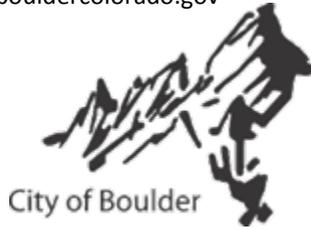


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City of Boulder

Division of Housing

FUNDING & COMMUNITY DEVELOPMENT APPLICATION INSTRUCTIONS

The City of Boulder Division of Housing provides financial assistance for the creation and preservation of affordable housing, community agency facilities and certain programs that serve extremely low, very low, low, low and moderate income households within the City of Boulder.

Funds are used to pursue the city's goal of having 10% of its residences as permanently affordable to low- and moderate-income people; these resources primarily support the creation and preservation of affordable housing units. In addition, funds support capital needs of agencies serving low income residents of Boulder and certain related programs.

The Division of Housing administers four different funds for the city including:

- *Local Sources*
 - Affordable Housing Funds
 - Generated from Inclusionary Housing Ordinance (cash-in-lieu payments) and general fund
 - Targets to households with incomes no greater than ten percent above the HUD low-income limit
 - Variable depending on development activity (approx. \$3M - \$10M/year)
 - Community Housing Assistance Program (CHAP)
 - Generated through property tax and Housing Excise Tax
 - Targets households between 15% - 60% of the Area Median Income
 - Approximately \$2.5M/year
 - Commercial Linkage Fee
 - Generated through property tax and Housing Excise Tax
 - To be implemented mid-2015
 - Revenue generated to be determined
- *U.S. Department of Housing and Urban Development Sources (Federal)*
 - The use of federal funds are identified in the Boulder Broomfield Regional Consortium 2015-2019 Consolidated Plan which can be reviewed at www.boulderaffordablehomes.com.
 - Community Development Block Grant (CDBG)
 - Funding used for housing and community development activities. Only funding available for non-housing community development projects.

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Affordable housing and community development agencies access the majority of the funding through annual competitive applications. The Division of Housing administers the fund allocation process, a competition for funds for affordable housing and community development, on an annual basis. Funds dispersed through this process can be equity grants or shared appreciation loans. The city's return on the fund investment is the preservation of existing affordable inventory, the creation of permanently affordable housing units and community development activities that benefit low to moderate income residents of the City of Boulder.

Application Explanation

This is a common application for funding to support affordable housing and community development activities. The intent is to streamline the process for our partners. It offers a standardized application for applicants requesting local and federal funds to be combined with previously submitted pre-application.

**Please note, applications requesting funding for projects that have planning implications (new construction, acquisitions if rehabilitation is required, major rehabilitations, annexations, etc.) and are not in an active land use review process are required to submit a Pre-application to the Community Planning and Sustainability (CP&S) Department. For questions about this process please contact Planning and Development Services Center at 303-441-1880*

General Proposal Information

Please use the attached application to apply for funding to support activities resulting in the development and preservation of affordable housing or improvements to community agency facilities.

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Final funding recommendations may include conditions that have to be met prior to releasing funds. Examples of such conditions include: recording a deed of trust securing the grant, securing other revenues, obtaining final development review approval, finalizing projected rehabilitation costs, or finalizing a property management plan. The City of Boulder reserves the right to reject any or all proposals, to waive informalities and irregularities in proposals received, and to accept any portion of any proposal or all items proposed if deemed in the best interests of the City. Due to the administrative burden on the city and the grantee associated with receipt of funds, minimum requests for funds are \$10,000.00. **The City may award all, some or none of the funds requested and it may award the funds in the form of a grant or a loan.**

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Eligible Recipients

- Nonprofit organizations
- Housing authorities
- For-profit developers

Eligible Activities

- New construction of housing.
- Rehabilitation of existing housing.
- Acquisition of existing housing.
- Predevelopment costs – Includes architectural, engineering, appraisals, soil tests, etc. (limited to nonprofit applicants and housing authorities) and is limited to \$5,000/unit with a maximum of \$250,000 for a housing project.
- Transitional Housing – Funding for capital needs, not services.
- Special Needs Housing – Includes housing for persons with AIDS, or persons who are physically or mentally disabled, chronically mentally ill, chronically homeless, etc.
- Services or Programs that Support the Provision or Expansion of Affordable Housing – Includes housing rehabilitation, housing counseling, etc.
- Capital needs of agencies serving low income residents of Boulder and certain related programs.

