unit, two persons in a one-bedroom unit, three persons in a two-bedroom unit, four persons in a three-bedroom unit, five persons in a four-bedroom unit and six persons in a five-bedroom unit.

“Affordable Housing Very Low-Income Rent Housing Costs” means a monthly rent, including utilities in the form of a utility allowance which does not exceed thirty-percent (30%) of fifty-percent (50%) of the Area Median Income (AMI), adjusted for family size, applicable to the Raleigh, NC Metropolitan Statistical Area (MSA) as published by the U.S. Department of Housing and Urban Development (HUD).

Area Median Income (AMI) shall be adjusted for assumed household size based on unit size as follows: one person in a studio unit, two persons in a one-bedroom unit, three persons in a two-bedroom unit, four persons in a three-bedroom unit, five persons in a four-bedroom unit and six persons in a five-bedroom unit.

“Affordable Housing Low-Income Rent Housing Costs” means a monthly rent, including utilities in the form of a utility allowance which does not exceed thirty-percent (30%) of seventy-percent (70%) of the Area Median Income (AMI), adjusted for family size, applicable to the Raleigh, NC Metropolitan Statistical Area (MSA) as published by the U.S. Department of Housing and Urban Development (HUD). Area Median Income (AMI) shall be adjusted for assumed household size based on unit size as follows: one person in a studio unit, two persons in a one-bedroom unit, three persons in a two-bedroom unit, four persons in a three-bedroom unit, five persons in a four-bedroom unit and six persons in a five-bedroom unit.

#### Affordable Housing Rent Limits

“Affordable Housing Extremely Low-Income Rent Limit” means the affordable housing rent limits as published by the North Carolina Housing Finance Agency (NCHFA) Low-Income Housing Tax Credit (LIHTC) Multifamily Tax Subsidy Program (MTSP) for Raleigh, NC Metropolitan Statistical Area (MSA) which includes Wake County not to exceed thirty-percent (30%) Area Median Income (AMI) category based on unit size.

“Affordable Housing Very Low-Income Rent Limit” means the affordable housing rent limits as published by the North Carolina Housing Finance Agency (NCHFA) Low-Income Housing Tax Credit (LIHTC) Multifamily Tax Subsidy Program (MTSP) for Raleigh, NC Metropolitan Statistical Area (MSA) which includes Wake County not to exceed fifty-percent (50%) Area Median Income (AMI) category based on unit size.

“Affordable Housing Very Low-Income Rent Limit” means the affordable housing rent limits as published by the North Carolina Housing Finance Agency (NCHFA) Low-Income Housing Tax Credit (LIHTC) Multifamily Tax Subsidy Program (MTSP) for Raleigh, NC Metropolitan Statistical Area (MSA) which includes Wake County not to exceed seventy-percent (70%) Area Median Income (AMI) category based on unit size.

“Utility Allowance” means utility allowances and utility allowance schedule as published by the U.S. Department of Housing and Urban Development (HUD) and Wake County Housing Authority.

Utility allowances (if applicable) shall be deducted from the maximum monthly affordable rents for those utilities paid by the tenant(s).

#### **4.2 Renter Co-applicants**

“Renter Co-Applicant” means as an adult member of the household, whether related or unrelated, who intends to apply for a residential affordable housing rental unit and occupy the unit as the primary residence.

The combined income of all adult members of the household (including co-applicants) to rent an affordable housing unit must not exceed the maximum income limit per household size. All co-applicants must go through the same process as the applicant and must agree to comply with the Policy requirements. Non-occupant co-signers are not allowed to assist with affordable housing rental units.

### ***4.3 Household Composition***

“Family” means one (1) or more persons occupying a premises and living as a single housekeeping unit, provided that no housekeeping unit shall contain more than five (5) persons unless they are related by blood, marriage adoption, guardianship, or foster care.

An unborn child can be counted in family size once there is medical confirmation of pregnancy. An adoption in process will be counted in family size with verification of the adoption process being underway. A child will be considered part of the household when the child lives with a single parent for at least seventy-five percent (75%) of the time or in instances of joint custody, at least fifty-percent (50%). Applicant(s) will need to submit a copy of a divorce decree and/or child custody agreement as verifiable documentation. If a divorce is in process, it may not be possible to qualify the applicant(s) because family size and financial status are unclear. If applicant(s) are proposing to combine households for the purchase of a residential affordable housing ownership unit, the combined household must still meet all Policy eligibility requirements including not exceeding the maximum affordable housing ownership income limits, per household size.

