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Funding for single-family activities is extremely limited in 2020; therefore each non-profit’s current project commitments, and approved activities (underway and not yet underway) will be a factor in determining 2020 funding awards.
Questions/Technical Assistance Regarding the Proposal contact LauraL@ihfa.org or KimberlyD@ihfa.org.

PROPOSAL DEADLINE
5 p.m. December 13, 2019

RFP SUBMISSION REQUIREMENTS
- Electronic submission through Procorem SF RFP Work Center Only

OWNER-DEVELOPER QUALIFICATIONS
- IRS Non-profit designation
- Registered business entity with the State of Idaho
- Good standing with State of Idaho with IHFA (as determined by IHFA)
- Demonstrated development experience of the same scope, size, and complexity of the proposed activity

ELIGIBLE ACTIVITIES
1. Acquisition and/or rehabilitation/new construction of Single-family properties to be sold to income-eligible households (HOME/ NSP3), or approved Community Land Trust Activity

2. Acquisition and/or rehabilitation/new construction of Single-family rental properties to be rented to ≤ 30% (HTF), 50% (NSP), 60% (HOME) AMI households

SPECIFIC 2020 AWARD CONDITIONS & LIMITATIONS
1. The Award expires on October 31, 2020, and Nonprofits should have all properties identified (i.e. acquired, under contract or purchase option) by September 30, 2020. At that time all or a portion of the 2020 award may be rescinded by IHFA for use in the 2021 RFP. An extension may be submitted in writing if a project is identified, but not yet under contract.

2. Geographic Locations
- HOME funds- Anywhere in Idaho except Boise (exceptions for Boise projects may be approved by the HOME Programs Manager on a case-by-case basis)
- HTF Funds- Anywhere in Idaho
- NSP3 funds- Current Approved Census Tracts in Canyon County or others as may be approved by HUD

<table>
<thead>
<tr>
<th>NSP3- Approved Census Tracts</th>
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<tbody>
<tr>
<td>204.01</td>
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<td>207</td>
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ANNUAL ADMINISTRATIVE PLAN OF RECORD

The 2020 Annual Administrative Plan is the official plan of record for all activities under this RFP. It will not be formally adopted until sometime in/after January 2020, and any changes affecting single-family activities will be relayed as soon as it becomes available. Applicants should continue to use the 2019 Annual Administrative Plan until further notice. To prepare a proposal, applicant should refer to this document and the 2019 Annual Administrative Plan online at: HOME Program - Idaho Housing and Finance Association

HOMEBUYER REQUIREMENTS

Homebuyer Investment and Maximum Assistance Levels

<table>
<thead>
<tr>
<th>Homebuyer’s Investment¹</th>
<th>Assistance to Homebuyer</th>
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<tbody>
<tr>
<td>$500 (minimum requirement)</td>
<td>Up to 10% of sales price</td>
</tr>
<tr>
<td>$1,000</td>
<td>Up to 15% of sales price</td>
</tr>
<tr>
<td>0.50% of sales price</td>
<td>Up to 20% of sales price</td>
</tr>
</tbody>
</table>

Homebuyer Credit Score

1. Credit Score consistent with the 1st lien guidelines with the following exceptions:
   - Pay-off collections, judgments, liens approved per Automated Underwriting findings within the past 12 months are subject to HOME Program's Department review and approval. IHFA will generally require payoff or proof of payment plan and adherence to said plan for all collections, judgements or liens.
   - Automated or manual underwriting approval by the primary lender does not guarantee qualification or approval for HOME/NSP assistance.

2. Current Tri-merge credit report

Homebuyer Maximum Liquid Assets

Under Age 62 (all household members):

- Household liquid assets at the time of application for HOME/NSP funding cannot exceed $30,000.00, excluding retirement accounts. Exceptions may be made for proceeds from the recent sale of the homebuyer’s principle residence, provided need for assistance can be documented.
- Household liquid assets at closing may not exceed $15,000.00 (excluding retirement accounts). Liquid assets greater than $15,000.00 must be used to pay down existing debt or invested into the property. Any other use of excess funds must be approved by IHFA. Receipts from asset expenditure as well as new bank statements showing the balances at or below $15,000.00 will be required prior to closing.

¹ May be a gift(s) with proper documentation [chapter 2, pg. 29]
Idaho Housing and Finance Association
HOME Programs Department
2020 Single-Family Homebuyer & Rental Properties
Proposal Guidance and Requirements

- Income from assets over $5,000.00 (interest, dividends, etc.) will be included in the income calculation.
- Borrower must qualify for, and accept the maximum 1st mortgage available

**Age 62+ (at least 1 household member):**
- Household liquid assets cannot exceed $100,000.00 at application, excluding retirement accounts. Exceptions may be made for proceeds from the recent sale of the homebuyer’s principle residence provided the need for assistance can be documented.

**Homebuyer Education & Counseling Requirements**

Prior to loan closing:
1. Completion of IHFA-approved Homebuyer Education course (e.g. Finally Home!) for all borrowers
2. Completion of at least one (1) individualized (one-on-one) counseling session prior to loan closing

**HOME Program** - There is no minimum number of hours for individualized homebuyer counseling, however the homebuyer(s) must complete a ‘recurring monthly expense’ budget, which will be submitted to HOME program staff as part of their application evaluation process.