Income Targeting and Affordability Requirements

City of Boulder:

- Permanent affordability required secured through a permanent affordability covenant provided by the city recorded on the real property.
- For owner housing: \leq HUD Low-income Limit plus 10% of the AMI
- For rental housing: \leq 60% AMI
- Preference and greater fund availability for lower income limits

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Evaluation Criteria

- **Consistency:** Applicants must adequately demonstrate the project or program materially supports the goals identified within the city's Consolidated Plan. That document may be accessed through the division website or at the division office.
- **Management Capacity:** Applicants will be evaluated to determine organizational capacity to fulfill the objectives of the proposal by evaluating similar projects, if any, that the applicant has completed. Applicants should describe management capacity of their organization, including skills and knowledge of key program staff and project consultants. Such evidence should demonstrate sound fiscal and operational practices in delivering upon well defined outcomes. Results of compliance monitoring and performance reporting for previous or current awards are considered key indicators.
- **Management Expense:** Administrative and project management costs for capital improvement projects will be considered based on demonstrated organizational need. Awards for these costs are limited to 2.5% of the project costs and city funding must be matched on a 1 to 1 basis.
- **Community Benefit:** Applicants must provide evidence to show how the proposal will deliver tangible and cost-effective benefit to the overall community, as well as the population targeted by the proposal. Proposals should also define community collaborations to further leverage resources while describing how the proposal will impact (negatively or positively) related activities of other entities within the community.
- **Developer Fee:** A developer fee for projects creating or substantially rehabilitating housing units is permitted, though it may not exceed the following limits expressed as a percentage of the total project cost. Developer fees include all amounts received by the applicant whether characterized as project management, overhead or developer fee. The cost of rehabilitation projects must exceed 25% of the pre-improvement value of the buildings and permanent fixtures. Smaller projects are considered capital improvements and are not eligible for a developer fee.

Rehabilitation <25 units = 10%

New Construction >25 units = 10%

Rehabilitation >25 units = 5%

Acquisition (any size) with rehabilitation = 10%

New Construction <25 units = 15%

Acquisition (any size) without rehabilitation = 5%

If the development will use Low Income Housing Tax Credits, the city will apply the developer fee limits established by the Colorado Housing and Finance Authority, as published in the Qualified Allocation Plan in effect at the time the credits were awarded. Although these are the maximum allowed developer fees, the city may choose to fund a smaller developer fee.

- **Predevelopment:** Affordable housing applicants may request funding for expenses necessary to prepare for project development provided such items are not incurred prior to an award of predevelopment funding. The project budget submitted should include and identify all predevelopment expenses. Predevelopment expenses may include, but are not limited to,

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architectural renderings, engineering schematics, environmental analysis, property inspection, appraisals, financing application fees, legal review, and market study. Other items may be considered by the division on a case-by-case basis at the request of the applicant. To be eligible for this type of award the applicant must demonstrate site control. Predevelopment awards for housing projects will be limited to \$5,000/unit with a maximum of \$250,000 for a housing project. Only nonprofit organizations and housing authorities may apply for predevelopment funding.

- **Funding Match:** The city encourages applicants to seek other funding and in-kind contributions from private and public sources to match city funding. Other things being equal, applications with greater matching sources will receive favorable consideration. Although specific matching requirements are not currently defined, the city may implement them in the future. The city prefers not to be the sole source of funding for a project or program.
- **Per Unit Subsidy:** The division recognizes the relative cost per residential unit will vary according to many factors including the target population and project type. While no such standards are explicit within this policy document, applications are evaluated against established criteria such as available cost of funds, debt coverage ratios, vacancy rates, operating expenses, and rent/price reductions below market costs. Maximum subsidy levels are those that are required to fill the financing gap necessary to serve the population targeted, and include all funds, including predevelopment, awarded by the city whether through the Opportunity Fund or the annual fund round. Generally, higher thresholds will be allowed for those projects serving special population groups and those with a high concentration of units reserved for extremely low income residents.

Reporting and Monitoring Requirements

- A number of paperwork and reporting requirements are part of this program. Not all of the requirements apply to every project. Applicable requirements will be explained in full as they apply to a funding award.
- All fund recipients will be monitored according to specific guidelines during various stages of the project. Some of the areas of monitoring may include construction, records management, procurement, financial, statutory objectives, acquisition and relocation, and rehabilitation. Rental housing projects may also require initial and long-term monitoring of housing unit quality, housing affordability, and tenant income.
- Environmental Review may be required and conducted by the City of Boulder. If needed, it must be completed prior to the expenditure of **any** funds or initiation of any project.

