

# East Central Iowa Housing Trust Fund

700 Sixteenth Street NE, Suite 301, Cedar Rapids, IA 52402

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## APPLICATION GUIDANCE

**Mission/Purpose:** The East Central Iowa Housing Trust Fund (ECIHTF) 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 ECIHTF has established a fund to specifically increase opportunities for the development and preservation of affordable housing within Benton, Iowa, Jones, and Washington Counties. 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 ECIHTF.

**Eligible Applicants:** Nonprofit, for-profit, and governmental entities are eligible to apply for funding assistance from the fund of the ECIHTF for affordable housing projects proposed within Benton, Iowa, Jones, and Washington Counties. Individual citizens are not eligible to apply for assistance from this funding.

**Funding available:** The total funding available varies, and a portion of the funding is set-aside to target benefit for extremely low-income households at or below 30% of the area median income (“AMI”), as defined by income guidelines issued by the U.S. Department of Housing and Urban Development. The ECIHTF Board of Directors sets the amount of funding, and distribution priorities, to be dispersed through this RFP. The ECIHTF reserves the right, at any time, to amend, revise or otherwise alter provisions or process associated with this RFP or its companion application. Stipulated provisions serve as guidelines to the ECIHTF Board of Directors, which has ultimate decision-making authority in regard to the review of applications and any/all funding determinations.

It is the goal of the ECIHTF to sustain a revolving pool of funds though assistance provided. However, the ECIHTF recognizes that certain projects of merit may not be suited for funding recapture. Preference will be given to projects located in designated disaster areas, projects benefitting extremely low-income households, and projects that are conducive to repayment.

**Deadline:** Applications for funding to assist affordable housing projects through this RFP may be submitted to the ECIHTF, in the office of the East Central Iowa Council of Governments (ECICOG), **at any time.**

**A. Completing and Submitting the Application**

1. Read the RFP thoroughly before beginning to prepare your application.
2. Submit one (1) electronic copy via e-mail, as well as one (1) original of your application to:

Tracey Achenbach, Executive Director  
East Central Iowa Housing Trust Fund  
c/o East Central Iowa Council of Governments (ECICOG)  
700 16<sup>th</sup> Street N.E., Suite 301, Cedar Rapids, IA 52402  
ecihousingfund@ecicog.org  
319-365-9941 ext. 139

Please note that copies of this application may be obtained from Ms. Achenbach, and any questions should also be directed to her attention.

3. Faxed applications will not be accepted.
4. There is no limitation on pages, but please use at least a 12-point computer generated word-processed font type. Hand-written applications will not be accepted.
5. The ECIHTF Board of Directors reserves the right to reject any and all applications responding to this RFP, as well as waive any irregularities and/or allow alterations.

**B. Eligible Activities**

The ECIHTF will fund projects ONLY within Benton, Iowa, Jones, and Washington Counties. At the discretion of the ECIHTF, this may include providing temporary or permanent assistance for: owner or rental property 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.); rental assistance (such as for rent security deposits, utilities, etc.); transitional housing; and or homelessness. For clarification, utility assistance may be provided for all types of housing.

Generally, 30% of funding provided (from total funds available) must assist extremely low-income households. Therefore, preferential consideration will 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 ECIHTF.

As determined by the ECIHTF 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 ECIHTF /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 ECIHTF may be paid out when firm development-related commitments are realized (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 ECIHTF in Benton, Iowa, Jones and Washington counties. 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 ECIHTF will provide:
  - a. Transitional and Rental Housing: \$50,000 per unit for new construction and \$25,000 per unit for rehabilitation.
  - b. Owner occupied: 80% of the total project budget for new construction and \$25,000 per unit for rehabilitation.
  - c. Emergency shelter development and rehabilitation: No limitation.
  - d. Downpayment/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 screening panel, but are subject to final approval by the Board of Directors of the ECIHTF. Innovation is encouraged and the applicant may apply to use funds in a creative manner.
3. The ECIHTF reserves the right to set the amount of each award and is not obligated to fund any applicant at any amount requested.
4. Applicants must supply sufficient information to allow the ECIHTF to determine the feasibility of the proposed project. If the ECIHTF 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 will be dependent on the amount of ECIHTF assistance.

