APPLICATION GUIDANCE

Mission / Purpose: The Housing Fund for Linn County ("HFfLC") is a community-based organization dedicated to improving the quality of life by offering innovative and flexible funding in order to expand affordable housing opportunities. With secured financial resources, the HFfLC has established a fund to specifically increase opportunities for the development and preservation of affordable housing within Linn County. The purpose of this Request for Proposal ("RFP") is to solicit applications from qualified housing providers needing financial assistance to implement affordable housing projects that will address the mission of the HFfLC.

Eligible Applicants: Nonprofit and for-profit business and/or developers, and governmental entities are eligible to apply for funding assistance from HFfLC for affordable housing projects proposed within Linn County. Individual citizens proposing housing projects in which they reside are not eligible to apply for assistance from this fund.

Funding availablility: All funds must benefit households with low-to-moderate income (below 80 percent of the area median income, as defined by HUD). The HFfLC Board of Directors sets the amount of funding and distribution priorities to be dispersed through this application. The HFfLC reserves the right, at any time, to amend, revise or otherwise alter provisions or process associated with this application or its companion application. Stipulated provisions serve as guidelines to the HFfLC Board of Directors, which has ultimate decision-making authority in regard to the review of applications and any/all funding determinations.

If funds are available, HFfLC typically makes funding applications available twice a year. The amount of funding made available for each round would be determined in the month prior to the round. Applications for grant/forgivable loan funding may only be accepted in the spring application cycle. Any requests for a combination of grant and loan funding will be accepted during both application cycles; however, loan only requests will be given preference. Applications for funding outside of the two normal funding cycles may be accepted; however, the applicant must provide documentation for why the request is time-sensitive. The applicant will be required to submit the most recent application for funding that had been made available by the HFfLC. The application must include all required attachments.

It is the goal of the HFfLC to sustain a revolving pool of funds through assistance provided. The preferred objective is to assist redevelopment/development projects (such as property rehabilitation or new construction) and/or homeownership. Because such activities are typically conducive to repayment, this assistance is more likely to be provided in the form of loans at discounted below-market or zero interest rates. Proposed rental projects may not exclude lawful sources of income to be considered as rent, such as Section 8 or Rapid Rehousing rental assistance programs, Social Security or Social Security Disability payments, etc.

**Note: HFfLC is able to provide grants and loans through the funding it receives from the Iowa Finance Authority (IFA), Local Housing Trust Fund program. Funding changes to this program will directly impact the HFfLC's ability to provide grants and loans for affordable housing.

A. Completing and Submitting the Application

1. Read the application thoroughly before beginning to prepare your application.

2. Submit one (1) electronic copy via e-mail, or one (1) original of your application to:

   Sara Buck, Executive Director
   Housing Fund for Linn County
   c/o East Central Iowa Council of Governments (ECICOG)
   700 16th Street N.E. - Suite 301, Cedar Rapids, IA 52402
   Sara.buck@hfflc.org
   319-289-0072

   Please note that copies of this application may be obtained from Mrs. Buck, and any questions should also be directed to her attention. Applications must be received by the due date/time. An email confirmation will be sent when the application is received.

3. Faxed applications will not be accepted.

4. There are limitations on the total pages as stated in the application. Please use at least a 12-point computer generated word-processed font type. Hand-written applications will not be accepted.

5. The HFfLC Board of Directors reserves the right to reject any and all applications as well as waive any irregularities and/or allow alterations.

B. Eligible Activities

The HFfLC will fund projects ONLY within Linn County. At the discretion of the HFfLC, this may include providing temporary or permanent assistance for: owner, rental property, transitional housing, or shelter demolition/clearance, development, construction, reconstruction, or rehabilitation; homeownership assistance (such as down payment/closing costs for first-time homebuyers, mortgage payments for principal, interest, taxes and/or insurance, etc.); and rental assistance (such as for rent security deposits, utilities, etc.).

