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Contents

APPLICATION SCORING CRITERIA AND MINIMUM THRESHOLD REQUIREMENTS

Applicability

- Multifamily Rental Activity Applications

Introduction

This chapter outlines the requirements for a HOME and HTF multifamily rental application. The Multifamily Rental Application is available at LIHTC Multifamily Rental Housing application and at HOME Program - Idaho Housing and Finance Association. Applicant should follow the guidance provided in most current Annual Administrative Plan available on the IHFA website at https://www.idahohousing.com/federal-programs/home-program

An incomplete application may not meet minimum threshold. Questions regarding the HOME and HTF requirements should be directed to the HOME Programs Technical Assistance Officer 208-331-4873.

Notice of Funding Availability (NOFA) and the Application Process

The timing of the multifamily rental application round coincides with the LIHTC Application Period. The funding round is normally in late August or early September.

Each funding round follows a published NOFA, application review and scoring process.

If the need arises, IHFA may act outside the normal framework of the competitive application process to fund a project(s) that demonstrates exceptional community value. If this need arises, IHFA will publish a NOFA that identifies the area, activity requirements, and proposed funding. IHFA may act as a project sponsor and negotiating with a qualified entity to act as the project owner or developer. Such action would require approval by the IHFA Project Finance Committee.

IHFA may include additional/bonus scoring criteria in a specific application funding round to address current affordable housing needs in a particular area in Idaho. The NOFA will include the criteria and possible points.

If a disproportionate investment of HOME/HTF/NSP funds exists in an Idaho county or region, IHFA, at its discretion, may restrict funding to the specific county or region during a specific funding round. Any restrictions or limitation will be identified at the time the NOFA is published.

Application Submission Requirements

1. A Table of Contents that correspond to individual scoring categories and specific IHFA requirements
2. A joint HOME and LIHTC project requires the submission of two complete applications
3. Application must be received by the time, date and place specified in the published NOFA

Upon the request of a developer/owner to increase the amount of federal funds due to a hardship encountered by the approved development, IHFA at its sole discretion may increase the amount of the funds allocated to the development.

Applicant

IHFA will determine the current standing of the proposed project owner and its agents during the application review process. This includes the developer, owner, property Management Company, current member, partner, and/or shareholder who own a majority percentage. The owner and/or agent of a proposed project may be determined to be Not in Good Standing if IHFA determines there are serious, ongoing, or pervasive non-compliance issues in other projects within the owner and/or agent's portfolio. An Owner may be determined to be Not in Good Standing if current project(s) are in arrears or default on any publicly subsidized or assisted projects with IHFA or any other allocating agency.

IHFA may choose not to review an application if the owner and/or agent are determined to be not in Good Standing. Actions to resolve this determination may include, but not limited to, a change in property management, and/or potential disqualification of certain entities or individuals with an interest in the project, legal or otherwise.

In addition to a Not in Good Standing determination, any repetitive, or unresolved material or significant finding, or negative response(s) from another organization or jurisdiction may prevent an award of funds. If funds have already been awarded, IHFA may rescind the award. These actions do not apply if funds have been committed. *See Chapter 7 for additional information regarding Good Standing determination.*

Successful applicants are required to submit additional information and finalize all financing within a specified timeframe identified in the Conditional Reservation Letter. If these conditions are not satisfied within the specified timeframe, a conditional reservation or funds may be withdrawn.

Public Records Requests-Disclosure of Application Information

The applicant understands information contained in and submitted with the application may be disclosed to the public by the Idaho Housing and Finance Association. Appraisals, if provided by a third party to IHFA, may be exempt from disclosure under the Idaho Public Records Act. However, in all events, the applicant agrees any market feasibility study submitted to IHFA shall be open to disclosure. Applicant shall make necessary arrangements with the preparer of the study so the study may be disclosed.

