

HOME Investment Partnership Program Fiscal Year 2023-2024

Notice of Funding Availability/Request for Applications

Application Workshop

10:00am-12:00pm

September 19, 2023

Earlewood Park
1113 Parkside Drive
Columbia SC 29203



Session Agenda

- Welcome & Introductions
- Overview of HOME Investment Partnership and City's five year housing goals
- 2023-2024 Application Process
- Award Process
- Implementation Process
- Monitoring
- Affirmative Marketing & Outreach to Minority & Women Businesses
- HOME Program - General Information
- Evaluation Criteria & Program Design
- Contacts
- Questions and Answers



Welcome & Introductions

Community Development Staff

- Felicia Kilgore, Community Development Director
- Dollie Bristow, Community Development Administrator
- Delores Shabazz - Program Manager, Sr.
- Brandi Berry - Senior Loan officer
- Addie Roberson - Compliance Specialist



HOME Investment Partnership Program

- City of Columbia receives annual HOME allocation from Department of Housing and Urban Development (HUD)
- Formula amount of funding varies year to year
- Created under Title II of Cranston-Gonzalez National Affordable Housing Act of 1990
- City's HOME program is design to promote partnerships among other entities, non-profit and for profit sectors to support low income housing initiatives.
- City of Columbia has set-aside a total of \$3,500,000.00 HOME funds from prior years (FY2016, FY2017, FY2018 and 2019) for eligible affordable housing projects.



HOME Investment Partnership Program

Overview

City administers the HOME Program and provides opportunities for funding to CHDO's, non-profits and for-profit for eligible affordable housing projects. The City administers the HOME Program to address the needs of the very low and low-income persons and special needs group.

HOME funds may be administered in the (9) targeted areas as outlined in the City's Consolidated Plan

- Eau Claire Redevelopment Area
- King/Lyon Street Redevelopment Area
- Martin Luther King Redevelopment Area
- Edisto Court Redevelopment Area
- Booker Washington Redevelopment Area
- Neighborhood Revitalization Redevelopment Area
- Pinehurst Community
- Belvedere Community
- Brandon Acres/Cedar Terrace Community



City's HOME Program – Five Year Housing Goal

- Increase decent, safe and affordable housing for Columbia citizens
- Revitalize neighborhoods and improve quality of life
- Provide financial assistance to prevent homelessness and provide housing and supportive services for the homeless
- Create jobs and business redevelopment to stimulate economic development
- Provide permanent housing for persons living with HIV/AIDS
- Provide financial assistance to prevent homelessness for persons living with HIV/AIDS
- Provide quality supportive services to assist clients with achieving and maintaining housing stability



2023-2024 HOME Application Process

- **September 19, 2023 – HOME Application Open Date**
- **September 29, 2023 – Questions Deadline**
- **October 20, 2023 – Final Submission of Applications**
(1) original and (2) copies of the application package in a 3-ring binder. Completed applications must include all pages of the application and all items identified on the [Required Tab Checklist](#) with supporting documentation
- **November 3, 2023 – Complete Initial Reviews of Threshold and Criteria**
- **December 1, 2023 – Underwriting Review**
- **December 19, 2023 – Loan Committee Approval**
- **December 22, 2023 – Conditional Letter of Commitment**



Application Review Process

City staff will review all project applications based upon the following process:

- Application Threshold criteria, compliance with federal and state laws or HOME program requirements
- Application will be reviewed for completeness
- Applications will undergo an underwriting evaluation and be reviewed for financial feasibility



Eligible Applicants

- For profit or non profit corporations
- Public Housing Authorities (PHAs)
- General or Limited Partnerships
- Limited Liability Companies
- Community Housing Development Organizations (CHDO)



Community Housing Development Organizations (CHDO)

- Applicants seeking designation as an City approved CHDO must complete a CHDO Certification Application and submit it with the application.
- Benefits of being a CHDO
 - ❑ \$116,545.00 HOME Funds Set-aside
- CHDO applications and forms are on City's website:
www.columbiasc.gov/community-development



2023-2024 HOME Funding Available



The City of Columbia has set-aside a total of **\$3,500,000.00** in HOME funds available to be used by eligible entities for affordable rental housing and single-family housing for sale or rental located in the incorporated city limits of Columbia.