All projects must serve households with incomes under 80% AMI (see pg. 4). Preferential consideration, however, may be given to projects that target households with an income at or below 30% of AMI, as well as the extent to which project resources are leveraged from funding sources other than that which may be awarded by the HFfLC.

As determined by the HFfLC Board of Directors, in part through review guidelines, funding awards will principally be dependent upon the degree to which proposals competitively address market demand (i.e., need), the mission of the HFfLC/community goals and, through demonstrated experience, ability to implement results in a timely manner.

Therefore, a firmly committed project will be evaluated more favorably than a proposal that is speculative in nature. While speculative proposals will be considered, generally funding assistance from the HFfLC will be awarded if firm development-related commitments are realized or anticipated (such as property control, completing zoning/platting, securing other sources of revenue, etc.). As practicable, there will be a desire to geographically distribute funds of the HFfLC throughout Linn County. The extent that a proposal may be administered with ease or complexity will also be considered, as well as the leveraging of other funding sources and the promotion of infill development, energy efficiency, and principles of sustainability.

C. Funding Stipulations

1. Following are maximum project funding amounts that the HFfLC will provide:

    a. Transitional and Rental Housing: $50,000 per unit for new construction and $25,000 per unit for rehabilitation.

    b. Owner occupied: 25% of the total project budget for new construction and $25,000 per unit for rehabilitation.

    c. Emergency shelter development and rehabilitation: No limitation.

    d. Down payment/closing cost assistance: Not to exceed 20% of purchase price.

2. Applicants may apply for any amount up to the total of funds made available through this RFP. However, funding is not guaranteed at any level requested by an applicant. Amounts awarded may be recommended by a committee, but are subject to final approval by the Board of Directors of the HFfLC. Innovation is encouraged and the applicant may apply to use funds in a creative manner.

3. The HFfLC reserves the right to set the amount of each award and is not obligated to fund any applicant at any amount and terms requested.

4. Applicants must supply sufficient information to allow the HFfLC to determine the feasibility of the proposed project. If the HFfLC determines the project is not feasible, or is not supported by market demand (i.e. need) for the respective housing type, the application will not be considered for funding award.

5. Term for loan repayment may be determined by other project funding sources or the term that allows the project to be feasible. HFfLC will determine the term upon award.

6. Examples of possible applications:

    - Project “X” is a duplex building that will have both units rehabilitated and rented to low-income tenants with a household income at or below 80% of the AMI. In

accordance with the stipulated maximum of $25,000 allowed for rehabilitation per unit, the applicant requests a 10-year below-market interest rate loan of $50,000.

- Project "Y" proposes to provide security deposits for extremely low-income tenants who have been displaced (such as from natural disaster or other cause). The applicant requests a 0% loan to be re-paid as security deposits are released; with any portion not returned to be forgiven, such as in the case of retention to recoup damage(s).

- Project "Z" proposes to provide a rent subsidy grant to extremely low-income tenants who have been displaced (such as from natural disaster) and for whom a loan repayment would not be feasible.

7. Successful applicants for down payment assistance funding must administer the assistance program with eligible homebuyers and service the loans.

8. Any project built prior to January 1, 1978 that has included federal funds as a leveraged part of project cost generally must apply those federal funds, (or any other funds not allocated from the fund HFfLC), to the cost of compliance with Lead Safe Housing Regulations of the U.S. Department of Housing and Urban Development (HUD). Funding from the HFfLC generally may not be applied to pay any cost required by federal lead-safe practices unless the beneficiary is not able to secure other funds for this purpose (i.e., may not otherwise qualify under federal guidelines).