Alternative Site and Project Modification Analysis (24 CFR 58.5)

Analysis must include other reasonable courses of action that were considered. Include other sites, design modification, or uses of the proposed site. Analysis must describe the benefits and adverse impacts to the human environment of each alternative site(s) and the reason(s) for rejecting it. Requirements are found in Exhibit H of the online HOME and LIHTC application

https://www.idahohousing.com/federal-programs/home-program

★New- See Exhibit R of this Plan for a sample analysis that must be submitted as part of the HOME/HTF application for funding (rental housing projects).

Market Study Requirements

A separate study is required to assist the applicant and IHFA to determine a need for, and marketability of, the affordable units in the area where the project is proposed.

The *market value appraisal* determines the market value of the project for lending purposes.

Refer to Exhibit M of this plan for the most current Market Study requirements.

A list of approved Market Study providers is available at https://www.idahohousing.com/documents/approved-market-study-provider-list.pdf

Consistency with Current Consolidated Plan

Scoring criteria is consistent with the goals and strategies identified in the State of Idaho's Five-Year Consolidated Plan for Affordable Housing and Community Development. It creates a comparative analysis of each application, including amount of funds requested, long-term viability of the proposed project, experience and capacity of the development team, community support, energy conservation and green building, and non-federal leverage.

Letters of Community Support

IHFA intends to notify local public officials, and/or public housing agencies of proposed rental housing developments submitted by housing sponsors that are within their market area. The notification will include all input, support, and/or comments as it pertains to the housing development.

The housing sponsor may elect to submit a letter of community support with their HOME application and are encouraged to do so in accordance with the Plan. The public official and/or public housing director submitting the letter of community support for the housing development should address in their letter the following issues:

- Support for affordable housing
- Support for the development of additional housing units at the rent levels proposed
- Acknowledging the need for additional rental housing in the community

Conditional Reservation

Within 90 days of the published due date for awards, IHFA will announce a conditional, non-binding reservation of funds. IHFA will then conduct a complete review and assessment of the proposed project prior to issuing an award agreement of funds. A conditional reservation is defined as a way to earmark the funds.

Environmental Review

No funds will be c*ommitted* to a HOME activity/project before the completion of the environmental review. This also applies to any affiliate or related entities. 24 CFR 58.22 prohibits the commitment of HOME and HTF funds on any physical activity once the project becomes federal until environmental clearance is obtained. A project is part of the federal nexus when the application is submitted. In some cases, if a third party purchased a property for a another project, that party is not precluded from later applying for and using federal funds for other activities involving the property, including construction, rehabilitation, and demolition.

Upon submission of the application for funding, the completion of an environmental review is required before any physical action is taken on a site or the commitment and any expenditure of HUD or non-HUD funds on property acquisition, demolition, rehabilitation, conversion, repair, or construction activities. Violating one or both actions may prohibit the use of Federal funds in the project.

- **Increase in Funding Award or Change In The Scope Of Work**

When funding from any source is increased or the scope of project or work changes, the ER requires a re-evaluation.

- **Choice-Limiting Alternative**

Non-governmental entities must refrain from undertaking activities that would have an adverse environmental impact, or would otherwise limit the choice of reasonable alternatives until HUD has issued an approval of the "Authority to Use Grant Funds". HOME and/or HTF funds may not be used to reimburse an entity for project-related costs until the approval by HUD of the Request for Release of Funds is issued. A contractor, owner, or developer must not take any actions that would have an adverse impact, or limit the choice of reasonable alternatives except for activities that are exempt or excluded (24

CFR, Parts 58.34 and 58.35). Examples of exempt activities include environmental studies, insurance, engineering or design costs.

Purchase Option Agreement or Conditional Contract?

Effective January 1, 2015, Purchase Option Agreements and Conditional Contracts (see definition below) signed on or after this date must adhere to the following requirements:

- **Purchase Option** can be used for any activity, including new construction or the purchase of existing units. It does not impose any obligation upon the potential buyer to purchase the property. The Purchase Option Agreement obligates the seller to sell at the specified price, if the potential buyer exercises the option in the manner described in the contract.
- **Conditional Contract** can be used only for existing residential properties. It imposes conditions on both buyer and seller which must be met for the obligation to purchase to become binding.

