

# City of Jacksonville Housing & Community Development

HOME Program Revolving Loan Fund  
August 2, 2018



# Introduction

- On September 13, 2018, the City of Jacksonville Housing and Community Development Division will be issuing a Notice of Funding Availability (NOFA) for affordable housing development projects.
- Funding will be made available through the 2018 HOME program grant which the City receives from HUD each year.
- Funds will be made available in the form of repayable loans.
- Applications for funding will be due by October 26, 2018.

# Funding Available

The City will make available a total of \$4,422,607 in HOME funds

- \$324,644 will be set-aside for certified Community Housing Development Organizations (CHDOs) only.
- Balance of the funding available to all eligible applicants: \$4,097,963

# Target Population

- Eventual owners or rental occupants must have household incomes at or below 80% of the Area Median Income.
- Bonus Points will be provided to projects serving special needs populations including:
  - Elderly (over 62)
  - Persons with disabilities
  - Formerly homeless persons or families

# Eligible Applicants

The following organizations will be eligible for funding:

- Non-profit affordable housing developers
- For-profit affordable housing developers
- Certified CHDOs
- Public Housing Authorities (though public housing is not eligible)
- Joint Ventures

# Eligible Activities

Funding will be available for the following project types:

- Acquisition of existing housing units (for rental opportunities only)
- Acquisition and rehabilitation of existing units for home ownership or rental opportunities
- New Construction of housing for home ownership or rental opportunities

# Eligible Uses of Funds

Funding may be provided for the following uses:

- Construction Financing
- Permanent Financing
- Gap Financing

# Ineligible Uses of Funds

- Acquisition of vacant land
  - (unless additional financing is committed for the construction of affordable housing)
- Public housing
- Predevelopment Loans
- Payment of delinquent taxes or liens
- Developer Subsidies
  - (only be available to nonprofits, or to a for-profit that are in a joint venture with a non-profit, under the Gap Financing Program for the Foreclosure Registry (max. \$50,000 per property)).



# Underwriting Guidelines & Project Selection Criteria

The City is developing detailed underwriting guidelines and project selection criteria for both rental and homeownership development projects.

- All applications will be reviewed for feasibility based on the defined underwriting guidelines.
- Guidelines will include construction costs assumptions, operating costs assumptions, and reasonable fees – including developer fees, as well as loan parameters available for each project type.

# Underwriting Standards

- All other funding sources must be committed at the time of application
- Development/Construction Costs will be reviewed for cost reasonableness by city staff
- All acquisition (land and/or buildings) must have an appraisal no more than 6 months old
- Projects where the house will be resold for homeownership are subject to appraisal that confirms the sales price of the unit once improvements are completed. (The appraisal must be no more than 6 months old.)
- A Market Needs Assessment will be required for projects with 11 or fewer units
- A full Market Study will be required for projects with 12 or more units
- Developer fees will be limited as follows:
  - 5% for acquisition only activities
  - 10% for acquisition & rehab activities
  - 15% for new construction activities

# Underwriting Standards

Annual Operating Costs will include the following assumptions:

- Management Fee will be capped at 10% of Effective Gross Income
- Rental Vacancy Rate, for all income, will be calculated at 10% unless project based vouchers are committed, then a Vacancy Rate of 5% will be utilized.
- Annual Operating Costs, including the Management Fee, will be calculated at \$3,500/unit per year for rental or \$4,500/year for supportive housing developments
- Annual Operating expenses shall increase 3% each year
- Gross Rents shall increase at 2% each year
- Replacement Reserves shall be \$400 per unit, per year
- All rental projects must document eligible HOME rents and Utility Allowances

# HOME Loan Terms

Loan Type	Origination Fee	Interest Rate	Debt Coverage Ratio	Loan Term	Affordability Period
Construction Financing	2%	1% for for-profit 0% for non-profit	N/A	18 months	15 years for acq./rehab. 20 years for new construction
Permanent Financing	None	1.5% for for-profit 0% for non-profit	Minimum of 1.15 Maximum of 1.30	15 years for acq./rehab. 20 years for new construction	15 years for acq./rehab. 20 years for new construction