### ***4.4 Application, Deposit and Other Fees***

Applicant(s) application fees, minimum deposit requirements and other property fees (i.e. utilities, parking, etc.) are set forth by the property owner, property developer, or property management company for the development. The property owner, property developer, or property management company will notify Town staff of the application fees, minimum deposit requirements, and other property fees (i.e. utilities, parking, etc.) for each development in advance of the interest list and/or waiting list process.

### ***4.5 Credit***

Applicant(s) credit and credit scoring requirements are set forth by the property owner, property developer, or property management company for the development. The property owner, property developer, or property management company will notify Town staff of the applicant(s) credit requirements for each development in advance of the interest list and/or waiting list process.

### ***4.6 Minimum Income Standards***

In some cases, the property owner, property developer, or property management company sets forth minimum income standards for the development such as the applicant(s) gross monthly income must be at least two times (2x) or three times (3x) the gross monthly rent for the unit. Minimum income standards should not be set too high for the residential affordable housing rental units by the property owner, property developer, or property management company as to where the affordable applicant(s) who meet the affordable household income limits for the unit will not qualify.

### ***4.7 Applicant Assets***

Applicant(s) minimum or maximum asset requirements are set forth by the property owner, property developer, or property management company for the development. The property owner, property developer, or property management company will notify Town staff of the applicant(s) asset requirements for each development in advance of the interest list and/or waiting list process.

#### 4.8 Owning Property

Applicant(s) cannot own a home or be on title of a property in order to lease an affordable housing rental unit.

#### 4.9 Occupancy Conditions

Applicant(s) who are offered and accept a residential affordable housing rental unit and become tenant(s) must occupy the residential affordable housing rental unit as their principal residence during the entire term of the lease or rental agreement. If additional occupants (roommate, family member, etc.) who were not originally on the lease agreement for the residential affordable housing rental unit reside in the residential affordable housing rental unit for a period long enough to meet the definition of tenant(s) under North Carolina law, they will be considered part of the existing household. In such cases, the tenant(s) must notify the property owner, property developer, or property management company of the household status change, and the entire household (including new occupants) will be reevaluated to determine eligibility, including household income requirements. If the tenant(s) fail to receive approval from the property owner, property developer, or property management company for any changes in occupancy or if the tenant(s) sublease the property, the tenant(s) household will no longer be eligible to occupy the residential affordable housing rental unit.

#### 4.10 Initial Lease-Up, Over-Income and Eligible Households

Initial qualifying household income must not exceed thirty-percent (30%) of AMI for extremely-low income, fifty-percent (50%) of AMI for very low-income, and seventy-percent (70%) of AMI for low-income (unless Town Council approved a different AMI percentage for the development), based upon the household size. At subsequent lease renewals or annual income recertifications, income will be verified by the property owner, property developer, or property management company.

From time to time, affordable tenant(s) household income may increase above the initial qualifying household income AMI percentage category due to several factors within their tenancy term. In order to reduce displacement of potential over-income affordable tenant(s), an AMI percentage increase variance up to the next affordable AMI percentage category will be allowed in which the affordable tenant(s) can remain in the unit at the next higher AMI percentage category and the affordable housing rental unit will still be deemed compliant under the following conditions as outlined in Table 2.

**Table 2 – Maximum Tenant AMI % Income Variance**

<b>Initial Qualifying Tenant Household AMI %</b>	<b>Adjusted Qualifying Variance Tenant Household AMI %</b>	<b>Over-Income Tenant Household AMI (%)</b>
Extremely Low-Income Up to 30% AMI	Very Low-Income Up to 50% AMI	Greater than 51% AMI
Very Low-Income Up to 50% AMI	Low-Income Up to 70% AMI	Greater than 71% AMI
Low-Income Up to 70% AMI	Low-Income Up to 80% AMI	Greater than 81% AMI

\*Based on U.S. Department of Housing and Urban Development (HUD) Raleigh, NC Metropolitan Statistical Area (MSA) Area Median Income (AMI) published income limits.