**NSP Program** - Minimum of 2 hours individualized homebuyer counseling that includes completion of a ‘recurring monthly expense’ budget to be submitted to HOME program staff as part of their application evaluation process.

**Homebuyer PITI**

"Affordable" housing is defined as no more than 35% of a homeowner’s annual gross income on Principal, Interest, Property Taxes, and Insurance. Therefore, HOME/NSP homebuyer assistance may be denied if the homebuyer’s PITI is greater than 35%, or there is derogatory credit. Exceptions may be approved if the homebuyer has a good credit history, stable employment, minimal "other" debt, etc. An exception request must be submitted directly to the HOME Programs Department at KimberlyD@ihfa.org

**DEVELOPMENT ACTIVITY INFORMATION & REQUIREMENTS**

- **How to Determine Estimated Fair Market Value**

  IHFA requires a rehabilitated or constructed unit to be sold at “Fair Market Value (FMV)”. HOME and NSP define FMV as the *negotiated sales price between a willing buyer and willing seller.*

  When acquiring or listing an assisted unit, the estimated market value is determined by one of three acceptable methods:

  (1) Appraisal or (2) Property Valuation or (3) Broker’s Price Opinion.
See 2019 Annual Administrative Plan, Chapter 2 – Rental Activities, pg. 21 for additional information HOME Program - Administrative Plans

Property Valuation/Estimated Market Value Form – Exhibit O: HOME Program - Administrative Plans

- **Homebuyer Sales Price Limit**

  NSP – Assisted property must be sold at the lesser of Fair Market Value or the total cost to acquire and develop the unit. NSP prohibits IHFA and the owner-developer from making a profit on the sale of the property to a low-income homebuyer.

  HOME – Assisted property must be sold at the lesser of Fair Market Value\(^2\) or the HOME Maximum Homeownership Sales Price Limit.

- **Developer Fee Calculation**

  1. **Minor Rehabilitation** – 10% of total project cost (includes hard and soft costs) when rehab costs are ≤10% of the purchase price. To be determined by physical inspection according to HOME rehabilitation standards and approved budget;

  2. **Substantial Rehabilitation** – 15% of total project costs when total rehab costs (hard and soft costs) do not exceed 75% of the replacement value of the unit. Units requiring 75% or more in rehab costs will not be eligible for funding, and will be denied.

  3. **New Construction** -15% of total eligible project costs

- **Developer Fee- Timing and Distribution**

  1. 25%- At Acquisition

  2. 25%- At 50% completion (drywall stage of new construction or 50% of total scope of work on rehabs, as determined by IHFA, at its sole discretion)

  3. 25%- When Certificate of Occupancy is issued for new construction or completion of rehabilitation work as determined by final clean inspection report from an IHFA approved and contracted third party inspector

  4. 25%- When all required closeout documentation has been submitted and approved by IHFA within 45 days of sale

- **Pre-78 housing (Lead-Based Paint)**

  Allowed under following conditions

  (a) If LBP is present, Owner-developer and general contractor must be an EPA-Certified Renovation Firm at the time the sales (acquisition) contract; and

  (b) Subcontractors/workers must be EPA-Certified Renovation Worker(s) working under the EPA-Certified Renovation Firm supervisor.

  (c) Federally-funded hard rehabilitation costs, excluding all LBP hazard reduction activities, i.e. risk assessment, inspection, interim controls, clearance, etc. cannot exceed $24,999 per unit. Rehabs that do not disturb surfaces that contain LBP (with the exception of tile, as tile is not regulated by EPA or HUD) may be considered, but there are no exceptions to this

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\(^{2}\) Fair Market Value defined as the negotiated sale price between a willing buyer and a willing seller
• **IHFA Visitability Components (rental and homebuyer)**

Each unit (new construction and rehabilitation) should include to the maximum extent feasible:

(a) 32” clear opening to one main floor bathroom;
(b) One exterior door with at least a 32” clear opening to allow entrance to the unit.

• **Section 504**

*To the maximum extent feasible*³

Owner-developer must comply with requests for reasonable modification/accommodation in a federally-assisted unit; applies to both homebuyer and rental. See Chapter 6 of the annual administrative plan for additional information [https://www.idahohousing.com/documents/admin-plan-ch6-crosscutting-federal-regulations.pdf](https://www.idahohousing.com/documents/admin-plan-ch6-crosscutting-federal-regulations.pdf)

• **Maximum Per-Unit Subsidy Limits**

Program Limits in effect at the time funds are committed to the activity. HOME/NSP & HTF limits are available [https://www.idahohousing.com/federal-programs/home-program](https://www.idahohousing.com/federal-programs/home-program)

**SUBMISSION REQUIREMENTS**

The 2020 proposal must include the following:

1. **Narrative**

Describe any current (2019 and earlier) awards or commitments for any activity(s) currently underway or approved but not yet underway.

