



City of Wichita

Housing and Community Services Department

HOME INVESTMENT PARTNERSHIPS PROGRAM HOUSING DEVELOPMENT LOAN PROGRAM

INFORMATION PACKET, ATTACHMENT I, ATTACHMENT II

Funding Overview and Purpose

The City of Wichita proposes to expend HOME Investment Partnerships (HOME) funds for the development of affordable residential housing. Funding applications are requested for housing development projects that meet the eligibility requirements for such funding. The goal is to support the development of real estate that is idle or underutilized, and to provide needed housing for underserved populations in order to provide homeownership opportunities. Projects may include construction or rehabilitation of single-family homes for owner-occupancy. Applicants can be for-profit or nonprofit organizations (developers), or individuals. All projects are subject to the HOME Investment Partnerships Program regulations found at 24 CFR Part 92. HOME Program funding must serve families/individuals with incomes not exceeding 80% of the median income level for the City of Wichita, as published by the U. S. Department of Housing and Urban Development. A copy of the HOME regulation can be found at:

<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm>

The proposed project must include existing building(s) or lots in the Revitalization Incentives Area, which is bordered by I-235 on the west, Hillside on the east, Pawnee on the south, and 25th street on the north. The eligible project area also includes Local Investment Areas, and remaining Neighborhood Revitalization Area. Areas/Neighborhoods immediately adjacent to these areas will also be considered. If you have questions regarding site eligibility, contact Mark Stanberry of the Housing and Community Services Department at 462-3734.

Form of Assistance

Funding will typically be provided in the form of zero-interest, forgivable development subsidy loans involving sales of homes to qualifying owner-occupants, as described in HOME Program regulations. Applications must stipulate the type of assistance requested along with justification of the request. The City reserves the right to establish terms based on project analysis. The maximum amount of assistance is \$175,000 per project unless otherwise approved by the City Council. The City reserves the right to fund applications based on the amount deemed to be an appropriate HOME Program investment, following analysis by the Housing and Community Services Department, and funding availability. (Special Note: Housing and Community Services will consider providing HOME funds for site acquisition on a case-by-case basis.)

Evaluation Criteria

Applications will be evaluated by a staff review panel, based on the following criteria:

1) Development Plan

Members of the application review panel will expect a detailed, narrative description of the proposed project, and description of homes to be constructed. If the site is currently known or owned, identify

and describe the proposed site, neighborhood, and preliminary environmental assessment concerns (if any), and provide a proposed plat drawing if appropriate.

Attention should be given to how well the development plan fits in with the existing land use and historic context, and how well the development plan fits in with other anticipated changes in the land use context of the area.

2) Qualifications and Development/Project Management Experience of Applicant.

Members of the application review panel will expect information regarding the applicant's previous experience developing the type of project proposed, and if certain, specific required tasks will be performed by the applicant. Applicant should provide information regarding the extent to which the applicant will rely upon relationships with subcontractors, how the relationships will be formalized, and their history and duration. Applicant should provide information regarding experience with the development and marketing of residential dwelling units in a historic context if the project involves housing to be developed in an area with historic influences.

3) Financial Feasibility of Development Plan and Time frame

The application must contain a detailed description of the market, the financial feasibility of the proposed project, and a timetable for completion. All financing necessary for the achievement of the proposal must be identified. The proposal must specify the sources and uses of all financing. The City may also require review and approval of all financing documents including, but not limited to loan agreements, notes, mortgages or deeds of trust, and land use restrictions.

The applicant must provide a realistic time line of events that will culminate in project completion within the limits proposed in the applicant's development plan. The development plan must provide evidence that the development team has the overall qualifications and time availability necessary to perform all tasks within the time frame provided under the development plan.

4) Financial Condition and Performance Record of Applicant

Members of the review panel will expect information regarding the applicant's financial condition at the time of submission and the applicant's ability to complete the project and perform satisfactorily with respect to each and every one of its obligations.

Review panel members will also expect information regarding experience in the type of housing development proposed, and will consider utilization of HOME funds allocations the applicant may have received in the past. References or letters of recommendation as they relate to the proposed and previous completed projects may be included with the application.