Tenant(s) whose household income exceeds the over-income AMI percentage category as shown in Table 2, will no longer be counted as affordable tenant(s), nor will the unit be counted as an affordable housing rental unit per the affordability requirement. Because the over-income tenant(s) household no longer satisfies the affordability requirement, the property owner, property developer or property management company, will lease the next available comparable unit to eligible tenant(s) within the original initial qualifying AMI percentage category (up to 30% of AMI – Extremely Low-Income, up to 50% of AMI – Very Low-Income, up to 70% of AMI – Low-Income) in order to be counted as an affordable housing rental unit. The property owner, property developer or property management company may offer the over-income tenant(s) a chance to remain in the unit or a different unit located within the same development at a different rent level at their discretion. The over-income tenant(s) may also request to get back on the developments waiting list and if an affordable housing rental unit is available at a future date and time, they may be provided an opportunity to lease an affordable housing rental unit should they still qualify within one of the appropriate AMI percentage categories.

During the entire term of affordability and prior to executing a lease agreement, the property owner, property developer, or property management company shall obtain documentation of the current household income for all prospective applicant(s) who request to lease a residential affordable housing rental unit within the development. The property owner, property developer, or property management company shall determine the annualized gross household income for the residential affordable housing rental unit tenant(s) based on the information presented and shall have the tenant(s) certify that determination prior to lease execution as part of the tenant(s) income certification process.

#### ***4.11 Annual Rent Adjustments***

Affordable housing rent limits (increases or decreases) will be adjusted annually for the AMI percentage affordable income category (up to 30% of AMI – Extremely Low-Income, up to 50% of AMI – Very Low-Income, up to 70% of AMI – Low-Income) based on the most recently published North Carolina Housing Finance Agency (NCHFA) Low-Income Housing Tax Credit (LIHTC) Multifamily Tax Subsidy Program (MTSP) for Raleigh, NC Metropolitan Statistical Area (MSA) which includes Wake County. The property owner, property developer, or property management company shall notify tenant(s) of the new proposed affordable rent limits in accordance with the noticing requirements of North Carolina law. Rent limit changes (increases or decreases) can only be applied to leases signed or renewed after the published HUD effective date.

#### ***4.12 Ongoing Compliance Requirements and Monitoring***

##### ***Annual Tenant Certification***

Tenant(s) household income must be recertified annually during the period of affordability. Tenant(s) must be given an initial notice of annual certification ninety (90) days prior to the end of the lease term. If the tenant(s) do not complete the certification within thirty (30) days of the initial certification notice, a second notice must be sent. If the tenant(s) do not comply within thirty (30) days of the second notice, a final notice must be sent giving the tenant(s) thirty (30) days notice that they no longer qualify for the affordable housing rental unit due to the failure to complete the annual certification. At this point, the property owner, property developer, or property management company has the discretion to request that the tenant(s) vacate the unit or to allow the tenant(s) to remain in the unit. However, if the tenant(s) remain in the unit without the completing the certification, the unit can no longer be considered an affordable housing rental unit.

The property owner, property developer, or property management company shall maintain complete and accurate records pertaining to the tenant(s) income certification for each residential affordable housing

rental unit within the development. Upon a thirty (30) days notice, the property owner, property developer, or property management company shall permit any duly authorized Town representative to inspect such records.

### ***Property Owner Annual Certification***

Annually, throughout the period of affordability, the property owner, property developer, or property management company must submit a rent roll for the property's residential affordable housing rental units and certify contract compliance to the Town. In addition, the property owner, property developer, or property management company must certify the following requirements for the twelve (12) month period prior to the submission date:

- The property is meeting the affordability requirement;
- At annual recertification, the property owner, property developer, or property management company has completed a tenant(s) income certification for each residential affordable housing rental unit;
- All residential affordable housing rental unit leases shall be for twelve (12) month terms;
- No tenant(s) in residential affordable housing rental units were evicted or had their tenancies terminated other than for breach of lease;
- All residential affordable housing rental units are made available in accordance with local, State, and federal Fair Housing laws;
- No finding or charges of discrimination has occurred by local, State, or federal officials;
- All residential affordable housing rental units are suitable for occupancy, taking into consideration local and state health safety, minimum housing codes and building codes (or other habitability standards);
- There are no notices of violation issued by the Town; and
- There has been no unreported change in the ownership or management of the property.