Federal Requirements

The following are critical state and/or federal requirements that may pertain to your program that only apply when federal funds are awarded to a project. Noncompliance with these requirements could cost applicants funding approval or require repayment of funds by funding recipients. Please check with city staff to determine your federal requirement responsibilities prior to preparing your application. Most of these requirements may be further explained on the U.S. Department of Housing and Urban Development (HUD) website at www.hud.gov.

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<p>Accessibility - May apply to your proposal.</p> <ul style="list-style-type: none"> ▪ HOME Accessibility Requirements (Code of Federal Regulations - 24 CFR Part 92.251(a)(3)) ▪ Rehabilitation Act of 1973 (Section 504) ▪ Design and Construction Requirements (24 CFR Part 100.205)
<p>Environmental Review – Applies to all projects awarded federal funds. The review will determine if your project is in flood hazard zones; near a major highway, railroad, or commercial airport; affecting a major facility or the environment of a neighborhood; in an environment of high noise levels; or near hazardous waste.</p> <ul style="list-style-type: none"> ▪ Environmental Review (24 CFR Part 92.352) ▪ The National Environmental Protection Act of 1969 (42 U.S.C., Chapter 55, Section 4321) ▪ Environmental Compliance, Rules and Regulations (24 CFR Part 58)
<p>Fair Housing – May apply to your project if you serve owners or tenants.</p> <ul style="list-style-type: none"> ▪ Civil Rights Act of 1968 (Title VIII) ▪ HUD Office of Fair Housing ▪ Fair Housing Act (Section 800)
<p>Fair Market Rents – May apply to your proposal if you are planning a rental project.</p> <ul style="list-style-type: none"> ▪ HUD Data Sets for Fair Market Rents (www.huduser.org, search for “fair market rent”)
<p>Historic Preservation – May apply to your project if you are rehabilitating a property more than 50 years old.</p> <ul style="list-style-type: none"> ▪ National Historic Preservation Act (Section 106)
<p>Labor – May apply to your proposal if you are planning a new construction or rehabilitation project.</p> <ul style="list-style-type: none"> ▪ HOME Labor Requirements (24 CFR Part 92.354) ▪ Davis Bacon (40 U.S.C., Chapter 3, Section 276a-276a-5) ▪ A Contractor's Guide to Davis-Bacon Wage Requirements & Certified Payroll Reports (HUD Handbook 1344.1)
<p>Lead-Based Paint – May apply to your proposal if you are planning a rehabilitation and/or historic preservation project built before 1978.</p> <ul style="list-style-type: none"> ▪ HOME Lead-Based Paint Requirements (24 CFR Part 92.355) ▪ HUD Regulation on Lead-Based Paint Hazards (24 CFR Part 35) ▪ Office of Lead Hazard Control
<p>Property Standards – May apply to new construction or rehabilitation.</p> <ul style="list-style-type: none"> ▪ HOME Property Standard Requirements (24 CFR Part 92.251) ▪ Housing Quality Standards (24 CFR Part 92.209(i))
<p>Relocation/Acquisition – Applies to <u>any anticipated</u> displacement or need for relocation of residents and businesses, whether permanently or temporary.</p>
<p>Site Reviews – Applies to all rental housing projects</p> <ul style="list-style-type: none"> ▪ On Site Inspections (24 CFS Part 92.504)

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Selection Process

The following are the major steps involved in the review of proposals:

1. Staff previews all proposals to ensure that the application is complete and the basic mandatory evaluation criteria are met. The mandatory criteria are designed to meet local, state and federal compliance requirements, the City of Boulder's 10% affordable housing goal, and the Housing Division mission statement. Incomplete applications and proposals that do not meet the criteria are not eligible for further consideration. In addition to the funding process, projects seeking Planning Department approvals are subject to the provisions of the land use review process. A list of applications received will be made available to the public.
2. Staff develops an analysis of each eligible project based on the Evaluation Criteria
3. Applicants will make a presentation to Housing Division staff, the Technical Review Group (TRG) or the Community Development Advisory Committee (CDAC), members of which appointed by the city manager. These meetings are open to the public.
4. After the presentations and reviewing the staff analysis, the TRG or the CDAC evaluates proposals based on how well they fulfill community goals. They then make funding recommendations to the city manager.
5. The city manager reviews recommendations and makes funding decisions. Approved projects are shared with City Council prior to award notifications. Funding decisions are then made available to the public.