A. Describe proposed (2020) activities and include:
   i. Number of units to be developed  
   ii. Type of units (single-unit, duplex, triplex, four-plex)  
   iii. Primary market area (census tracts, neighborhoods, city, etc.)  
   iv. Contiguous or scattered sites  
   v. Tenant preference populations (not required, but must be included in loan and regulatory agreement)  
   vi. Are properties identified, currently under contract, currently owned  

B. Homebuyer Activities only- Describe your Sales Plan in detail. At a minimum, it must include the following in detail:
   i. Development timeline (acquisition, rehab/construction, for sale, sold within 9 months of completion)  
   ii. Method and types of advertising, marketing, and outreach to be used

³ Federal funding requires a written procedure that defines the process when a request is received and how it will be approved, denied, or modified, based on feasibility. The process shall include providing other reasonable options if the initial request is deemed infeasible. Retain records for 5 years.
iii. Section 3, MBE/WBE and Affirmative Marketing Outreach
iv. Proximity to area schools, major employers, essential services, other standard amenities or services

2. **Written Procedure to Determine the Feasibility of a Section 504 reasonable accommodation/modification request**
   Homebuyer and Rental- Submit written procedure that describes the steps to be taken when the organization receives a request for reasonable accommodation/modification, and how “maximum extent feasible” will be determined

3. **Market Analysis**
   Homebuyer and Rental
   i. Homebuyer Activities- See Attached Market Analysis Checklist for requirements
   ii. Rental Activities- See Annual Administrative Plan, Exhibit M [HOME Program - Home Page](https://www.idahohousing.com/documents/admin-plan-ch6-federal-regulations-4.pdf). All items in Exhibit M must be addressed

4. **Affirmative Marketing Plan**
   Homebuyer and Rental
   See Exhibit T- [HOME Program - Home Page](https://www.idahohousing.com/documents/admin-plan-ch6-federal-regulations-4.pdf) Section 3 & MBE/WBE Outreach Activities
   Homebuyer and Rental
   Submit Outreach plan. See Chapter 6

5. **Property Management- Rental Activities Only**
   Submit the following:
   - Management Agreement (does not have to be signed)
   - Management Plan (does not have to be signed)
   - Tenant Selection Plan
   - Sample Lease Agreement (must include the “HOME Addendum” a.k.a. tenant protections)

6. **Estimated Budget & Sources and Uses**
   Homebuyer and Rental
   - Submit one estimated total budget for all proposed units to be acquired and/or rehabilitated or constructed under the award (total amount of funds requested).
   - Submit all sources of funding, i.e. donations, reduced fees, other financing/funds (federal or private), etc. See Exhibit Q-Budget and Sources forms [HOME Program - Home Page](https://www.idahohousing.com/documents/admin-plan-ch6-federal-regulations-4.pdf)

7. **Proforma- Rental Activity Only**
   All operating costs and revenues must be in sufficient detail to compare line items against

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4 Owner-developer can complete the market analysis
properties that are similar in physical type and size, so that IHFA may determine whether the planned expenditures are sufficient and reasonable. The operating budget should include general management expenses, maintenance and operating costs, any project paid utilities, taxes, insurance premiums, and adequate deposits to replacement reserves. In most cases, evaluation of total operating costs should be summarized in “per unit per year” amounts rather than as a percentage of projected revenue.

8. **Copy of Organization’s IRS Non-Profit Designation**

9. **Current IRS standing**
   Tax Exempt Organization Search

10. **State of Idaho Business Entity Registration and Current Standing**
    IDSOS Search for Business Entities

11. **Resumes/Statement of Experience**
    All staff involved in the project/activities

12. **Affirmatively Furthering Fair Housing Resolution**
    Resolution adopted by the local unit of government in which the proposed project/ unit(s) will be located.

13. **Rehabilitation Standards**
    If the unit(s) will be rehabilitated, then submit a signed copy of rehabilitation standards. Authorized Signatory acknowledges Owner-Developer is aware of these standards as well as how to develop a scope of work, rehab budget, and meet all the requirements identified in the Standards:
    - HOME & NSP Programs (Exhibit C-1) - [HOME Program - Home Page](#)
    - HTF Program (Exhibit C-2) - [HOME Program - Home Page](#)

14. **Additional Submission Requirements**
    - All proposals are required to be complete and formatted as requested in this document at the time of submission. Even if items have been sent in previous applications, all items on the checklist are required.
    - Any proposal received after 5:00 pm December 13, 2019, will be automatically declined
    - IHFA will notify applicant one (1) time of missing items or additional information needed. The applicant then has five (5) business days to submit requested information. If not received within five business days, and no acceptable request for extension is received, the application for funding will be declined. If there are excessive deficiencies in the application upon submission, as determined by IHFA, the application may be declined without further notice.