### ***Compliance Monitoring***

The property owner, property developer, or property management company may maintain tenant(s) records utilizing their own industry standard forms. The forms shall document the record of qualifying household income compliance for each affordable housing rental unit.

Compliance monitoring by Town staff shall include, but is not limited to, a review of: (1) at least twenty-percent (20%) of the residential affordable housing rental units, including the tenant(s) income certification, and (2) an inspection of the general physical condition of the residential affordable housing rental units within the development. The property owner, property developer, or property management company will receive a written notice from Town staff at least thirty (30) calendar days in advance of any planned on-site monitoring visits. The property owner, property developer, or property management company shall have the following documentation available at the on-site monitoring visit: (1) current rent roll for the residential affordable housing rental units, (2) tenant income certifications, and (3) complete tenant files for the residential affordable housing rental units.

Town staff may elect to do a review of one-hundred percent (100%) of files for the residential affordable housing rental units for the first two (2) years of the affordability period and/or the first two (2) years after a property has changed ownership or property management. If during those two (2) years the development has satisfactory performance (no findings or repeated concerns are noted), Town staff may elect to conduct a desk audit review of only twenty-percent (20%) of the residential affordable housing

rental unit files. If findings or repeated concerns are found in the first two (2) years, Town staff may continue auditing one-hundred percent (100%) of the residential affordable housing rental unit files until satisfactory performance is obtained. Town staff reserves the right to perform audits more frequently if complaints are received regarding the development. Town staff will specify in the compliance monitoring notice the list of affordable housing rental units selected for file review and physical inspection. During a physical inspection, Town staff will be ensuring the residential affordable housing rental units are being maintained in a decent, safe, and sanitary condition in accordance with HUD's Housing Choice Voucher (HCV) Program regulations per 24 CFR Part 982 which sets forth basic Housing Quality Standards (HQS).

#### ***4.13 Terms of Tenancy***

Affordable housing rental unit tenant(s) will be subject to the same conditions of tenancy as other market-rate tenant(s) within the same development, except for terms relating to occupancy, income eligibility, annual recertification, and limits on rents. The initial affordable lease term shall be for one year.

#### ***4.14 Owner/Manager Certification***

Prior to the rental of the first residential affordable housing rental unit within the development, the property owner, property developer, or property management company will sign a certification of receipt of the Policy Administration Manual as outlined in Exhibit B – Rental Development Certification.

#### ***4.15 Affordability Term***

The affordability term will be included in the following: (1) zoning condition as approved by Town Council, and (2) memorialized in a recorded restrictive covenant against the property.

#### ***4.16 Record Keeping and Retention***

The property owner, property developer, or property management company must keep the following records for the development for each year during the period of affordability.

- The total number of residential affordable housing rental units in the development;
- The number of occupants in each residential affordable housing rental unit;
- The dollar amount rent being charged for each residential affordable housing rental unit as well as any additional dollar amount charges (i.e. utilities, parking, etc.). Documentation must include tenant ledgers and leases for the affordable housing rental units;
- Affordable housing rental unit vacancies in the development and documentation that shows when each of the next available units were rented; and
- Documentation of each of the tenant(s) income certification, tenant(s) application and all other application supporting documents.

All residential affordable housing rental unit tenant(s) files must be retained for a minimum of five (5) years after the tenant(s) vacates the unit or no longer qualify for the unit. Files should be stored to maintain the confidentiality of tenant information.

## **5.0 Appeal Process**

A property owner, property developer, property management company, applicant(s), and tenant(s) may appeal a decision made under this Policy. The appeal must first be submitted in writing to the Town's Attorney Office. The Town's Attorney Office will review and determine if a final decision can be decided internally. If the Town's Attorney Office concludes a final decision cannot be decided internally, they will recommend that the appeal be submitted directly to the North Carolina Court of Appeals for review and a final decision. All decisions made by either the Town's Attorney Office or North Carolina Court of Appeals will be considered final.

## **6.0 Authority**

The Town Manager or designee is authorized to sign all documents on behalf of the Town that implement this Policy.

DRAFT

## Exhibit A – Homeowner Certification

The following criteria below outlines the residential affordable housing ownership unit requirements per the Town’s Affordable Housing Incentive Zoning Policy.