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 5-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 who, due to their faith, are prohibited from repaying debt with interest.
6. Successful applicants for downpayment assistance funding must administer the assistance program with eligible homebuyers and service the loans.
  7. 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 ECIHTF), to the cost of compliance with Lead Safe Housing Regulations of the U.S. Department of Housing and Urban Development (HUD). Funding from the ECIHTF 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 ECIHTF 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 Benton, Iowa, Jones, and Washington Counties (effective: March 2017):

	<i>Benton</i>		<i>Iowa</i>		<i>Jones</i>		<i>Washington</i>	
	30%	80%	30%	80%	30%	80%	30%	80%
<b>1 Person</b>	\$15,850	\$42,200	\$15,700	\$41,800	\$14,150	\$37,600	\$15,050	\$40,150
<b>2 Person</b>	\$18,100	\$48,200	\$17,950	\$47,800	\$16,240	\$43,000	\$17,200	\$45,850
<b>3 Person</b>	\$20,420	\$54,250	\$20,420	\$53,750	\$20,240	\$48,350	\$20,420	\$51,600
<b>4 Person</b>	\$24,600	\$60,250	\$24,600	\$59,700	\$24,600	\$53,700	\$24,600	\$57,300
<b>5 Person</b>	\$27,780	\$65,100	\$28,780	\$64,500	\$28,780	\$58,000	\$28,780	\$61,900
<b>6 Person</b>	\$32,960	\$69,900	\$32,960	\$69,300	\$32,960	\$62,300	\$32,960	\$66,500
<b>7 person</b>	\$37,140	\$74,750	\$37,140	\$74,050	\$37,140	\$66,600	\$37,140	\$71,100
<b>8 person</b>	\$41,320	79,550	\$41,320	\$78,850	\$41,320	\$70,900	\$41,320	\$75,650

2. Redevelopment and development projects funded by the ECIHTF, must ensure that assisted units remain affordable for the targeted population for a period, as awarded, following project completion. Enforcement of this affordability requirement will be

negotiated between successful recipients and the ECIHTF. 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 ECIHTF 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 affordability guidelines are maintained.

## **E. Monitoring**

Monitoring and reporting requirements will be negotiated between the ECIHTF and recipients upon notification of award. Recipients may, in appropriate circumstances, satisfy the requirements of the ECIHTF by demonstrating compliance with comparable requirements of other public or private entities. It remains within the sole discretion of the ECIHTF 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 ECIHTF, as well as binding funding documents. The Agreement will set forth all terms and conditions upon which the project is funded by the ECIHTF, including a detailed project timeline. As part of the Agreement, recipients will be required to provide progress reports to the ECIHTF 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 ECIHTF must serve low-income households in Benton, Iowa, Jones, or Washington counties (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 ECIHTF, applicants must agree to verify the income of targeted populations during the entire applicable period of affordability. For rental and transitional projects, applicants will ensure that renters meet the income requirements upon leasing and projected for the following year. Any change in new renters must be reported to ECIHTF and the income level must be determined. For owner-occupied projects, recipients will verify homeowner income when the project is completed. For

other projects, recipients shall provide annual reports setting forth sufficient information to establish compliance.

In order to verify income, recipients may do either of the following:

- a. Examine and record source documents evidencing annual income for the household (i.e., wage statements, income tax return, etc.); or
- b. Obtain 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 insure the accuracy of reporting to the ECIHTF, recipients must require that assisted households report substantial changes in household anticipated in the year following the income verification (i.e. anticipated change in household size, income, and/or significant health event).

#### **F. Other General Conditions**

1. In order to receive funding, the applicant must agree to provide information as may be required by the ECIHTF 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 ECIHTF 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 ECIHTF; except as may otherwise be allowed for a project that proposes to leverage the inclusion of Low Income Housing Tax Credits. If funding is not committed within this period, the Agreement with the ECIHTF shall become null and void unless otherwise re-negotiated between the parties.

- The ECIHTF may withdraw its funding if an approved project includes proposed Low Income Housing Tax Credit (LIHTC) funding, but fails to receive a secured award from the Iowa Finance Authority by the time its next funding cycle is completed.
  - 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 ECIHTF 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 Benton, Iowa, Jones, or Washington 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 ECIHTF Board of Directors may utilize a screening panel 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 screening panel. However, the Board of Directors may conduct such review directly at its discretion.
  - a. Screening panel 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. A scoring of applications may be tallied and, based on that guidance and any other considerations deemed pertinent, the screening panel will make and convey its funding recommendations to the Board of Directors of the ECIHTF.

Prior to the ECIHTF Board of Directors taking action on funding recommendations, any and all questions or supplemental information of the applicant should be directed only to members of the screening panel.

## **H. Award Notification**

The goal is to notify all successful applicants in writing of funding decisions made by the Board of Directors of the ECIHTF as soon as practicable upon determination of proposed awards. Award offers from the ECIHTF 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 ECIHTF may reject any or all proposals 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. Proposals not presently funded may be re-considered if, and when, subsequent comparable funding opportunities should be made available by the ECIHTF.

## **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 ECIHTF 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:

East Central Iowa Housing Trust Fund  
c/o Tracey Achenbach  
East Central Iowa Council of Governments  
700 16<sup>th</sup> 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 ECIHTF'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 ECIHTF RFP 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 of the:

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

The ECIHTF 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.

- **Developer's Fee:** Proposals may include a developer's fee of no greater than 15% 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 of at least 1:1.5. 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 for a project should generally be between 5 to 10% of the construction budget, unless the applicant can demonstrate that costs are unlikely to change from those proposed. However, unforeseen costs do occur in essentially all construction/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 ECIHTF 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.