NEPA case law has determined entering into a Purchase and Sales agreement (Purchase Option or Conditional Contract) is a choice-limiting action unless the following requirements are evident in the agreement:

> "The agreement includes the following (or similar intent) Environmental Review clauses: This agreement is subject to a determination by IHFA on the desirability of the property for the project as a result of the completion of the environmental review in accordance with 24 CFR Part 58"; No transfer of title to the purchaser or removal of the environmental condition(s) in the purchase contract occurs unless and until IHFA determines, on the basis of the environmental review, the transfer to the buyer should go forward, and IHFA has obtained approval of a Request for Release of Funds and environmental certification, where applicable. IHFA shall use its best efforts to conclude the environmental review of the property expeditiously."

Existing multi-family rental structures - The cost of the option should be a reasonable nominal portion of the purchase price. For multi-family, if the option is a non-refundable deposit, it cannot exceed 3% of purchase price. The term or automatic renewal language must sufficiently provide assurance the agreement will not expire prior to loan closing.

When an application is submitted to IHFA, the ER requirements are triggered. Therefore, no choice-limiting actions can be undertaken by owner, developer, or a contactor until a Request for Release of Funds (RROF) is issued. This includes expending any public or private funds AND/OR executing an agreement to conduct any of the following activities regarding a specific site:

a) Property acquisition
b) Rehabilitation
c) Conversion
d) Leasing
e) Renting
f) Repair
g) Construction
h) Demolition

Engaging in a choice-limiting action before the Environmental Review process is complete may result in a denial of federal funding in the project.

Commitment of funds

Projects receiving an award of HOME Funds are reasonably expected to start construction within twelve months.

After a reservation of HOME funds is issued, IHFA will provide a list of items needed to proceed to an Award Agreement of funds. This generally includes the following:

Complete organizational documents from the Borrower entity;

All partners/owners/members in the borrower entity such as Articles of Incorporation, By-Laws, and Board Resolution authorizing the indebtedness;

Partnership or limited partnership agreements for the Borrower entity and all general partners in the Borrower entity;

Evidence of filing with the Secretary of State for all corporate and/or partnership entities.

Requirement for submission of a current, signed, dated financial statement from the Borrower entity (including nonprofit corporations) and all partners/owners/members in the borrower entity.

For a corporation (other than a nonprofit corporation) or a trust, financial statements will be required from each member, stockholder, or beneficiary who holds an interest in the organization in excess of 10%.

For a partnership, financial statements will be required from each general partner who holds an interest in the organization.

(a) For owner entity not legally organized at application, financial statements will be required from all proposed parties in proportion to the proposed ownership interest of each party. Owner entity must be legally organized prior to the commitment of funds.

(b) For cases in which financial statements are required from an individual, the financial statements must also include the financial interest and signature of the spouse.

All financial statements submitted shall contain the following statement immediately preceding the signature line

> "I/we certify the above is a true and accurate reflection of my/our financial condition as of the date stated herein. This statement is given for the purpose of inducing the Idaho Housing and Finance Association to make a loan or to enable the Idaho Housing and Finance Association to make a determination of continued eligibility of the applicant for a loan as requested in the loan application of which this statement is a part."

IHFA will issue an award in the form of a *written agreement* upon which the HOME and/or HTF loan may be approved:

- After the environmental review has been completed and HUD has released funds for the project.
- After IHFA's legal counsel has determined the applicant is a legal entity with authority to undertake the obligations of the loan.
- After a full review of all materials needed for issuance the project's architectural plans and specifications have been reviewed and approved by both the IHFA-HOME architect consultant and the owner/developer architect. Both parties must agree to project Fair Housing Design requirements, as applicable to the scope of the project. If both parties are unable to reach

consensus, the more stringent interpretation will apply.