1. The restriction affordability period will be included in the restrictive covenant recorded against the property.
2. The home may only be sold at an affordable housing ownership unit sales price per the restrictive recorded covenant to an income qualifying household and may not be sold at a full market-rate sales price/appraised value during the affordability period.
3. Cash-out refinances and Home Equity Line of Credit’s (HELOCs) are not allowed.
4. I must contact the Town of Apex before refinancing, selling, or upgrading the property to determine eligibility. Any refinance, sale, or proposed property upgrade must be approved by the Town in advance.
5. I must live in the home as my primary principal residence and the Town has the right to annually request proof of documentation (i.e. mortgage statement, property tax bill, utility statement, etc.).
6. I have received, read, and understand the recorded restrictive covenant that will be recorded against the subject property.

By: \_\_\_\_\_  
Signature of Applicant  
\_\_\_\_\_  
Print Name  
Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Signature of Co-Applicant  
\_\_\_\_\_  
Print Name  
Dated: \_\_\_\_\_

## Exhibit B – Rental Development Certification

The undersigned has received a copy of the Town of Apex Affordable Housing Incentive Zoning Policy Administration Manual (Administration Manual) regarding the Town of Apex Affordable Housing Incentive Zoning Policy (Policy) and has read and agrees to comply with the Town's Policy requirements as described in the Administration Manual.

Name of Development:

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Development Subject Property Address:

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Name of Property Owner(s) or Authorized Representative(s):

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Signature of Property Owner(s) or Authorized Representative(s):

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Name of Property Management Company or Authorized Representative(s):

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Signature of Property Management Company or Authorized Representative(s):

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **Exhibit C – Administration Manual Definitions**

“Annual Recertification Effective Date” means, for annual recertification, the effective date is the original date the household income determination was completed and signed.

“Affordability Commitment” means the percentage or number of residential affordable housing units or lots committed to the development.

“Affordable Housing” means housing on which the occupant is paying no more than thirty-percent (30%) of gross monthly household income for housing costs, including utilities.

“Affordable Housing Incentive Zoning Policy” means a set of minimum Town recommendations, applicability standards and incentive options for applicants to consider in exchange for providing residential affordable housing units or lots within a development as part of the rezoning and Planned Unit Development (PUD) approval process.

“Affordable Housing Incentive Zoning Policy Administration Manual” means a manual which details policies and procedures for the on-going administration of residential affordable housing units or lots generated through the Affordable Housing Incentive Zoning Policy.

“Affordable Housing Proposal” means a document submitted by an applicant as part of the rezoning application for the development which stipulates the affordable housing criteria as specified in the Affordable Housing Incentive Zoning Policy Procedures Manual for the residential affordable housing units or lots in order to assure compliance with the Affordable Housing Incentive Zoning Policy.

“Affordable Housing Incentive Zoning Procedural Manual” means a manual which details applicability and procedures for residential affordable housing units or lots generated through the Affordable Housing Incentive Zoning Policy.

“Affordable Housing Unit” means a residential dwelling unit or lot that meets the definition of a residential affordable housing unit or lot as detailed in the Affordable Housing Incentive Zoning Policy Procedures Manual and Affordable Housing Incentive Zoning Policy Administration Manual through the Affordable Housing Incentive Zoning Policy.

“Affordable Housing Extremely Low-Income Rent Income Limit” means those households whose annual income does not exceed thirty-percent (30%) of the Area Median Income (AMI), adjusted for family size, applicable to the Raleigh, NC Metropolitan Statistical Area (MSA) as published by the U.S. Department of Housing and Urban Development (HUD).

“Affordable Housing Very Low-Income Rent Income Limit” means those households whose annual income, does not exceed fifty-percent (50%) of the Area Median Income (AMI), adjusted for family size, applicable to the Raleigh, NC Metropolitan Statistical Area (MSA) as published by the U.S. Department of Housing and Urban Development (HUD).

“Affordable Housing Low-Income Rent Income Limit” means those households whose annual income, does not exceed seventy-percent (70%) of the Area Median Income (AMI), adjusted for family size, applicable to the Raleigh, NC Metropolitan Statistical Area (MSA)

as published by the U.S. Department of Housing and Urban Development (HUD).

