

LOUISVILLE METRO AFFORDABLE HOUSING TRUST FUND

2013 APPLICATION GUIDELINES AND PROGRAM POLICIES

Louisville Metro Affordable Housing Trust Fund, Inc.
1469 South Fourth Street, Third Floor
Louisville, KY 40208
(502) 637-54372
www.louisvilleky.gov/LAHTF

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Chapter 1: Purpose of the LAHTF

The Louisville Affordable Housing Trust Fund (LAHTF) was created in 2008 as the way for Metro Council to invest public funds in the kind of housing our community needs: for people on fixed incomes like seniors and people with serious disabilities; for young families starting out; for veterans; and for working people whose wages are not enough to live in Metro Louisville. The Housing Trust Fund is founded on the principle that a place to call home opens the door to opportunity, and that the whole community does better when everyone has a decent place to call home.

How Are the Funds Be Spent?

The LAHTF is designed to be flexible and respond to evolving community needs by giving grants and/or loans for affordable housing-related activities including: homeownership and rental housing acquisition, new construction, rehabilitation, emergency repair, down payment assistance, temporary rental assistance, technical assistance and training for developers and low-income housing consumers, support services designed to keep special at-risk people stably housed, foreclosure intervention, and housing-related asset-building. Currently the LAHTF is focusing on the rehabilitation of vacant and abandoned properties for affordable housing re-use.

Who Will Benefit from the LAHTF?

The whole city benefits when everyone has stable, decent housing, including: businesses that require a stable workforce and workforce housing; neighborhoods that have been devastated by the foreclosure and vacant property crisis; working families that need decent affordable housing and basic economic security; and the community as a whole, due to the economic impact of the LAHTF and reduced crisis-care expenses related to unaffordable housing.

Every \$1 million invested in affordable housing in Louisville creates as many as 84 units of affordable housing, supports 112 jobs, and generates more than \$6.4 million in local revenue. On an annual ongoing basis, the economic impact of having these units of affordable housing occupied includes 44 jobs supported and more than \$3 million generated in local revenue. The LAHTF is intended to be a catalyst, helping generate participation by other lenders, investors, and partners, further leveraging the impact of each LAHTF dollar.

The Trust directs its resources to affordable housing developers and service providers to promote, produce, and preserve housing for working families and low-income households who need housing that is affordable; they are the real beneficiaries of the Trust. Eligible applicants for the funding will include non-profit or for-profit housing developers, public housing authorities, and housing and homeless service providers. Funds will be awarded through a competitive application process.

By ordinance, at least half of any public funds supporting the LAHTF must serve households at or below 50% of the area median income (\$19,814 for an individual). The remaining funds are to serve households earning no more than 80% of median income (\$31,702 for an individual). Any private funds received by the trust fund may serve households earning as much as 110% of the area median income (\$43,590 for an individual).

Who Makes Decisions about the Trust Fund?

The Affordable Housing Trust Fund is be governed by a 13-member Board representative of the community, appointed by the Mayor and approved by Metro Council.

Where Will the Revenue Come From?

To effectively address housing need in Louisville Metro the LAHTF requires a dedicated source of ongoing public revenue -- the key component that defines all housing trust funds. In 2008, Metro Council established by ordinance a goal of \$10 million annually in dedicated ongoing public revenue for the LAHTF.

In the meantime, the LAHTF was awarded \$1 million in 2006 to capitalize the fund until dedicated ongoing public revenue could be established by further ordinance. In 2011, Mayor Greg Fischer allocated an additional \$100,000 in “matching” funds for the LAHTF.

Funding for this RFP is provided, in part, by Kentucky’s national mortgage settlement funds through Louisville Metro Department of Community Services and Revitalization, and by PNC Foundation.

Chapter 2: Introduction to Competitive Funding Process

The Louisville Affordable Housing Trust Fund (LAHTF) is pleased to offer a competitive funding process to affordable-housing developers, builders, and organizations to across Louisville-Jefferson County.

The primary goals of the competitive funding process are to ensure that the most viable projects are funded and to enhance the City's capacity to create and preserve affordable housing.