**GENERAL ACTIVITY INFORMATION**

1. **Materials and Workmanship**
   - Must enhances quality of life (safe, decent, affordable) of tenant/homebuyer
   - At completion, the unit must meet the Idaho Residential Code in effect when the unit was
constructed and local codes, standards, ordinances, and the funding program’s housing quality standard (UPCS or HQS)

- If rehabilitation, then the scope of work and budget must be based on the IHFA-contracted Home Inspection Report. See IHFA Program Rehabilitation Standards [HOME Program - Idaho Housing and Finance Association](https://www.idaho-housing.org/) @ Administrative Plan- Exhibit C1 & C2

2. **New Construction Requirements**

   Applicable state and local laws, current Idaho Residential Code, local codes, zoning, and other requirements relating to construction, and housing safety, quality and habitability standards

3. **Federal Housing Quality Standards at Project Completion**

   - Homebuyer- (Section 8) Housing Quality Standards (HQS)$^5$
   - Rental- Uniform Physical Conditions Standards (UPCS)

4. **Rehabilitation Requirements**

   The IHFA-Contracted Home Inspection Report determines scope of rehabilitation work

   - **Inspectable Components**
     a) Site, includes topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, storm drainage, gas and electric utilities
     b) Where relevant, assess and document potential impact of natural disasters, (e.g. earthquake, flooding, wildfires) in accordance with State and local codes/ordinance
     c) Estimate the useful remaining life of all Major Systems based on their age and condition.
     d) Major Components: Structural support, roofing, cladding and weatherproofing, plumbing, electrical, heating, and air conditioning.

   - **Major Systems/Components-Homebuyer**
     All major components must have a useful remaining life of at least 5 years, as determined by manufacturer’s specifications, or a professional in that field for major components without a usable life rating. Component must be replaced if remaining useful life is less than five years (i.e. 30 year roof in year 27, etc.). Definition of Major Components is found in Exhibit C-1- Annual Administrative Plan. [HOME Program - Home Page](https://www.idaho-housing.org/)

   - **Major Systems/Components-Rental**
     1) All major components must have a useful remaining life of at least the period of affordability or be repaired or replaced
        a) Exterior walls, balconies, exterior doors and windows, roofing system and drainage;

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$^5$ When HUD-CPD issues final guidance on the HOME Program’s new property standard for HOME-assisted homebuyer units, HQS will be replaced with some form of the Uniform Physical Condition Standards (UPCS). Any unit completed after this guidance is issued must meet UPCS.
b) Interior of all individual units, include kitchen finishes and appliances, unit bathroom finishes and fixtures

c) Scope of work, IHFA inspection schedule, and workmanship and materials must adhere to applicable Program Rehabilitation Standards

- Rehab items identified in the Home Inspection Report or by a professional's follow-up, must be included in the scope of rehabilitation, according to IHFA Rehabilitation Standards

- HOME & NSP (Exhibit C-1) - HOME Program - Home Page HTF (Exhibit C-2) - HOME Program - Home Page Any cost item not identified in the Home Inspection Report (except IHFA Visitability Components and Lead-Based Paint Hazard inspections, clearance, and interim control costs) may be deemed unnecessary, and therefore ineligible for reimbursement

**PROPOSAL DOCUMENT PREPARATION**

- Electronic Procorem Work Center Submissions only – No email or hard copies will be accepted
- Table of Contents
- Items should be added to the folder corresponding with items #1-15 of RFP Submission Requirements (Click here: HOME Program - Home Page and select 2020 Single Family RFP Guidance and Requirements under NOFA/RFP) and any additional documentation or sections.
- Specific requirements must be clearly labeled if the requirement itself is not an entire document (i.e. this market demand is found on page 10, paragraphs 3 - 7 of the market study)

**LOAN/REPAYMENT TERMS**

- Funds awarded to Owner-developer as a 0% interest loan.
  - HTF Rental- Due-On-Sale
  - NSP/HOME Homebuyer- Due-On-Sale
  - NSP/HOME Rental- 50% of Surplus Cash as defined in the current Administrative Plan - HOME Program - Home Page [Chapter 2, Pg. 14]

- Developer Fee
  - Rental properties- Included in repayment amount and subsidy limit
  - Homebuyer- Not included in repayment amount, but is included in the total subsidy limit

- If other private or public funds are used, the distribution of proceeds or loss will be shared on a proportionate basis.

- If land is partially or wholly donated, then the value must be established by appraisal or an independent third-party professional valuation prior to a commitment of funds.

**METHODS USED TO RECAPTURE HOME AND NSP HOMEBUYER ASSISTANCE**

Two methods IHFA uses to recapture program funds whenever an assisted unit is sold, or otherwise no longer occupied by the assisted homebuyer:

- Recapture Option

  The assisted homebuyer may sell their HOME unit at any time, to any willing buyer, for Fair Market Value, with no resale restrictions. When the title is transferred, IHFA will attempt to recapture the
full amount of the homeowner’s loan as available from the net proceeds of the sale, as defined under the HOME Program’s Recapture Option §92.254 (a)(ii)(A).

IHFA will attempt to recapture the total amount of the Homebuyer’s loan if the homebuyer fails to comply with the primary residency requirements, or otherwise defaults on requirements during the period of affordability.

- Resale Option (For Community Land Trust Only)

For Community Land Trust activities, IHFA intends to use the Resale Provision when a nonprofit rehabilitates or constructs a homebuyer unit located on land either owned by the nonprofit, or owned by another entity with a long-term leasehold secured by the nonprofit of at least 50 years.