“Affordable Housing Extremely Low-Income Rent Limit” means the affordable housing rent limits as published by the North Carolina Housing Finance Agency (NCHFA) Low-Income Housing Tax Credit (LIHTC) Multifamily Tax Subsidy Program (MTSP) for Raleigh, NC Metropolitan Statistical Area (MSA) which includes Wake County not to exceed thirty-percent (30%) Area Median Income (AMI) category based on unit size.

“Affordable Housing Very Low-Income Rent Limit” means the affordable housing rent limits as published by the North Carolina Housing Finance Agency (NCHFA) Low-Income Housing Tax Credit (LIHTC) Multifamily Tax Subsidy Program (MTSP) for Raleigh, NC Metropolitan Statistical Area (MSA) which includes Wake County not to exceed fifty-percent (50%) Area Median Income (AMI) category based on unit size.

“Affordable Housing Low-Income Rent Limit” means the affordable housing rent limits as published by the North Carolina Housing Finance Agency (NCHFA) Low-Income Housing Tax Credit (LIHTC) Multifamily Tax Subsidy Program (MTSP) for Raleigh, NC Metropolitan Statistical Area (MSA) which includes Wake County not to exceed seventy-percent (70%) Area Median Income (AMI) category based on unit size.

“Affordable Housing Extremely Low-Income Rent Housing Costs” means a monthly rent, including utilities in the form of a utility allowance which does not exceed thirty-percent (30%) of thirty-percent (30%) of the Area Median Income (AMI), adjusted for family size, applicable to the Raleigh, NC Metropolitan Statistical Area (MSA) as published by the U.S. Department of Housing and Urban Development (HUD). Area Median Income (AMI) shall be adjusted for assumed household size based on unit size as follows: one person in a studio unit, two persons in a one-bedroom unit, three persons in a two-bedroom unit, four persons in a three-bedroom unit, five persons in a four-bedroom unit and six persons in a five-bedroom unit.

“Affordable Housing Very Low-Income Rent Housing Costs” means a monthly rent, including utilities in the form of a utility allowance which does not exceed thirty-percent (30%) of fifty-percent (50%) of the Area Median Income (AMI), adjusted for family size, applicable to the Raleigh, NC Metropolitan Statistical Area (MSA) as published by the U.S. Department of Housing and Urban Development (HUD). Area Median Income (AMI) shall be adjusted for assumed household size based on unit size as follows: one person in a studio unit, two persons in a one-bedroom unit, three persons in a two-bedroom unit, four persons in a three-bedroom unit, five persons in a four-bedroom unit and six persons in a five-bedroom unit.

“Affordable Housing Low-Income Rent Housing Costs” means a monthly rent, including utilities in the form of a utility allowance which does not exceed thirty-percent (30%) of seventy-percent (70%) of the Area Median Income (AMI), adjusted for family size, applicable to the Raleigh, NC Metropolitan Statistical Area (MSA) as published by the U.S. Department of Housing and Urban Development (HUD). Area Median Income (AMI) shall be adjusted for assumed household size based on unit size as follows: one person in a studio unit, two persons in a one-bedroom unit, three persons in a two-bedroom unit, four persons in a three-bedroom unit, five persons in a four-bedroom unit and six persons in a five-bedroom unit.

“Affordable Housing Low-Income Ownership Income Limits” means those households whose annual income, does not exceed eighty-percent (80%) of the Area Median Income (AMI), adjusted for family size, applicable to the Raleigh, NC Metropolitan Statistical Area (MSA) as published by the U.S. Department of Housing and Urban Development (HUD).

“Affordable Housing Median-Income Ownership Income Limits” means those households whose annual income does not exceed one-hundred percent (100%) of the Area Median Income (AMI), adjusted for family size, applicable to the Raleigh, NC Metropolitan Statistical Area (MSA) as published by the U.S. Department of Housing and Urban Development (HUD).

“Affordable Housing Workforce-Income Ownership Income Limits” means those households whose annual income does not exceed one-hundred and ten-percent (110%) of the Area Median Income (AMI), adjusted for family size, applicable to the Raleigh, NC Metropolitan Statistical Area (MSA) as published by the U.S. Department of Housing and Urban Development (HUD).