This guide instructs applicants on how to apply for funding available through the LAHTF competitive application funding process for homeownership production projects. This guide further explains program criteria and basic requirements, application expectations, and review processes.

Scoring priorities are set by the LAHTF Board of Directors. In general, LAHTF will review its annual needs assessment and allocate available funding resources as needed to housing activities generating the greatest demand.

Funding Use

Funds may only be used on eligible affordable housing projects located in Louisville-Jefferson County. If funded, projects will be governed by the cumulative information contained in these guidelines, as well as any applicable federal, state, and local requirements.

Recipients of funds will be expected to be familiar with and adhere to the guidelines and project design requirements described in this document and LAHTF application documents.

Funding Availability

In 2013, LAHTF has made available approximately \$300,000 in funds for eligible projects located in Louisville-Jefferson County.

Funding Limits

LAHTF further limits the amount of funds an applicant may request:
In 2013 the maximum request is \$75,000 of LAHTF funds.

Tie-Breaker

In the event that two projects submitted through the competitive funding process receive the same score and funds are insufficient to fund both projects, several "tie-breaking" factors will be considered, including (in order of consideration):

- Readiness to Proceed Score
- Community Planning & Impact Score
- Project Leverage

Chapter 3: Application Submission Requirements and Scoring Criteria

Application Thresholds

Applications will be reviewed and scored as submitted. To be eligible to apply in the competitive funding round, applicants must meet the following thresholds:

- Applicant must propose 100% repayment;
- Proposed project must be leverage of at least 6:1;
- Applicant must propose eligible project type;
- Applicant must be in good standing with the Kentucky Secretary of State.

Application Submission Process

All applicants are required to submit an application to LAHTF.

The application focuses on the overall concept of the proposed project, as well as: project design, income groups to be served, site information, readiness to proceed, capacity to undertake the project, projected budget, and funding requests. Formal submissions must include all required attachments.

Any application that is missing one or more of the required documents will be considered incomplete and will not be reviewed.

Application Preparation

There is a \$50 application fee for non-profit organizations and a \$100 application fee for for-profit applicants.

- LAHTF must receive the application and required attachments electronically at info@louisvilleahtf.org.
- In addition, the appropriate application fee must be delivered to:
Louisville Affordable Housing Trust Fund
1469 South Fourth Street, Third Floor
Louisville, KY 40208

Minimum Submission Requirements

- Application must be submitted electronically to LAHTF at info@louisvilleahtf.org by 5 p.m. EST on Monday, November 11 2013. No hard copies are required.
- The application fee must be delivered to the LAHTF by 5 p.m. EST on Monday November 11 2013.

Match and Leverage Requirements

All applicants must demonstrate projects with leverage of at least 6:1 in order to be considered for funding from the LAHTF.

Leverage funds include all federal dollars, loaned funds, donated materials, property donation or below-market rate sale, waived fees and taxes, and owner cash contributions.

Application Evaluation Criteria

The selection of the projects to be funded by the LAHTF will be determined by the order of their total overall score and ranking, with the highest ranking applications ranked first. Scoring is based on a 100 point scale.

Applicants that propose 100% repayment within 6-12 months will be prioritized for funding considerations. LAHTF may, at its discretion, request information from applicants to address and resolve issues identified during application review. The application will be scored as submitted and supplemental information provided for clarity will not be considered for scoring purposes.

Applications for 2013 LAHTF funds received through LAHTF's competitive funding process will be evaluated on the following criteria:

- **LAHTF loan payback schedule**
Timing of payback to LAHTF
- **Community Planning & Impact**
Physical impact on neighborhood
- **Fiscal soundness of project**
Project budget and cost feasibility
Cost per unit/loan to value ratio
- **Secure funding commitments**
Availability of other funding resources / Status of other commitments
Projects must leverage other resources 6:1
- **Readiness to project & Developer Experience**
Control of site / land use controls status / few impediments to project start
Number and nature of affordable housing projects completed
- **Commitment to Serve Lowest Income**
Income group(s) that will benefit from project

Chapter 4: Eligible Applicants

All applicants for LAHTF funds must be in good standing with the applicable Secretary of State's office.