The Award Agreement will highlight the salient points of the loan and regulatory agreement and specify the conditions under which the loan will be made. Within the timeframe specified in the conditional reservation letter (generally not to exceed 6 months), IHFA should receive evidence of a firm commitment of construction and permanent financing from all other lenders and investors in a manner acceptable to IHFA. IHFA may place additional conditions on a HOME/HTF project. This includes conditions identified in the application for which points were earned, lower rent limits, a longer period of affordability, and/or requiring a lower income level to be served, etc.

An award of funds should not be construed as a representation or warranty regarding the feasibility or viability of the project or the project's ongoing capacity for success.

Eligible Applicants

- Qualified Units of Local Government
- Qualified Non-Profit Housing Development Organizations
- Qualified Local Public or Indian Housing Authorities
- Qualified Private Housing Developers

Applications from Native American Tribes for the development of affordable housing for Tribal members must include a copy of the HUD-approved Housing Plan that demonstrates how HUD funding granted to the Tribe through the Native American Housing Assistance and Self-Determination Act (NAHASDA) is used to meet the housing needs of low-income households, and how additional funding would help meet this goal.

Maximum Number of Assisted Projects and Maximum Funding

HOME Program

(HOME) To provide the most equitable access to funds, certain limitations may apply. A project sponsor, owner, or developer cannot have more than three (3) assisted projects under development at any one time, or a combined award of funds at any one time, to any one sponsor or developer that exceeds $3,000,000[1] regardless of percentage of developer, owner or sponsor amounts will count in full. In order for an assisted project in development not to be counted in either of these totals, the project must be completed within 60 days after the due date for the HOME application for the additional project or projects. The limitation of three (3) assisted projects under development at any one time may be waived provided the applicant can demonstrate organizational capacity, financial strength, and experience in successfully managing more than three (3) projects under development simultaneously.

A waiver request must be submitted in writing at least 10 working days prior to the application deadline. In addition, the following criteria will be evaluated when a waiver is requested:

- Will the project serve a Special Housing Needs population as identified in the Consolidated Plan;
- Is the project located in an underserved area or a community defined as rural by USDA-RD [see Chapter 1];
- Is the project defined as "Rental Housing Preservation" (See Chapter 2: Definitions)

HTF Program

Owner or developer cannot have more than three (3) HTF-assisted projects under development at any one

[1] Combined total of Multi Family and Single Family Awards.

time or a combined total of HTF funds at any one time of $2,000,000.[1]

Developer Fee Calculation

In the event of an increase in development costs, the developer fee is limited to the original approved amount. Total Development Cost does not include Developer Fee or Development Reserves. Developer fee for new construction rental housing projects may not exceed the percentages as identified in the table below. Developer fee includes overhead, profit, and consultant fees for services normally performed by the Developer.

HOME and/or HTF and Low-Income Housing Tax Credit

- Defer to the LIHTC calculation of the Developer Fee for joint projects

HOME or HTF (no LIHTC)-

- Maximum - 15%- Based on
  - Characteristics of the development, i.e. special needs, elderly;
  - Total development costs (includes both eligible and non-eligible costs)
  - Size of the project;
  - Type of development i.e. acquisition, acquisition and rehabilitation, new construction;

New Construction	
Total Development Cost*	Maximum Developer Fee
Less than 6 Million	15%
6-8 Million	12%
More than 8 Million	10%

Acquisition	
The acquisition cost will be limited to the lesser of the sale price or the appraised value of the property as determined by a third party MAI appraiser. Such appraisal must include both an "as is" restricted rent value and an "as is" market rent value (net of appraiser recommended repairs/rehab and dollar balance of replacement reserves) of the existing development with land value broken out separately.	Maximum Developer Fee
As determined by MAI Appraisal	5%

Acquisition and Rehabilitation- Total rehabilitation cost is defined as hard & soft development costs, excluding developer fee.