# Project Selection

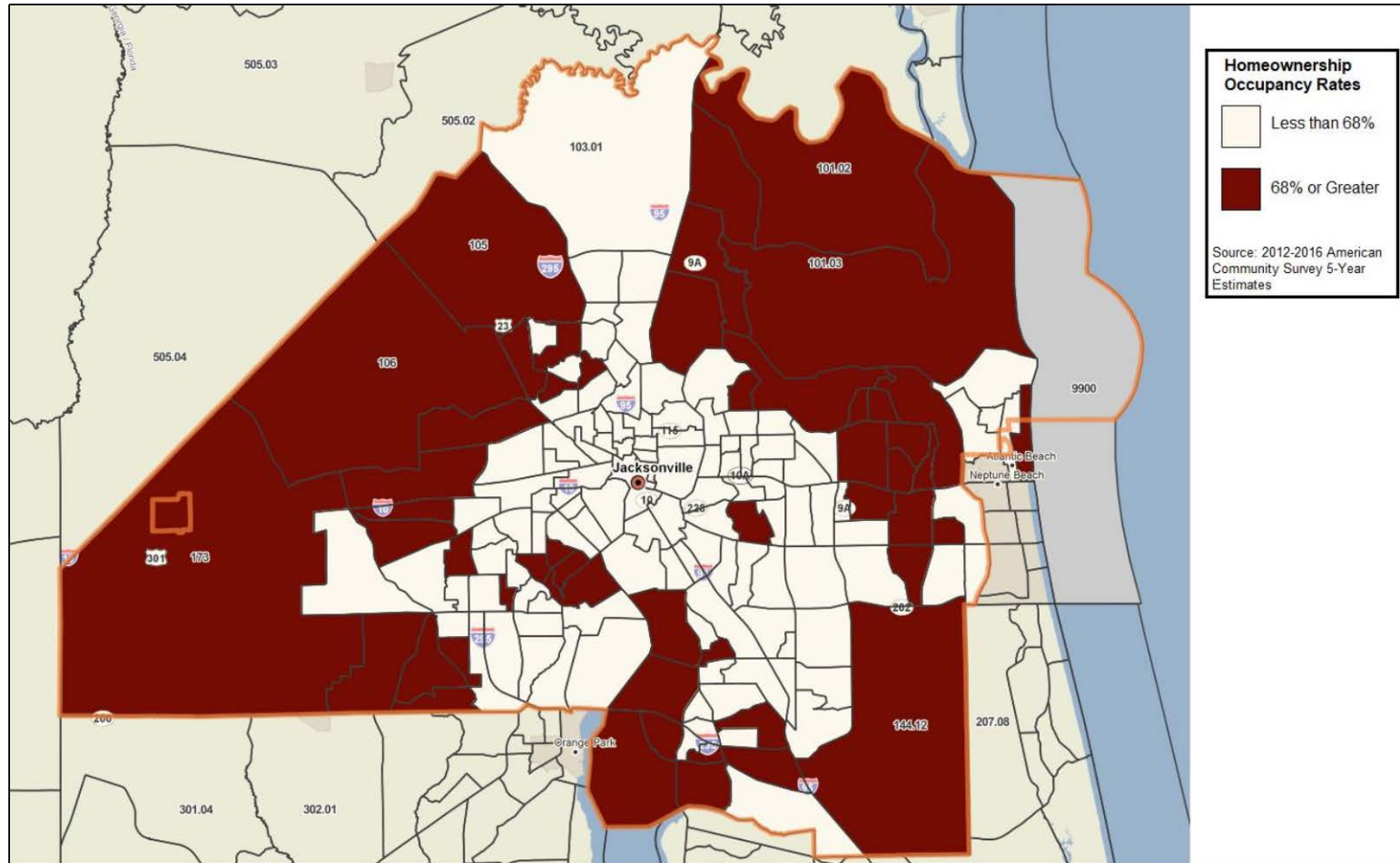
- Better scoring for projects that bring outside funding (leverage or match)
- Location of amenities (schools, grocery, public transportation)
- Projects that do not require a development subsidy will be prioritized
- Better scoring for special needs housing and housing in priority neighborhoods

# Priority Neighborhoods

- Neighborhoods with existing homeownership of 68% or more will be targeted for affordable rental housing development.
- Neighborhoods with rental rates of 52% or more will be targeted for development of affordable homeownership opportunities.
- Based on the proposed project type, projects will be required to be located within reasonable distances from community amenities.
- In-fill development within existing residential areas will be prioritized over vacant tract development in the suburbs.