Funding agreements, covenants, notes and deeds of trust may be required to secure the permanent affordability of the proposed housing. The city reserves the right to incorporate reasonable contractual provisions into the final documents.

The Division of Housing will use information included in the application, including assumptions in the project pro forma, to develop funding recommendations. Funded applicants may be required to submit a revised pro forma and/or closing settlement sheet before covenants are executed. Significant changes in the revised pro forma may impact the actual amount of funds allocated to a project.

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DEFINITIONS

The following are definitions of terms used in the Application.

Acquisition – The purchase of existing housing or land.

Affordable Housing Fund – Inclusionary housing requires that new residential development include at least 20% of the total units as permanently affordable. Developers may opt to provide cash-in-lieu instead of providing permanently affordable housing on-site to meet part of this requirement. The AHF is comprised of cash-in-lieu payments and any allocations from the general fund.

Affordability Period – A timeframe for which rental payments or purchase prices must be affordable to the residents at a specified income limit.

Area Median Income/AMI – Median family income for a particular county or metropolitan statistical area, as estimated by the Department of Housing and Urban Development (HUD). The AMI is used to define low- and moderate-incomes for affordable housing and assistance programs.

Attached Housing – Housing that shares a wall with another unit, such as a town home or a condominium.

Community Development Block Grant/CDBG – A federally funded program by HUD that provides funding for affordable housing projects.

Community Housing Assistance Program/CHAP – A program, specific to the City of Boulder, funded through property tax and a housing excise tax and fees used to increase the supply of affordable housing in Boulder.

Covenant – An agreement to maintain the affordability of a property and ensure it is sold to or rented to persons of low- and moderate-income.

Davis-Bacon – Administered by the Office of Labor Relations, determines federal prevailing wage requirements in HUD-assisted housing and community development programs.

Displacement – An activity that results when a household must move when a project is assisted with federal funds.

Fair Market Rent – Determined by HUD and specific to a metropolitan statistical area.

Flood Zone (Federal Requirement) – A requirement to mitigate hazards in a housing site that is susceptible to a flood based on the projected flood frequency, generally 100 years and 500 years.

HOME Investment Partnerships Program – A federally funded program by HUD that provides funding for affordable housing projects.

Inclusionary Housing – A local government requirement for homebuilders and developers to construct a certain percentage of units in every new market-rate development that will be at a determined “affordable” level for low- and moderate-income households.

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Lead-Based Paint Hazard Mitigation – A federal requirement for grantees to comply with HUD’s standards to test for, reduce or abate lead based paint hazards to residents.

Low- and Moderate-Income – Determined by HUD and specific to a metropolitan statistical area.

Matching Funds – An obligation by a federal fund recipient to leverage finances with non-federal resources.

Performance Measures – A way to assess a program’s performance and demonstrate results with accuracy and consistency.

Predevelopment Costs – Project-related costs incurred prior to development such as architectural designs, site plans, land surveys, appraisals, legal costs, and business plans/pro formas.

Pro forma – A yearly projection of a project's expenses and income to determine long-term viability and profit-generating potential.

Special Needs Housing – Housing to accommodate and support persons with specific needs due to a physical or mental disability or age.

Transitional Housing – A project that has a purpose of facilitating the movement of homeless individuals and families to permanent housing within a reasonable amount of time (usually 24 months).

U.S. Department of Housing and Urban Development/HUD – A department of the federal government with the mission to increase homeownership, support community development and increase access to affordable housing free from discrimination.

Uniform Relocation Act – Requires federally funded housing programs to provide benefits, such as moving expenses, replacement housing rental payments, and relocation assistance advisory services, to tenants who must relocate because of acquisition of their housing.

Division of Housing Contacts

Kate Masingale	Funding Administrator	masingalek@bouldercolorado.gov	303-441-3167
Shelly Conley	Compliance and Project Manager	Conleys@bouldercoloraod.gov	303-441-3231
Kristin Hyser	Community Investment Program Manager	hyserk@bouldercolorado.gov	303-441-4187
Michelle Allen	Inclusionary Housing Program Manager	allenm@bouldercolorado.gov	303-441-4076
Kristin Delcamp	Homeownership Program Manager	delcampk@bouldercolorado.gov	303-441-4055