“Affordable Housing Low-Income Ownership Housing Costs” means a reasonable down payment and an average monthly housing cost during the first calendar year of occupancy, including utilities, mortgage loan principal and interest, mortgage insurance, property taxes and property assessments, homeowner’s insurance, homeowner’s association dues, if any, and all other dues and fees assessed as a condition of property ownership, which does not exceed thirty-percent (30%) of eighty-percent (80%) of the Area Median Income (AMI), adjusted for family size, applicable to the Raleigh, NC Metropolitan Statistical Area (MSA) as published by the U.S. Department of Housing and Urban Development (HUD). Area Median Income (AMI) shall be adjusted for assumed household size based on unit size as follows: one person in a studio unit, two persons in a one-bedroom unit, three persons in a two-bedroom unit, four persons in a three-bedroom unit, five persons in a four-bedroom unit and six persons in a five-bedroom unit.

“Affordable Housing Median-Income Ownership Housing Costs” means a reasonable down payment and an average monthly housing cost during the first calendar year of occupancy, including utilities, mortgage loan principal and interest, mortgage insurance, property taxes and property assessments, homeowner’s insurance, homeowner’s association dues, if any, and all other dues and fees assessed as a condition of property ownership, which does not exceed thirty-percent (30%) of one-hundred percent (100%) of the Area Median Income (AMI), adjusted for family size, applicable to the Raleigh, NC Metropolitan Statistical Area (MSA) as published by the U.S. Department of Housing and Urban Development (HUD). Area Median Income (AMI) shall be adjusted for assumed household size based on unit size as follows: one person in a studio unit, two persons in a one-bedroom unit, three persons in a two-bedroom unit, four persons in a three-bedroom unit, five persons in a four-bedroom unit and six persons in a five-bedroom unit.

“Affordable Housing Workforce-Income Ownership Housing Costs” means a reasonable down payment and an average monthly housing cost during the first calendar year of occupancy, including utilities, mortgage loan principal and interest, mortgage insurance, property taxes and property assessments, homeowner’s insurance, homeowner’s association dues, if any, and all other dues and fees assessed as a condition of property ownership, which does not exceed thirty-percent (30%) of one-hundred and ten-percent (110%) of the Area Median Income (AMI), adjusted for family size, applicable to the Raleigh, NC

Metropolitan Statistical Area (MSA) as published by the U.S. Department of Housing and Urban Development (HUD). Area Median Income (AMI) shall be adjusted for assumed household size based on unit size as follows: one person in a studio unit, two persons in a one-bedroom unit, three persons in a two-bedroom unit, four persons in a three-bedroom unit, five persons in a four-bedroom unit and six persons in a five-bedroom unit.

“Affordable Housing Unit Mix” means the predetermined mix of bedroom sizes established by a restrictive recorded covenant that make up the residential affordable housing units committed to the development.

"Area Median Income" means the annual median family income for the Raleigh, NC Metropolitan Statistical Area (MSA), adjusted for family size, as defined and published by the U.S. Department of Housing and Urban Development (HUD).

“Comparable Unit” means a residential unit with same number of bedrooms, similar square footage and same level of interior (cosmetic) finish and exterior appearance.

“Desk Audit” means a review of tenant files for the residential affordable housing rental units to verify that information submitted as part of the annual certification process matches the tenant files. A desk audit may be performed when a property has had no compliance issues during previous audits.

“Family” means one (1) or more persons occupying a premises and living as a single housekeeping unit, provided that no housekeeping unit shall contain more than five (5) persons unless they are related by blood, marriage adoption, guardianship, or foster care.

“Finding” means an action or a decision that is not in compliance with the restrictive recorded covenant or the Affordable Housing Incentive Zoning Policy Administration Manual. Findings may include allowing an ineligible tenant to take possession of a residential affordable housing unit or failing to fully certify a current residential affordable unit tenant(s) eligibility prior to lease renewal. If findings are identified, the Town will state them in the exit interview that is conducted at the conclusion of the monitoring, and the developer must provide a written action plan that will correct the findings and prevent them from recurring. Town staff must review and approve written action plan and may request additional actions before such approval is granted.