D. Affordability Requirements

1. "Affordable" is defined as "housing costs that are no more than 30% of a household's gross income." Housing costs for homeowners comprise the average monthly summation of cost for principal, interest, taxes and insurance. Housing costs for renters comprise the average monthly summation of cost for rent and utilities. In accordance with income guidelines issued by the U.S. Department of Housing and Urban Development (HUD), all projects funded by the HFfLC must serve low- to moderate-income persons with a household income that is at or below 80% of the area median income ("AMI"). Projects that serve extremely low-income households at or below 30% AMI will be given preference. The following chart identifies current household income limits for projects located within Linn County (effective: April 1, 2025):

Linn County Household Size	80% of Area Median Income (Low-income)	30% of Area Median Income (Extremely Low-income)
1	$59,000	$22,150
2	$67,400	$25,300
3	$75,850	$28,450
4	$84,250	$31,600
5	$91,000	$34,150

6	$97,750	$36,700
7	$104,500	$39,200
8	$111,250	$41,750

2. Redevelopment and development projects funded by the HFfLC, must ensure that assisted units remain affordable following completion for the targeted population for the affordability period determined upon award. Enforcement of this affordability requirement will be negotiated between successful recipients and the HFfLC. This is principally in consideration of whether the satisfaction of affordability will apply exclusively to certain designated units or will be allowed to "float" among a variety of units within a project. For example, a four-unit project with only one unit assisted with HFfLC funds may possibly be allowed to have any project unit occupied by a low-income household to satisfy the affordability requirement, and not solely the actual unit assisted.

3. Homeownership projects must apply re-sale controls to achieve long-term affordability.

4. Projects will generally be secured by a lien to ensure the repayment terms are met and/or affordability guidelines are maintained. Recipient is responsible for recording fee.

E. Monitoring

Monitoring and reporting requirements will be negotiated between the HFfLC and recipients upon notification of award. It remains within the sole discretion of the HFfLC Board of Directors to approve any variation from the following requirements, and any such variance requested by a recipient must be approved in advance.

1. Reporting: A legally authorized representative of a recipient will be required to execute a written contractual Agreement with the HFfLC, as well as binding funding documents. The Agreement will set forth all terms and conditions upon which the project is funded by the HFfLC, including a detailed project timeline. As part of the Agreement, recipients will be required to provide progress reports to the HFfLC which, as applicable, satisfy requirements imposed by the Iowa Finance Authority together with inclusion of the following minimal information:

    a. A narrative summary of progress made since the last reporting period.

    b. A financial status report of revenue and expenses for the project.

    c. A description of activities needed for completion of the project with an explanation and a time-line to implement those activities.

2. Income Verification: All projects funded by the HFfLC must serve low-to-moderate income households in Linn County (i.e, those at or below 80% of AMI). In addition, some applicants will be awarded funding for projects that benefit extremely low-income households (i.e., those at or below 30% of AMI). In order to receive funding from the HFfLC, applicants must agree to verify the income of targeted populations during the entire applicable period of affordability. Applicants agree to ensure that assisted households meet the income requirements upon occupancy and projected income for the following year. Any change in assisted households must be reported to HFfLC and the income level must be determined for the new occupants. Applicants agree to verify income upon occupancy or at the time HFfLC funds are requested, if occupant is known. Applicants agree to provide annual reports setting forth sufficient information to establish compliance.

   In order to verify income and assets, recipients must complete forms required by the Iowa Finance Authority, as part of the Local Housing Trust Fund program. This includes:

   a. Examination and recording source documents evidencing annual income for the household (i.e., wage statements or verification of employment provided by employer, etc.); or

   b. Obtaining a written statement of income verification from the administrator of a government program under which low-income benefits, as defined herein, are provided to the project's household(s).

To ensure the accuracy of reporting to the HFfLC, recipients must require that assisted households report substantial changes anticipated in the year following the income verification (i.e. anticipated change in household size, income, and/or significant health event). In addition, any renter or owner household changes within the affordability period must be reported and the above income verification completed for each new household.

F. Other General Conditions

1. In order to receive funding, the applicant must agree to provide information as may be required by the HFfLC to ensure compliance with any/all applicable federal, state, and local laws.