Statement of Limitations

This application does not represent a commitment or offer by the City to enter into any agreement with the applicant and the City retains the right at its sole discretion to reject any application.

Potential Conflicts of Interest:

Applicants must describe with specificity any actual or potential conflicts of interest for the developer or the City.

HOME Program Environmental Review Conditions

No HUD funds or other funds may be committed to the project until the applicant has secured from the City, environmental approval as provided in HUD regulation 24 CFR Part 58. Further, pending this environmental approval and pursuant to 24 CFR Part 58.22, no participant in the development process, including contractors, may undertake an activity if the activity or project would have an adverse environmental impact or limit the choice of reasonable alternatives. Choice limiting actions include real property acquisition, leasing, rehabilitation, repair, demolition, conversion, and new construction.

Attachments:

Attachment I – Application Form

Attachment II - A compilation of HOME Investment Partnerships Program regulations relating to the development of residential properties. (Applicants are reminded that it is ultimately the decision of the Housing and Community Services Department and the Staff Committee to approve proposed uses of HOME funds.)

ATTACHMENT I: Application Form

Development Plan

1. Provide an outline of plans for the proposed development project, and information regarding the type of homes to be constructed, including size, in terms of square footage, and proposed finish. (Feel free to provide sketches, or floor plan drawings.)

Qualifications and Development/Project Management Experience of Applicant

2. Describe qualifications and experience with respect to single-family housing development and housing project oversight.

Financial Feasibility of Development Plan and Time Frame

3. Provide proposed sale price of homes to be sold in connection with the project.

Project Sources/Uses of Funds Statement and Per-unit cost: Statement should include all costs associated with the development of the project regardless of the funding sources. The budget items may include, but should not be limited to, construction (hard) costs, soft costs (architectural, engineering, legal and appraisal fees), real estate taxes, insurance, all loan fees, building permits, relocation expenses, and consultant fees, as applicable. Include construction-lending sources. Provide copies of commitment letters for any financing already secured for the project. Complete the following template:

Per Unit Cost (Prepare for One Unit)

(A) Site Acquisition Cost	
(B) Plus: Construction (Hard) Costs Including Demolition	
(C) Plus: Project Soft Costs (Loan Fees, Interest, Appraisals, Surveys, Utilities, Permit Fees, etc.)	
(D) Plus: Required Site Improvements (Fencing; Landscaping)	
(E) Subtotal (A+B+C+D); Preliminary Per-Unit Development Cost	
(F) Plus: Developer Fee (___%) of (E)	
(G) Total Per-Unit Cost	
(H) Anticipated Net Sale Proceeds, after expenses	
Project Subsidy Required, per unit (G – H)	

Number of Units to be Developed _____

Sources and Uses of Funds Statement (For Entire Project; Figures to Include All Units)

<u>Sources</u>	<u>Amount</u>	<u>Uses</u>	<u>Amount</u>
Construction Financing		Acquisition Costs	
Other Financing		Project “Soft” Costs	
HOME (Gap) Financing		Construction “Hard” Costs	
		Site Improvements	
Program Income to be re-invested in project		Developer Fee	
<u>TOTAL</u>		<u>TOTAL</u>	

4. Provide information regarding the ownership status of the site(s). If site(s) are not currently owned, provide details regarding the financing plan for site acquisition.

5. Time frame/schedule for completion of the proposed project.

6. Describe the market to be served and the expected demand for the housing to be constructed.

7. Identify and describe qualifications of the development team.

Financial Condition and Performance Record of Applicant

8. Provide (attach) a current financial statement.

Please Note: Four (3) copies of response are required, one (1) of which must contain original signatures.

I (we) certify that the above information is true and factual to the best of my (our) knowledge and belief. I (we) understand that providing false information will constitute a fraudulent action in connection with federal funding.

I (we) hereby authorize any credit reporting agency to release information to the Housing and Community Services Department, City of Wichita, and authorize the release of any information (including documentation or materials) pertinent to the eligibility for or participation in the Housing Development Loan Program.