Eligible Projects



- New construction of affordable rental property
- Rehabilitation of affordable rental property
- Single-family affordable homeownership projects

Projects are intended for occupancy by low-moderate income households.

Mixed use projects (containing both residential and non-residential space) are eligible in this application cycle.

Eligible Activities – acquisition, demolition, new construction, rehabilitation, site - improvements



Ineligible Projects

- **Public housing modernization or operations**
- **Emergency Homeless Shelters**
- **Transitional Housing**
- **Permanent Supportive Housing**
- **Student Housing**
- **Commercial Properties**
- **Nursing Homes, Assisted Living, Residential Treatment Facilities**
- **Properties previously assisted with other restricted funds that are still under an affordability period**



Financial Terms

For Non-Profits Organizations

HOME funds will be awarded as an amortizing (2%) interest rate loan for 360 months for eligible projects.

For Profits Organizations

HOME funds will be awarded as an amortizing (3.5%) interest rate for 360 months for eligible projects

All loans will be underwritten to ensure there will be sufficient cash flow to cover the new loan.

Financial Assistance

HOME loan may be in junior lien position to private lender financing. All loans will be deferred for (90) days following project completion

Financial Terms cont.



- Funds awarded as either 20 or 30 year repayable loan, forgivable loan or combination of both
- Repayable Loans amortized between 0-3.5%, deferred 90 days following project completion
- City's HOME funds cannot be combined with HOME funds from another Participating Jurisdiction
- Funds are secured with note, mortgage and affordability periods secured by a restrictive covenant

Disbursement of Funds



- Funds will be disbursed to borrower only for costs actually incurred.
- Payment for construction costs will be made on a progress payment basis, subject to approval of each draw request by the City.
- The City will retain ten percent (10%) of the amount budgeted for construction as a performance retention, to be released upon recordation of a Notice of Completion, release of all liens, and satisfactory compliance with any other City requirements, including City contracting programs.

Operating Budget



- The operating budget must show positive cash flow inclusive of all fees within 18 months of initial rent-up and first year Debt Service Coverage ratio shall not be less than 1.15:1. Ideally, the budget should show sufficient cash flow to make a modest payment to residual receipt loans.

Include operating and replacement reserves (See Replacement and Operating Reserve Requirements below).

- 5% annual vacancy/collection loss for family, senior, and preservation projects and 7% annual vacancy/collection loss for SRO or special needs projects.
- 3.0% annual increase for expenses (other than property taxes and replacement reserves deposits) and 2.0% annual increase for income.
- The operating budget will be reviewed to ensure it is sufficient for proper maintenance and management but is not excessive compared to other similar properties.
- If the project has a commitment for rental assistance, two operating proformas must be provided, one assuming rental assistance will be renewed and one assuming rental assistance will expire after the initial contract term. Rents must remain restricted according to City requirements even if the rental assistance is no longer available

Threshold Requirements

- Proposed HOME projects must provide a commitment letter(s) of other funding sources with 12 months of conditional award. **The City will fund no more than 80% of total development project cost (excluding land, consulting fees, development fees and overhead).**
- **Applicant must be deemed financially secured.** Applicant financial capacity will be reviewed thoroughly from the submission of your application with the requested financial statements and audits from an independent licensed CPA. Applicant must have minimum restricted liquid assets of \$50,000
- Applicant with an open HOME project must be in compliance with the Implementation Schedule
- HOME applicants must have a designated **Program Administrator on staff.**
- Must have a **market study** prepared by an approved third party market analyst.



Cont. – Threshold Requirements

Projects involving relocation must adhere to the Uniform Relocation Act (URA).

The following documents are required for relocation:

- Written Relocation Plan
- Acceptable documentation indicating the General Information Notices have been completed and delivered to all tenants
- Current certified rent role
- Completed Tenant Profile Forms (Form M39) for each household



Evaluation Criteria



Experience:

The following will be used to evaluate proposals. The project financial feasibility and alignment with the City's housing goals and priorities as outlined in the [5-Year Consolidated Plan](#) is important criterion.

The location site, quality of proposed construction and or improvements with green features for energy efficiencies will be viewed favorably.