2. An applicant must agree to certify that they will secure and supply appropriate documentation demonstrating compliance prior to execution of a contractual Agreement with the HFfLC for the following:

   a. Evidence of ownership/site control (e.g.; title opinion, copy of deed, long-term lease, etc.).

b. Evidence of proper zoning (including, as may be necessary, site plan/variance) and platting, with rights to access and easements from the appropriate local governmental body and/or utility.

c. Evidence that all project funding is secured with binding commitments.

Note:

- Other sources of project funding must be secured with binding financial commitments within nine months of an executed Agreement between the Recipient and the HFfLC. If funding is not committed within this period, the Agreement with the HFfLC shall become null and void unless otherwise re-negotiated between the parties.

- The HFfLC reserves the right to withdraw its funding award if an approved project includes proposed other grant funding, but fails to receive a secured award from the Funding Entity when awards are announced in the next round.

- 100% of project funding must be expended by the agreement expiration date stated in the award agreement. Should the expenditure not be completed by the agreed upon date, the HFfLC has the right to terminate its funding.

3. Any structure(s) to be acquired or constructed must meet, or be rehabilitated to meet, minimum standards of local housing and/or building codes, ordinances, etc. For projects located in jurisdictions without a building code, applicants must meet all requirements of Linn County's applicable standards. At a minimum, applicants for rehabilitation must meet Section 8 Housing Quality Standards.

4. Any request for funding for non-capital expenditures must also be able to demonstrate that their proposal is part of a collaborative effort, that it is part of a community and systematic approach to provide housing.

G. Evaluation Process

1. Determining Feasibility: At its discretion, the HFfLC Board of Directors may utilize a committee in a strictly advisory capacity to evaluate applications for the purpose of recommending funding awards. Any panel scoring serves solely as a guideline for, and not determinant of, recommended funding. Sufficient information must be submitted to support all projections. The application will first be reviewed to determine whether the application meets the "Mandatory Feasibility Threshold" (as explained therein). **If the Project does not meet the Mandatory Feasibility Threshold it will not be considered for funding.**

2. Review Process: The following narrative describes the review process. This assumes utilization of a committee. However, the Board of Directors may conduct such review directly at its discretion.

    a. Committee members convene and discuss application proposals received.

    b. The applicant is expected to provide a clear and complete application. Applicants may be invited to provide a 5-minute presentation. Additional handouts at that time are limited to one page per applicant. To the extent possible, any questions regarding the project will be sent to the applicant in advance of the scheduled presentation. During the presentation the applicant may not add any additional or new information that changes the scope of the project from that proposed in the submitted application.

    c. Applications will be prioritized, based on that guidance and any other considerations the HFfLC Board of Directors deemed pertinent at the time funding was made available, the committee will make and convey its funding recommendations to the Board of Directors of the HFfLC.

    Prior to the HFfLC Board of Directors taking action on funding recommendations, any and all questions or supplemental information of the applicant should be directed only to the HFfLC Executive Director.

H. Award Notification

The goal is to notify all successful applicants in writing of funding decisions made by the Board of Directors of the HFfLC as soon as practicable upon determination of proposed awards. Award offers from the HFfLC that are not accepted by intended recipients may be allocated to fund the proposed projects of other applicants.

I. Rejection Notification

The Board of Directors of the HFfLC may reject any or all applications that do not meet guidelines or priorities, do not demonstrate feasibility, or do not demonstrate capacity to perform in a timely manner. Applicants denied funding assistance will be notified in writing of their proposal rejection at the same time as when award notices are conveyed. Applications not presently funded may be re-considered if, and when, subsequent comparable funding opportunities should be made available by the HFfLC and a subsequent application is submitted during a regular application round.

J. Appeal Process

1. Applicants who are denied funding under this RFP may file a request for appeal with the Board of Directors of the HFfLC only after funding disposition has been made and only under the following circumstances:

a. Critical information within the application was overlooked that would have caused the project to meet the feasibility threshold and/or otherwise be considered a successful application.

b. A decisive error occurred as part of the process.