**General Homebuyer Requirements**

IHFA follows the HOME program's Resale Provisions when a homeowner holds title to the HOME-assisted unit, but has a long-term land lease of at least 50 years. The HOME program's primary residency requirements during the period of affordability are enforced through a Memorandum of Restrictive Covenants and Deed of Trust with the nonprofit, who is responsible for overseeing these requirements. The period of affordability is based on the total amount of HOME funds expended, including rehabilitation/construction costs, developer fee, and IHFA’s project costs.

The HOME period of affordability and the primary residency requirement do not exceed the regulatory minimum. Under the Resale Option, HOME funds cannot be used to purchase the land on which the unit is/will be located.

**Homebuyer Provisions**

The HOME period of affordability is determined by the total amount of HOME funds expended on the activity, but does not to exceed the HOME regulatory minimum.

There is no presumption of affordability as defined at 24 CFR 92.254(a)(5)(ii)(B).

The HOME program's Resale Provisions are enforced through restrictive covenants and a deed restriction with the nonprofit.

IHFA’s Note, Deed of Trust, and Memorandum of Restrictive Covenants with the nonprofit will require, during the period of affordability, all homebuyers (household income) must be ≤ 80% AMI at the time the purchase contract is signed. The sales price includes a price reduction equal to the HOME development subsidy and the estimated value of the land. To ensure all homebuyers during the period of affordability are ≤ 80% AMI, IHFA will require the nonprofit to submit an income verification and certification form for review prior to transfer of title.

The nonprofit will use a long-term ground lease, and deed restrictions with the homeowners to enforce the HOME income limit, primary occupancy and sales price restrictions; and include the corrective actions the nonprofit will take if the homeowner violates the requirements. These legal instruments may include additional restrictions, including the nonprofit’s use of a purchase
option, right of first refusal, and/or other legal means to intervene and preserve the affordability of an assisted unit.

During the period of affordability, the nonprofit is required to repay the HOME development subsidy:

- When the unit is rented, leased, or otherwise vacated, owner refuses to return to the unit to occupy as their primary residence, and the owner and has not received an IHFA-approved Primary Residency Exemption (click here HOME Program - Home Page;)
- The title to the unit is transferred to a homebuyer who is not defined as low-income (≤80% AMI); or
- The unit is foreclosed, title transferred in lieu of foreclosure, or the FHA insured mortgage is assigned to HUD
- IHFA determines, at its sole discretion, that the loan is due and payable

After the period of affordability has expired, the nonprofit will repay the HOME development subsidy only when the land on which the assisted unit is located is no longer part of an affordable housing land trust, title to the land is transferred, or the homeowner is not defined as low-income (annual household income greater than 80% AMI).

**Resale Option Definitions**

- **Capital Improvements**
  1) A major structure or system when (1) the cost of the improvement exceeds $3,000, and (2) improvement is completed within 5 years of the sale, (3) approved by the nonprofit, and (4) the unit is sold to another low-income homebuyer.
    i. Major structure improvement- The addition of a bedroom, bathroom, or additional square footage, as approved by the nonprofit.
    ii. Major system improvement- A new or replaced system, as approved by the nonprofit. Major systems are defined as: Structural support, roofing, cladding (siding), weatherproofing, plumbing, electrical, and HVAC.
  2) The cost must be incurred directly by a homeowner with no other reimbursement opportunity, i.e. insurance, gift, etc.
  3) A receipt or other third-party proof of expenditure is required, i.e. cancelled check, credit card statement. Homebuyer must also produce a receipt or invoice from the contractor detailing the work that was completed, for proof that it is eligible to be included on the Fair Return on Investment Calculation. Nonprofit must collect and retain this documentation.
  4) The work must be properly permitted (as required), with workmanship conducted by a licensed contractor experienced in the area of work. Workmanship and materials must comply with current Idaho Residential code. The nonprofit or its designated representative must approve and inspect the workmanship, materials, and the finished product.
    i. If the homeowner is a licensed contractor and has experience directly related to the type of work to be performed (i.e. can show documented direct experience installing the
major system or structure in question), and homeowner performs the work him/herself, and all other conditions are satisfied, then the cost of materials can be included in the Capital Improvement calculation. Labor is not eligible if work is completed by the homeowner.

4) General repairs, updates, modifications, and other improvements are not defined as a capital improvement.

- **Development Subsidy**

Up to $40,000/unit as a development subsidy at the time of the initial sale of the unit to a low-income homebuyer. This subsidy can remain with the unit as long as the unit continues to be owned by a low-income homeowner during the period of affordability. After the period of affordability ends, the subsidy will remain with the unit as long as the land under the unit remains in the affordable housing land trust and the unit is owned by a homeowner who has an annual household income ≤ 80% AMI at the time of the sale.

- **HOME Subsidy during Period of Affordability**

1) No additional HOME subsidy provided to the nonprofit for the assisted unit
2) No direct HOME subsidy provided to any homebuyer for purchase of the assisted unit

- **Deed of Trust and Restrictive Covenants**

During the period of affordability, IHFA will enforce the primary residency requirement and the 80% AMI homebuyer requirement through a restrictive covenant with the nonprofit. The nonprofit is responsible for ensuring HOME requirements are met.