Financial Feasibility, Leveraging and Development Cost (20 points)

- Project is financially feasible with a high probability of moving forward
5 points
- Project cost per square foot (excluding land) in addition to costs per bedroom are reasonable, as compared to similar projects
5 points
- Amount of City Subsidy per unit, as compared to similar projects
10 points

Cont. – Evaluation Criteria



Site Location and Market (25 points)

- Site Control **5 points**
- Proximity to appropriate services and /or employment centers and transportation **10 points**
- A market study must show there is a market for the housing in the area **5 points**
- Project will be located in one of the City’s identified targeted communities or Neighborhood Statistical Revitalization Area (NSRA) or the City’s “prioritized” target areas as outlined in the [5-Year Consolidated Plan](#) **5 points**

Cont. – Evaluation Criteria



Readiness to Proceed (30 Points)

- Project has already passed through City approval and permitting processes (Planning and Dev. Svc.) **10 point**
- Project has completed Phase I Environmental Site Assessment (ESA) confirming site is not contaminated. **6 points**
 - If contaminated, include environmental due diligence documents such as Phase II ESA, Response Activity Plan (RAP) or a Baseline Environmental Assessment (BEA)
- Project has completed an Environmental Assessment as outlined in 24 CFR Part 58 **4 points**
- Applicant has funding commitments for other sources **10 points**

Cont. - Evaluation Criteria



Organization Capacity (20 points)

- Proposal demonstrated the skill and expertise of applicant appropriate for size and complexity of project **10 points**
- Experience with successfully completing HOME funded projects on time and within budget over the past 10 years **5 points**
- Experience of property Management Company for rental or sales team for homeownership **10 points**

Sustainability (5 points)

- New Construction Development use of materials to support Green Building Standards for new construction by achieving industry recognized certification;
 - e.g. *ENERGY STAR, Enterprise Green Communities, ICC-700 National Green Building Standard or any equivalent comprehensive green building program.*
- Rehabilitation Development use of HUD CPD Green Building Retrofit Checklist on rehabilitation construction projects.

Cont. - Evaluation Criteria

Project Scoring:

- Minimum Points Available 65
- Maximum Points Available 100



Other Important Attachments

- City of Columbia Housing Standard Guide - (use as a reference)
- Affirmative Fair Housing Marketing Plan (required with application)
- M-9 Certification Regarding Debarment, Suspension, Ineligibility (required with application)
- Exhibit 2 - General Information Notice
SAMPLE Residential Tenant that WILL NOT BE DISPLACED
- Exhibit 3- General Information Notice
SAMPLE Residential Tenant TO BE DISPLACED
- Owner's Certification of Compliance w/ HUD's Tenant Eligibility and Rent Procedures



Additional Information

- Program Income may be maintain by awardee and will be monitored
- The project will be monitored and inspected through out the construction phase. Request for payment/draw must have adequate and proper documentation. Project will be inspected to support the draw amount.
- Monthly, Quarterly and Annual progress reporting/Beneficiary reporting
- Annual Monitoring for Compliance/Program Management & Financial On-site Monitoring will be conducted

Requirements

- Agreement is required
- Scope of Services - such as complete construction plans
- Project Budget and Budget Narrative
- Performance and Activity Schedule

Procurement

- There are four methods of procurement that are identified in the federal regulations:
 - Small purchase procedure (\$100,000 or less)
 - Sealed bids (all construction contracts or goods costing over \$100,000)
 - Competitive proposals
 - Non-competitive proposals
- Debarred, Suspended or Ineligible Contractors (570.609)
- Uniform Administrative Requirements (570.610)
- Minority & Women's Business Enterprise Outreach (570.602)

Other Federal Requirements: 24 CFR 570.600-614

- Affirmatively Further Fair Housing (570.601)
- Equal Opportunity and Prohibition Against Discrimination (570.602)
- Labor Standards/Davis Bacon (570.603)
- Section 3 of the U.S. Housing Act of 1968, as amended
- Environmental Review (National Environmental Policy Act) (570.604)
- Employment and Contracting Opportunities (570.607)
- Conflict of Interest Provisions (570.611)
- Review and Public Comment for Entitlement Programs (570.612)
- Architectural Barriers and Act and ADA (570.614)

Contacts

City staff is available to address any questions or concerns
Related to the 2016-2019 NOFA and funding applications.

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Questions and Answers