Eligible LAHTF Applicants

Organizations eligible to apply for LAHTF funding include: State-Certified Community Housing Development Organizations (CHDOs), Not-For-Profit (non-CHDO) organizations, For-Profit Developers, Faith-Based and Community Service Organizations, Local Governments, and Local Government Housing Authorities.

Chapter 5: Eligible Project Types

In 2013, the LAHTF will only fund projects that address vacant/abandoned and/or foreclosed properties. Applicants may submit multiple applications for separate projects; however the total allocation any one applicant can receive for all applications is limited to \$75,000.

The following project types are eligible for funding:

- Acquisition, rehabilitation, and re-sale of existing vacant/abandoned/foreclosed properties for residential use.
- Demolition and reconstruction projects of single-family properties.
- Rehabilitation of vacant/abandoned/foreclosed properties to be operated as rental housing.
- Redevelopment of demolished or vacant properties.
- Demolition of vacant and/or blighted properties as part of comprehensive redevelopment plan that includes housing.

Chapter 6: Guidelines

- LAHTF funds are provided to recipients in the form of a loan.
- All households to be assisted with LAHTF funds must be income eligible based on the anticipated gross income as determined by the Section 8 (24 CFR, Part 5) method of income determination. All income and assets must be third-party verified when possible. The income of the household includes all household income and the actual or imputed income from assets of the all household members. Imputed asset income must be determined using current passbook savings rate as published by HUD, which is currently 2 percent.
- Income and asset verifications are valid for 180 days prior to execution of a written agreement. If more than 180 days elapses after the verifications are completed, but before the LAHTF legal documents are executed, the loan recipient must re-verify all household income and assets using the Section 8 Part 5 method.
- LAHTF funds cannot be used for Tenant Based Rental Assistance
- Developer fee may not be paid from LAHTF funds.

Structure of LAHTF Loan

The LAHTF funds will be structured as an amortized loan, or a due on sale loan. 100% repayment is required by all recipients of LAHTF funds.

Cost Containment

The Single-Family Mortgage Limits under Section 203(b) of the National Housing Act set the maximum per-unit mortgage amount, adjusted for individual counties. LAHTF has further restricted the purchase price/after rehabilitation value limits to \$150,000 for existing structures and newly constructed housing in Louisville-Jefferson County. Please note the purchase price is the contract purchase price and does not include settlement charges.

Cost effectiveness must be considered. LAHTF, at its discretion, may request and review work write-ups, contractor bids, cost estimates to ensure cost reasonableness and reserve the right to reduce funding on projects LAHTF deems not to be cost reasonable. LAHTF may also require additional supporting documentation for any activity that appears to have unusual or elevated development costs.

Home Buyer Counseling

LAHTF requires pre-purchase home buyer counseling for prospective households/clients.

Construction Management

- Applicants must develop construction management and procurement procedures that outline contract provisions, for the contractor and subcontractors, payment requests, forms to be completed, inspection procedures, and project completion procedures.
- Every effort must be made to ensure that the bidding is fair and open. (Not applicable to private developers)
- Applicants must maintain construction documentation. (Not applicable to private developers)
- All variances from the approved construction plan must be submitted to LAHTF.
- Applicant must notify LAHTF at least three weeks prior to the start of construction.

Inspection Policy

Recipients of LAHTF funds are required to have 100 percent of their units inspected by a qualified inspector at recipient's cost.

Project Completion Policy

All projects are expected to reach full completion within 36 months from the project start date. The project must reach completion by the date imposed in the LAHTF Loan Agreement.

Compliance Monitoring

Each recipient of LAHTF funds will be required to make available all documentation requested by LAHTF.

Conflicts of Interest

Potential conflicts of interest may arise from many situations. During application submission, all LAHTF applicants must disclose conflicts of interest, whether real or perceived, to the LAHTF.