2. Applicants may file a request for appeal in writing to:

   Housing Fund for Linn County
   Attn: Chairperson
   c/o East Central Iowa Council of Governments
   700 16th Street N.E., Suite 301
   Cedar Rapids, IA 52402

3. An applicant's written request for appeal must be received within seven (7) calendar days immediately following the date on the notice of funding denial. The request must clearly state the reason(s) for the appeal and specify any/all issue(s) being contested. During the appeal process the applicant may clarify information contained in the application. No new information may be added that was not included as a part of the application.

4. An appeal decision of the HFfLC's Board of Directors will be final. A pending appeal will not delay funding to other applicants awarded funding. A full or partially successful appeal will be funded from the next funding opportunity.

Proposals will be required to meet the Mandatory Feasibility Threshold prior to being scored. If a proposal does not meet the Mandatory Feasibility Threshold the project will be rejected with no further consideration.

MANDATORY FEASIBILITY THRESHOLD

THE FOLLOWING INFORMATION WILL BE EXAMINED TO DETERMINE IF A PROPOSAL IS FEASIBLE

1. Applicant Track Record

The HFfLC application must demonstrate that the applicant has the capacity to complete and manage the project for the term of funding assistance provided, or required period of affordability, whichever is longer. This must be evidenced by previous experience in developing and managing similar projects or by presenting other evaluation factors that may serve as comparable indicators. Issues to be addressed include:

Can the applicant demonstrate that they have developed and managed projects in the past in a timely manner and reasonably within their project budget?

In cases where the applicant has no established track record, are there compensating factors? For example, will appropriate project managers/contractors be retained? Does the applicant have an adequate "liquid" net worth to sustain financial feasibility? Is there evidence the applicant has a sufficient income stream without cash-flow from their proposed project to remain a viable entity? Will the applicant form partnerships for backing by other experienced entities to undertake and complete the proposed project?

2. Market Feasibility (Identify Need for Proposed Activity)

The applicant must establish that a market exists for assistance, as proposed, and that a significant number of potential beneficiaries exist in the marketplace.

Has the applicant established that a market exists for the assistance given the project's location, design and proposed (affordable) cost?

What methodology was used by the applicant to determine market feasibility?

Sufficient information must be submitted to support all projections included in an application. Applications with un-substantiated projections or projections with negative balances will not be funded. Budgets and projections approved by other qualified funding sources will generally be accepted, such as those prepared for:

Iowa Finance Authority (IFA);
U.S. Department of Agriculture (USDA) Rural Development;
U.S. Department of Housing and Urban Development (HUD); and

Iowa Economic Development Authority (IEDA).

The HFfLC may require additional documentation to justify market assumptions made by the applicant.

3. Financial Characteristics

The financial characteristics of a project will be reviewed in the areas of project development and project operation, which include, but are not limited to, the following:

Developer's Fee: Proposals may include a developer's fee of no greater than 14% of the total budget. There is no minimum fee established.

Debt Coverage Ratio: Applicants must show that a proposed project borrowing funds to be re-paid can service its debt. In order to meet this requirement, applicants must have a debt coverage ratio in the range of 1:15 to 1:50. If an applicant's debt coverage ratio deviates from that required, the applicant may provide a narrative to justify the deviation.

- **Contingency:** The contingency budget should generally be between 5 to 10% of a new construction project budget and between 7 and 12% of a rehabilitation project budget, unless the applicant can demonstrate that costs are unlikely to change from those proposed. However, unforeseen costs do occur in essentially all construction and rehabilitation projects and it is necessary to ensure that there will be sufficient funds budgeted to complete the project.

5. Readiness to Proceed

The final feasibility test will be the project's readiness to proceed. The HFfLC may reject a proposed project based upon this feasibility criterion, if it appears unlikely that sufficient funds can be raised in a timely manner.

If the application does not meet the feasibility threshold, the application will not be scored nor considered for funding.