A deed of trust will be used to secure IHFA’s right to recover the HOME development subsidy from the nonprofit in the event the nonprofit does not utilize a purchase option, right of first refusal, or other means to intervene and preserve the affordability of the unit. The deed of trust will remain in place after the period of affordability until full repayment of the development subsidy is received.

IHFA will allow the use of other loans and mortgages in addition to, but not in lieu of, the HOME covenants and deed restrictions.

- **Fair Return on Investment (“FRI”)**

When the assisted unit is sold to another low-income (80% AMI) homebuyer during the period of affordability, the seller is entitled to a fair return on their investment if available from the net proceeds of the sale.

- **Low-Income Seller’s Investment Defined**

1) Seller’s Mortgage Equity (mortgage pay down amount); plus
2) 50% of Capital Improvement(s) costs over $3,000.00 for individual improvements that were completed within 5 years of the sale (see Capital Improvement Definition); plus
3) Up to a maximum of 1.5% CPI inflation rate (as determined by the Consumer Price Index calculator times (×) Seller’s purchase price times (×) the number of years the seller owned
the unit. Consumer Price Index\(^6\) Inflation Calculator can be found at https://www.bls.gov/data/inflation_calculator.htm

- **Foreclosure, Transfer In Lieu Of Foreclosure, Or Assignment of an FHA Mortgage**

  As described at 92.254(a)(5)(i)(A), the HOME resale restrictions may be extinguished by a senior lender in the event of foreclosure, transfer in lieu of foreclosure, or the assignment of an FHA mortgage in order to clear title. The nonprofit shall use purchase option, right of first refusal, and other approved means to intervene and preserve the affordability of the unit.

- **Homebuyer Preference Populations**

  Under this RFP, Owner-developer is allowed a homebuyer preference if the population is defined as essential to the local community and does not violate Federal Fair Housing and Equal Opportunity laws, executive orders, or regulations. Examples of an essential population are education providers, firefighters, law enforcement, or medical/care service providers. A preference is allowed only if it is identified in the HOME written agreement and the memorandum of restrictive covenants.

- **Initial Investment**

  Earnest money and down-payment/closing costs paid directly by Seller when they purchased the HOME-assisted unit.

- **HOME Income Limit**

  At the time an application is received, homebuyer household income must be at or below 80% AMI as defined at 24 CFR 5.609. IHFA annually publishes an asset limitation, maximum PITI and other requirements, which are reviewed along with the monthly budget prior to approval. Current limits and requirements are available on the IHFA website in the Annual Administrative Plan, found at HOME Program - Home Page

- **Reasonable Range of Low-Income Homebuyers**

  An assisted unit to remain affordable to a reasonable range of low-income homebuyers during the period of affordability, which is typically defined as 50%-80% AMI. In some cases, IHFA may allow a lower AMI if additional subsidy is provided by another source and the homebuyer has good credit and a stable work history.

- **Maximum Housing Expense Ratio or PITI (Principal, Interest, Taxes, Insurance) Payment**

  During the period of affordability, the typical Housing Expense Ratio is up to 35% of household's gross monthly income. However, in certain circumstances, IHFA may allow a higher ratio when the homebuyer has good credit, stable work history, minimal other debt, and 1<sup>st</sup> mortgage approval from an IHFA-approved lender, as well as the nonprofit.

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\(^6\) A consumer price index (CPI) measures changes in the price level of a market basket of consumer goods and services purchased by households. The CPI is a statistical estimate constructed using the prices of a sample of representative items whose prices are collected periodically.
• **Net Proceeds**

The amount remaining after repayment of the senior lien(s) and the Seller's closing costs.

• **Primary Residency Requirement**

During the period of affordability, the homeowner/household is required to reside in the assisted unit as a primary residence. IHFA currently allows two temporary exemptions from the HOME primary residence requirement: (1) Active military deployment or transfer (homeowner and/or spouse), and (2) Full-time post-secondary education. The homeowner must submit a plan in writing that includes a date the homeowner intends to return and reside in the unit as a primary residence, and other supporting documentation such as class schedule, or proof of deployment. Extended/frequent absence(s) for work (i.e. seasonal work that requires the homeowner to be away from the unit or jobs that require frequent travel for employment purposes, in excess of 60 days within a 12 month period) may be permitted with documentation and approval from IHFA and the nonprofit. If a homeowner has vacated the unit without written approval from IHFA and the nonprofit, the homeowner is out of compliance. Homeowner must return to and occupy the unit, must qualify and be approved for one of the above exemptions, or the title must be transferred to the nonprofit or another HOME-eligible homebuyer.