Chapter 7: Policies

- LAHTF may, at its discretion, award an amount of funds less than that requested by the applicant.
- No applicant will be allowed to change the type of activity for which they were funded.
- Applicants are responsible for retaining legal counsel, at its cost, on any legal matter pertaining to the administration of the project.
- LAHTF reserves the right to withdraw its conditional funding commitment if technical submission items are not submitted by the applicant by the date referenced in the commitment letter, or recapture funds if funds are not committed and/or expended and construction completed by the dates referenced in the funding agreement, or if the project substantially changes after funding commitment. LAHTF reserves the right to periodically review the applicant's progress toward timely commitment and expenditure of funds.
- If LAHTF determines that the project is no longer feasible or is not progressing timely so that the imposed deadlines will be met, funds may be recaptured.
- LAHTF requires that applicants have all funds committed and expended within 36 months. Commitment means that the applicant must have a signed contract with the builder/contractor and homeowner, where applicable.
- LAHTF may recapture funds if the applicant has not met the commitment and expenditure deadlines as referenced in the funding agreement(s). However, LAHTF reserves the right to extend the date if extenuating circumstances prevented the commitment.
- Applicants are responsible for ensuring that the required financial records are maintained for all federally-assisted projects. Each applicant is responsible for maintaining applicable federal compliance.
- If the project proposes demolition and reconstruction, the dilapidated structure must be demolished. In the case of mobile home replacement, the dilapidated mobile home must be demolished or salvaged (a salvage title must be obtained) and the salvage value should be reinvested into the new unit. For all demolition and reconstruction projects, a demolition agreement must be executed with the property owner.
- Applicants must disclose all real, potential, or perceived conflicts of interest to LAHTF as outlined in 24 CFR Part 35 and 24 CFR Part 84 or 85, as applicable, regarding the receipt of, assistance provided with, or expenditure of LAHTF funds. All conflicts of interest must be disclosed and resolved prior to providing LAHTF assistance to the household.
- All projects that also receive HOME funds must comply with the requirements of the Uniform Relocation Act.
- Applicants may not begin construction on any unit until the project has been approved by LAHTF.

LOUISVILLE METRO AFFORDABLE HOUSING TRUST FUND

Purpose

The Louisville Metro Affordable Housing Trust Fund was established by the Louisville Metro Council in 2008 to invest public and private funds in the development and preservation of affordable housing, and into programs that enhance housing success for venerable populations like seniors on fixed incomes, people with serious disabilities, working people not earning enough to afford housing, and single-parent families.

2013 LAHTF Offering

- In 2013, LAHTF will provide \$300,000 in low interest loans for projects that address vacant and abandoned properties.
- All projects that receive LAHTF funds in 2013 must serve households that are at or below 80% of Area Median Income.

Benefits to Community

- LAHTF projects provide substantial positive community impact
- LAHTF projects can be located anywhere in Louisville-Jefferson County
- LAHTF projects create stable and safe places to live for individuals and families

LAHTF will find the following eligible project types in 2013:

- Rehabilitation of vacant and abandoned residential properties
- Acquisition, rehabilitation, and re-sale of existing of vacant residential dwellings
- Demolition of blighted residential properties as part of a comprehensive plan
- Redevelopment of demolished or vacant residential properties

Eligible LAHTF Applicants

All applicants for LAHTF loan funds must be in good standing with the Kentucky Secretary of State's office and, if applicable, the Louisville Jefferson County Revenue Commission. Eligible applicants include for profit developers, nonprofit organizations, and Community Housing Development Organizations (CHDOs), faith-based organizations, service organizations, and local units of government.

How to Apply

- Any applicant interested in applying LAHTF loan funds should submit an Application for consideration of LAHTF funding.
- Prior to submission of an application, LAHTF is available for technical assistance and feedback with potential applicants.
- Applications will be reviewed and ranked by LAHTF within 60 days from receipt.
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Applicant Notification

After the application review is complete, a letter will be sent to the applicant indicating one of the following:

- The application received a sufficient score to be selected for funding. The applicant is instructed to begin the technical submission process; or
- The application did not receive a sufficient score to be selected for funding. The application may be resubmitted in the next competitive funding round. (LAHTF will be available to discuss any application deficiencies. The applicant is then encouraged to address these issues and reapply in the next funding round (subject to fund availability).

Start-Up Conference

A start-up conference will be held with the successful applicant to review all requirements of the loan and sign an agreement to proceed.

For more information and Assistance

Please call (502) 637-5372 or email info@louisvilleahtf.org

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