“First-Time Homebuyer” means a person who has not owned a home during the three (3) year period prior to the purchase of the residential affordable housing ownership unit. A mobile home not on a permanent foundation is not considered a “home” for the purpose of this section. A first-time homebuyer also includes a displaced homemaker. A displaced homemaker is an adult who has been legally separated from his or her spouse or domestic partner in the last three (3) years, has no current ownership interest in a home, and has not had an ownership interest in his or her primary residence during the past three (3) years, except with his or her spouse or domestic partner.

“For-Sale Residential Development” means any residential development or portion of a residential development that involves the creation of one or more additional dwelling units or lots that may be lawfully sold individually.

“Gross Income” means the household gross income as calculated by the standards of the United States Department of Housing and Urban Development (HUD) HOME Investment Partnerships Program (HOME) 24 CFR Part 5 regulations and included in Chapter 5 of the HUD Handbook 4350.3 titled Determining Income and Calculating Rent.

“HOME Program” means a federal program through the U.S Department of Housing and Urban Development (HUD).

“HUD” means the U.S. Department of Housing and Urban Development.

“HUD Effective Date” means for U.S. Department of Housing and Urban Development (HUD) income and rent limits, the effective date is the date that starts the new set of limits. HUD has a publishing date and an effective date. The Town follows the effective date for determining rent and income for leases beginning on or after the effective date.

“Initial Qualifying Household Income” means the annualized gross income originally determined for eligible households in residential affordable housing units. Initial qualifying household income must be at or below thirty-percent (30%) of Area Median Income (AMI) for extremely low-income affordable housing rental units, at or below fifty-percent (50%) of Area Median Income (AMI) for very low-income affordable housing rental units, at or below seventy-percent (70%) of Area Median Income (AMI) for low-income affordable housing rental units, at or below eighty-percent (80%) of Area Median Income (AMI) for low-income affordable housing ownership units, at or below one-hundred percent (100%) of Area Median Income (AMI) for median-income affordable housing ownership units, and at or below one-hundred and ten-percent (110%) of Area Median Income (AMI) for workforce-income affordable housing ownership units.

“Marketing Plan” means a document submitted by an applicant as part of the rezoning application for the development which stipulates the marketing criteria, application intake, application screening and application selection process for the residential affordable housing units or lots within the development in order to assure compliance with the Affordable Housing Incentive Zoning Policy.

“Maximum Allowable Affordable Housing Ownership Sales Price” means the highest dollar amount at which a residential affordable housing ownership unit may be sold.

“Maximum Allowable Affordable Housing Rent Level” means the highest dollar amount at which a residential affordable housing rental unit may be rented.

“Minimum Size Occupancy Standards” means a household must be of a size equal to or greater the number of bedrooms in the residential affordable housing unit.

“Mixed-Use Residential Development” means any development that contains both residential and non-residential uses.

“Ownership Co-Applicant” means as an adult member of the household, whether related or unrelated, who intends to apply for a residential affordable housing ownership unit, must be on the title of the property with the applicant, and occupy the unit as the primary residence.

“Period of Affordability” means the time specified in the recorded restrictive covenant for which the required number or percentage of residential affordable housing units or lots must be preserved.

“Planned Unit Development” means the zoning district established in Sec. 3.3.3.C of the UDO. This district allows for variations in development standards in order to provide a type of development that is not possible through strict application of the Ordinance.

“Property Management Plan” means a document submitted by an applicant as part of the rezoning application for the development which stipulates the property management and project compliance criteria for the residential affordable housing rental units within the development in order to assure compliance with the Affordable Housing Incentive Zoning Policy.

“Rental Residential Development” means any residential development or portion of a residential development that creates one or more dwelling units that cannot lawfully be sold individually.

“Renter Co-Applicant” means as an adult member of the household, whether related or unrelated, who intends to apply for a residential affordable housing rental unit and occupy the unit as the primary residence.

“Restrictive Covenant” means a legal document imposing a restriction on the use of land so that the affordability terms and conditions as agreed upon by the applicant in the Town Council approved zoning condition are memorialized for the residential affordable housing units or lots.

“Tenant Income Certification” means a form used for certifying and recertifying income for households to determine eligibility for residential affordable housing rental units.

“Utility Allowance” means utility allowances and utility allowance schedule as published by the U.S. Department of Housing and Urban Development (HUD) and Wake County Housing Authority.