• **Sales Price Determination during the HOME Period of Affordability**

During the HOME Period of Affordability:

  o **Initial Sale Price Determination**

    Step #1- Determine the estimated value of property (land under the unit and the unit combined) use one of two approved methods (must provide estimated value for land and unit, as well as land only):
    1. Comparative Market Analysis that specifies recommended pricing or Broker’s Price Opinion completed by a licensed real estate professional who is familiar with the local neighborhood market conditions;
    2. Appraisal

    Step #2- Determine the estimated value of the unit by deducting the following from the estimated value of the property
    - Estimated value of the land under the unit
    - IHFA Development Subsidy

    Step #3- The negotiated sales price of the unit between the willing buyer and willing seller is the unit’s Fair Market Value

  o **Subsequent Sale Price Determination**

    The Maximum Sales Price Limit is a total of the following:
    - Amount of seller’s senior lien repayment;
    - Seller’s closing costs
    - Seller’s Fair return on Investment (see Fair Return on Investment)
### Examples of Resale Calculation- Subsequent Sale(s)

<table>
<thead>
<tr>
<th></th>
<th>Initial Sale</th>
<th>Sold 1&lt;sup&gt;st&lt;/sup&gt; Qtr. 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Value of property</td>
<td>$200,000</td>
<td></td>
</tr>
<tr>
<td>- Value of land under the unit</td>
<td>$45,000</td>
<td></td>
</tr>
<tr>
<td>- IHFA Subsidy</td>
<td>$40,000</td>
<td></td>
</tr>
</tbody>
</table>

Initial Sales Price = $115,000

<table>
<thead>
<tr>
<th></th>
<th>Subsequent Sale</th>
<th>Sold 2&lt;sup&gt;nd&lt;/sup&gt; Qtr. 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seller’s Mortgage Equity (amount of mortgage paid down)</td>
<td>$15,000</td>
<td></td>
</tr>
<tr>
<td>Senior Lien payoff</td>
<td>-$110,000</td>
<td></td>
</tr>
<tr>
<td>Capital Improvements (50% within 5 yrs.)</td>
<td>$2,500</td>
<td></td>
</tr>
<tr>
<td>Seller’s Closing Costs</td>
<td>-$8,000</td>
<td></td>
</tr>
<tr>
<td>Maximum 1.5% CPI (x) Initial Sales Price</td>
<td>$8,625</td>
<td></td>
</tr>
</tbody>
</table>
### Examples of Subsequent Sales Price Calculation

<table>
<thead>
<tr>
<th>Step</th>
<th>Appreciating Housing Market</th>
<th>Depreciating Housing Market</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sold 2nd Qtr. 2018</td>
<td>Sold 2nd Qtr. 2018</td>
</tr>
<tr>
<td>1</td>
<td>Estimated Value Of Property=</td>
<td>Estimated Value Of Property=</td>
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<tr>
<td></td>
<td>$225,000</td>
<td>$190,000</td>
</tr>
<tr>
<td></td>
<td>Less Value of Land under the unit-</td>
<td>Less Value of Land under the unit-</td>
</tr>
<tr>
<td></td>
<td>45,000</td>
<td>20,000</td>
</tr>
<tr>
<td></td>
<td>Estimated Value of UNIT=</td>
<td>Estimated Value of UNIT=</td>
</tr>
<tr>
<td></td>
<td>$140,000</td>
<td>$130,000</td>
</tr>
<tr>
<td></td>
<td>Less Senior Lien Repayment=</td>
<td>Less Senior Lien Repayment=</td>
</tr>
<tr>
<td></td>
<td>$110,000</td>
<td>$110,000</td>
</tr>
<tr>
<td></td>
<td>Less Seller's Closing Costs=</td>
<td>Less Seller's Closing Costs=</td>
</tr>
<tr>
<td></td>
<td>$8,000</td>
<td>$8,000</td>
</tr>
<tr>
<td></td>
<td>Potential Net Proceeds from sale=</td>
<td>Potential Net Proceeds from sale=</td>
</tr>
<tr>
<td></td>
<td>$22,000</td>
<td>$12,000</td>
</tr>
<tr>
<td>2</td>
<td>Owner's Investment</td>
<td>Owner's Investment</td>
</tr>
<tr>
<td></td>
<td>1st- Seller's Mortgage Equity=</td>
<td>1st- Seller's Mortgage Equity=</td>
</tr>
<tr>
<td></td>
<td>$15,000</td>
<td>$15,000</td>
</tr>
<tr>
<td></td>
<td>2nd- Capital Improvements=</td>
<td>2nd- Capital Improvements=</td>
</tr>
<tr>
<td></td>
<td>$2,500</td>
<td>$2,500</td>
</tr>
<tr>
<td></td>
<td>3rd- CPI 1.5% inflation rate=</td>
<td>3rd- CPI 1.5% inflation rate=</td>
</tr>
<tr>
<td></td>
<td>$8,625</td>
<td>$8,625</td>
</tr>
<tr>
<td></td>
<td>Owner's final Fair return on Investment as available from Net Proceeds (step #1)=</td>
<td>Owner's Fair return on Investment as available from Net Proceeds (step #1)=</td>
</tr>
<tr>
<td></td>
<td>$22,000</td>
<td>$12,000</td>
</tr>
<tr>
<td>3</td>
<td>Maximum Sales Price to next Low-income Buyer</td>
<td>Maximum Sales Price to new Low-Income Buyer</td>
</tr>
<tr>
<td></td>
<td>(cannot exceed the total of No. 1+2 above)=</td>
<td>(cannot exceed total of No. 1 + 2 above)=</td>
</tr>
<tr>
<td></td>
<td>$140,000</td>
<td>$130,000</td>
</tr>
</tbody>
</table>