Acquisition and Rehabilitation	
*Total Acquisition and Rehabilitation Costs	Maximum Developer Fee
Less than 6 Million	15%
6-8 Million	12%
More than 8 Million	10%

Contractor Fees

Contractor fees shall be limited to 14% of construction costs.*

**Construction costs include site work, new construction or rehabilitation, and contingency, and exclude contractor profit, overhead, general requirements, and construction management fees.*

An Identity of Interest exists whenever the development team includes entities whose individual principals are also the principals in other entities of the development team. Principals: Individual owners, shareholders, directors, officers, employees, authorized representative of said entity The Contractor Fee is limited to the following percentage when IHFA determines an Identity of Interest exists.	
Total Units (includes manager/ employee unit(s)	Allowable Contractor Fee as a percentage of construction/ rehabilitation costs
New Construction: 1 - 50 units	10%
New Construction: 51+ units	8%
Acquisition and/or Rehabilitation-All developments	10%

Architect and Engineering Fees

Shall be limited to 8% of construction costs.*

**Construction costs include site work, new construction or rehabilitation, and contingency, and exclude contractor profit, overhead, general requirements, and construction management fees.*

Construction Contingency

New Construction not to exceed 10% of Construction Costs.

Rehabilitation contingency costs not to exceed 20% of total Construction Costs.* If the contingency is over 20% then IHFA will request a detailed analysis of this exception.

**Construction costs include site work, new construction or rehabilitation, and contingency, and exclude contractor profit, overhead, general requirements, and construction management fees.*

Faith-based Organizations

Pursuant to 24 CFR Section 92.257, religious or faith-based organizations are eligible to participate in the HOME and HTF program on the same basis as any other organization. No projects funded with HOME/HTF may engage in inherently religious instruction, such as worship, religious instruction, or proselytizing. If any organization conducts such activities, they must be offered separately, in time or location from the assisted property. Tenant/applicant participation is strictly voluntary and in no way connected to approval/tenancy or assistance.

Federal funds may not be used for the acquisition, construction, or rehabilitation of structures to the extent those structures are used for inherently religious activities. Program funds can be used for the acquisition, construction, or rehabilitation of residential units. Where a structure is used for residential living and inherently religious activities, funds may not exceed the cost of those portions of cost attributable to eligible activities within cost accounting requirements applicable to Federal funds.

Request for Additional Funds

Additional funds can be requested after submission of the initial application through project closeout. The request will be considered when there is a change in the scope of work, inflationary increase, etc.

Property Management Capacity

A determination of property management capacity will be made at the sole discretion of IHFA, as determined by the IHFA Compliance and IHFA's HOME Programs Department. IHFA will use both internal information and resources, as well as information received from outside agencies in their determination. If IHFA determines there are substantial and significant unresolved material noncompliance with the provisions in the HOME Regulatory Agreement in previous project(s) owned or managed by the Applicant or Applicant's proposed property management company, this may result in the failure of a proposed project to meet the HOME management capacity threshold requirements. When making a determination, IHFA will consider any circumstances beyond the applicant's control, i.e. accidents or acts of nature.

MINIMUM APPLICATION THRESHOLD CRITERIA

1. Most recent CPA-prepared 3rd party certified financial statement from applicant, developer, and owner (e.g. general partner). Owner ~~financial~~ statement is not required if the entity is newly formed. IHFA will use the financial statement to help determine if the owner and/or developer has adequate financial management systems and practices in place, and sufficient financial resources to carry out the project to completion.
2. Physical Needs Assessment-Required for all acquisition and/or rehabilitation projects. The PNA will determine the scope of rehabilitation. See chapter 2, for PNA requirements.
3. Exhibit S- Site Selection and Environmental Checklist. Previously, submission of this form was recommended, but is now required as part of the application. See Exhibit S of this Administrative Plan.
   - Phase 1 Environmental Site Assessment- Assisted properties shall be free of hazardous materials, contamination, toxic chemicals and gases, and radioactive substances where a hazard could affect the health and safety of occupants or conflict with the intended utilization of the property. A Phase 1 ESA report is valid for 180 days, and may require an update based on the timing of the environmental review process[2]. See Chapter 6 for Phase 1 ESA requirements
4. Language Access Plan for Limited English Proficient (LEP) Persons. See chapter 6 for LEP requirements.
5. Section 3 and MBE/WBE Outreach Plan (see chapter 6 and Exhibit G)
6. Capital Needs Assessment- Required for <u>all</u> projects- Must be in sufficient detail to determine amount of funds needed for intermediate and long-term needs and costs as represented in the proposed replacement reserve account. See chapter 2 for CNA requirements.
7. Operating Costs with narrative if <50%
8. Market Study (see Exhibit M for requirements)
9. Affirmatively Furthering Fair Housing (AFFH) Resolution adopted by the proposed project's unit of local government (City or County) depending on the location of the project) If the unit of local