Name of Applicant

Mailing Address

Phone Number

Signature of Applicant

Date

Signature of Applicant

Date

ATTACHMENT II

**HOME INVESTMENT PARTNERSHIPS
PROGRAM**

**The following is a compilation of
HOME Investment Partnerships Program regulations
regarding the development of
residential properties.**

**Final HOME regulations, in their entirety, were issued by
The Department of Housing and Urban Development,
September 16, 1996, and last updated December 22, 2004**

**The complete citation is
24 CFR Parts 92
HOME Investment Partnerships Program: Final Rule**

Eligible Project Costs

HOME funds may be used to pay the following eligible costs:

- (a) *Development hard costs.* The actual cost of constructing or rehabilitating housing. These costs include the following:
 - (1) For rehabilitation costs:
 - (i) To meet the applicable rehabilitation standards of the City of Wichita or correct substandard conditions to, minimally, the housing quality standards as required by CFR 24, 882.109;
 - (ii) To make essential improvements, including energy-related repairs or improvements, improvements necessary to permit use by handicapped persons, and the abatement of lead-based paint hazards, as required by CFR 24, 92.355, and to repair or replace major housing systems in danger of failure; and
 - (2) For New Construction:
 - (i) To demolish existing structures;
 - (ii) To make utility connections including off-site connections from the property line to the adjacent street; and
 - (iii) To make improvements to the project site that are in keeping with improvements of surrounding, standard projects. Site improvements may include on-site roads and sewer and water lines necessary to the development of the project. The project site is the property, owned by the project owner, upon which the project is located.
- (b) *Acquisition costs.* Costs of acquiring improved or unimproved real property.
- (c) *Related soft costs.* Other reasonable and necessary costs incurred by the owner or participating jurisdiction and associated with the financing or development (or both) of rehabilitation or acquisition of housing assisted with HOME funds. These costs include, but are not limited to:
 - (1) Architectural, engineering and related professional services required to prepare plans, drawings, specification or work write-ups;

- (2) Cost to process and settle the financing for a project such as private lender origination fees, credit reports, fee for title evidence, fees for recordation and filing of legal documents, building permits, attorney fees, private appraisal fees and fees for an independent cost estimate, builders or developers fees;
- (3) Costs of a project audit that the participating jurisdiction may require with respect to the development of the project; and
- (4) Costs to provide information services such as affirmative marketing and fair housing information to prospective homeowners and tenants as required by CFR 24; 92.351.
- (5) The cost of funding an initial operating deficit reserve, which is a reserve to meet any shortfall in project income during the period of project rent-up (not to exceed 18 months) and which may only be used to pay project operating expenses, reserve for replacement payments, and debt service. Any HOME funds placed in an operating deficit reserve that remain unexpended when the reserve terminates must be returned to the participating jurisdiction's local HOME Investment Trust Fund account.
- (6) Staff and overhead costs directly related to carrying out the project such as work specifications preparation, loan processing inspections, and other services related to assisting potential owners, tenants, and home buyers, e.g., housing counseling, may be charged to project costs only if the project is funded and the individual becomes the owner or tenant of the HOME-assisted projects. For multi-unit projects such costs must be allocated among HOME-assisted units in a reasonable manner and documented.
- (7) The costs for the payment of impact fees that are charged for all projects within a jurisdiction.

92.251 Property Standards

Housing that is assisted with HOME funds, at a minimum, must meet the housing quality standards in CFR 882.109 of this title. In addition, housing that is newly constructed must meet the requirements of the current version of the model energy code. Newly constructed or substantially rehabilitated housing must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances.

Qualification as Affordable Housing and Income Targeting; Owner-Occupant

Projects intended for owner-occupants require 100% benefit to 80% median low-moderate income.

Labor Standards

Every contract for the construction (rehabilitation or new construction) of housing that includes 12 or more units assisted with HOME funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a - 276a - 5), to all laborers and mechanics employed in the development of any part of the housing.

Subsidy Limits

HOME funding must not exceed the per-unit subsidy limit as published by the Department of Housing and Urban Development, as applicable to the locality. Current Subsidy Limits are as follows:

- 1) Studio: \$102,155
- 2) One-Bedroom: \$117,101
- 3) Two-Bedroom: \$142,395
- 4) Three-Bedroom: \$184,211

Current HOME Income Limits

(80%) 1- \$35,200 2- \$40,250 3- \$45,250 4- \$50,300 5- \$54,300 6- \$58,350