**Consumer Price Index inflation calculator**

[https://www.bls.gov/data/inflation_calculator.htm](https://www.bls.gov/data/inflation_calculator.htm)
ANNUAL ADMINISTRATIVE PLAN REFERENCES

- Annual Administrative Plan
- Property Standards at project completion
  1) HOME Program - Home Page – New Construction Property Standards (Homebuyer properties activity/Property Standards)
- Exhibit C1- HOME/NSP Rehabilitation Standards HOME Program - Home Page Exhibit C2-HTF Rehabilitation Standard-
- HOME Program - Home Page, Chapter 6- Federal Cross-cutting Regulations and Requirements - HOME Program - Home Page
- Chapter 7- Long term Compliance and Monitoring Requirements for rental and homebuyer properties - HOME Program - Home Page
- Chapter 9- Voluntary Acquisition and Uniform Relocation - Exhibit O

ADDITIONAL REQUIREMENTS- BY PROGRAM

1. Homebuyer Program (HOME/NSP)
   - Estimated Fair Market Value
     Assisted unit is sold at Fair Market Value but cannot exceed current Maximum Homebuyer Sales Price limits in effect at the time the sales contract is signed or when funds are committed to the activity (See Chapter 2- "Fair Market Value"), whichever is later HOME Program - Home Page
   - 60-Day Rule (HOME/NSP)
     Any unit not under contract after 60 days on the market requires an updated property valuation and marketing consultation with IHFA Property Valuation Form (Exhibit O) - HOME Program - Home Page

2. NSP3 Homebuyer Program- Additional requirements
   - Eligible Types of Homebuyer properties
     1) Must be located in eligible census tract as identified in the “Specific 2020 Award Conditions and Limitations” above
     2) Residential properties that have been abandoned, foreclosed upon, or purchase in lieu of foreclosure
     3) Demolition of blighted structures for redevelopment
     4) Redevelopment- (new construction) of demolished or vacant residential properties in established neighborhoods
     5) All awards must serve households with incomes ≤ 50% AMI

3. Rental Program (HOME/NSP)
   - HOME≤60% AMI as determined by HOME Income Limits HOME Program - Idaho Housing and
Idaho Housing and Finance Association
HOME Programs Department
2020 Single-Family Homebuyer & Rental Properties
Proposal Guidance and Requirements

Finance Association
- NSP - ≤50% AMI as determined by HOME Income Limits
- New Construction - 20-year period of affordability
- Acquisition and Rehabilitation - Maximum 15-year period of affordability

4. HTF Rental Program
- Must serve households with annual income not to exceed 30% AMI as determined by HTF Income Limits HOME Program - Idaho Housing and Finance Association
- 30-year Period of Affordability

5. Rehabilitation Standards
If the activity includes rehabilitation of the unit, then submit a signed copy of rehabilitation standards. Authorized Signatory acknowledges Owner-Developer is aware of these standards as well as how to develop a scope of work, rehab budget, and meet all the requirements identified in the Standards:
- HOME & NSP Programs (Exhibit C1) - HOME Program - Home Page
- HTF Program (Exhibit C2) - HOME Program - Home Page
## Homebuyer Properties

### Market Analysis Checklist

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Is the market area clearly defined?</strong></td>
<td>Does the proposal include market area maps, census data, local economy, growth rate, net in-migration, and net out-migration?</td>
</tr>
<tr>
<td><strong>Is there market demand?</strong></td>
<td>Does the proposal include socioeconomic conditions, predictions, demographics, of potential buyers, # of income-eligible households in market area? Is there potential competition for the project, i.e. rental market, other affordable housing in the area?</td>
</tr>
<tr>
<td><strong>What is the condition of the current housing stock?</strong></td>
<td>Does the proposal describe the physical condition and age of current housing stock in the proposed market area?</td>
</tr>
<tr>
<td><strong>Is there a need for the type and number of housing units proposed?</strong></td>
<td>Does the proposal include Sales activity information for the previous 6 months that clearly indicates the comparable housing market grown or contracted?</td>
</tr>
<tr>
<td><strong>What is the market area absorption rate?</strong></td>
<td>Does the proposal include the following information?</td>
</tr>
<tr>
<td></td>
<td>- What is the overall supply of comparable housing to overall housing in the market and how many months of supply?</td>
</tr>
<tr>
<td></td>
<td>- What is the average number of listing days of comparable housing?</td>
</tr>
<tr>
<td></td>
<td>- What is the percentage of low-income households compared to overall population?</td>
</tr>
<tr>
<td></td>
<td>- What are other homeownership options already available in the area (including your current projects in the pipeline)?</td>
</tr>
<tr>
<td></td>
<td>- What are the price, location, amenities, and financing of units in the area that is most directly comparable to the proposed housing (Project pricing needs to be competitive, but are there factors that could offset your program advantages)?</td>
</tr>
</tbody>
</table>