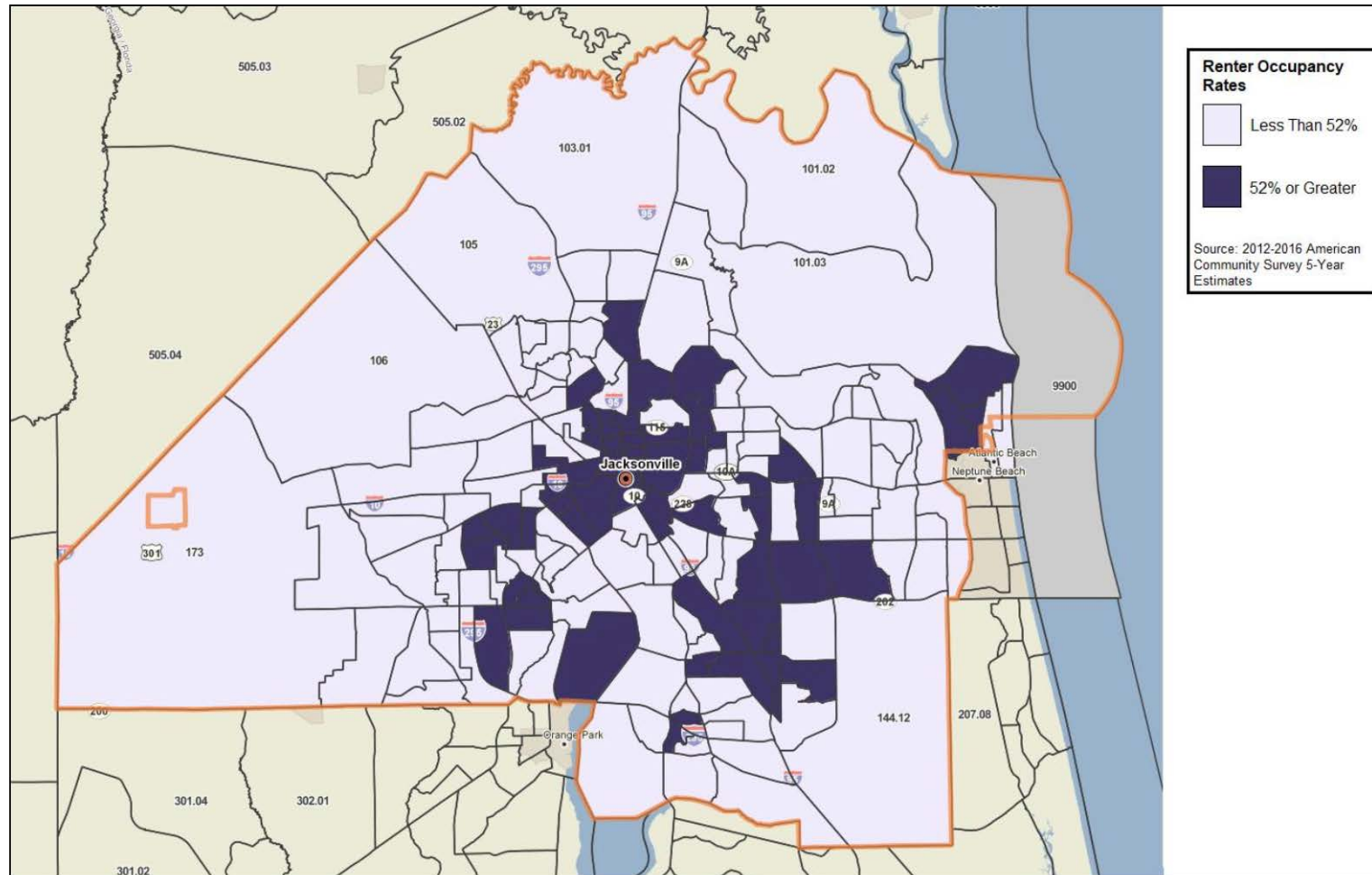
# Underwriting Guidelines & Project Selection Criteria

## Homeowner Concentration by Census Tract in Jacksonville/Duval County



# Underwriting Guidelines & Project Selection Criteria

## Renter Concentration by Census Tract in Jacksonville/Duval County





# Program Implementation Timeline

- Underwriting and Application Materials finalized – August 17th
- Application workshop #1 - September 13<sup>th</sup>
- Application workshop #2 - September 27<sup>th</sup>
- Applications Due October 26<sup>th</sup>
- Post list of applicants that meet threshold criteria - November 9<sup>th</sup>
- Funding recommendations announced (no later than) - November 30<sup>th</sup>
- First Loans Issued in February 2019

Thank you

**Comments**

**Questions**