[2] Phase 1 is not needed at time of application, but must be completed if the project is selected.

government has not adopted an AFFH Resolution, the application does not meet minimum threshold and will not be scored.

10. Fair Housing Requirements

Applicant must also submit one of the following items:

(a) If the proposed activity will be located in a CDBG Non-Entitlement area, then submit the local jurisdiction's most recent Fair Housing Assessment Plan reviewed by the State of Idaho's CDBG Program (Idaho Department of Commerce); or

(b) If the proposed activity will be located in a CDBG Entitlement Area (Boise, Nampa, Meridian, Lewiston, Coeur d' Alene, Idaho Falls, Caldwell, and Pocatello, and Twin Falls), submit that city's most recent Analysis of Impediments To Affirmatively Further Fair Housing. If the city's Analysis of Impediments or Affirmative Housing Assessment document is available online, then applicant need only provide IHFA with the link to the online document (hard copy would not be required); or

(c) If the local jurisdiction in which the property will be located has never received State of Idaho CDBG funds (which means the jurisdiction most likely has never completed a Fair Housing Assessment Plan), or the project will not be located in a CDBG Entitlement area, then applicant submit a Fair Housing Assessment Plan completed by the local jurisdiction. The plan must contain the same components as the State of Idaho's CDBG Program Fair Housing Assessment.

11. Evidence the applicant and developer have the experience and capacity to begin construction within 12 months and complete the project within a reasonable time period. A narrative should be included in the application as to why the applicant and/or developer has the experience and not just a list of past projects and resume'.

12. Evidence of site control that complies with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and Environmental Review Procedure 24 CFR 58.22 (See Chapters 6 and 9, and Exhibit O of this Plan)

13. Owner/Developer/Management Capacity Self-Certification Form (See Exhibit W)

14. Must meet one of four Green Building Design Standards or certifications: Energy Star, LEED, Enterprise Green Communities, IHFA Green Building Standards. Once the standard is selected the proposed project may not change the standard.

    For Energy Star design requirements, applicant must document Energy Star Reference Design in all Checklists. IHFA Green Building Standards, the application must contain evidence the project will meet a minimum of 10 IHFA Green Building Standard items (see Exhibit V).

15. IHFA Request for Release of Information (See Exhibit X)

16. Pro forma- All operating costs and revenues must be in sufficient detail to compare line items against properties that are similar in physical type and size, so that the PJ 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 along with the operating expense ratio. A narrative shall be provided as to why the project will be able to sustain the projected operating costs and revenues if the operating expense ratio is <50%. If the proposed project includes leased land and there is an in kind portion of the lease then an estimated value of a market rate lease should be included in the Pro Forma. Applicant should also provide a debt service schedule with details of proposed loan. (i.e., interest rate, term, payment schedule)

Pro forma that incorporates the following assumptions:

- 7% vacancy factor
- 2% annual increase in income
- 3% annual increase in expenses including replacement reserves

17. Minimum Match Requirement of 10% requested loan amount-HOME Only (see chapter 4)

~~18. HUD Programs Outreach Plans that describe the following:~~

SCORING CATEGORIES & CRITERIA

The applicable HOME/HTF regulatory requirements as well as IHFA's requirements must be addressed in the application to be considered for funding. Each application is scored based on the latest and most complete information included in the application. Any application IHFA considers incomplete and/or does not meet minimum threshold requirements will not be scored.

In cases were assertions are made in the application but IHFA deems further clarification is needed, IHFA may, at its sole discretion, request additional information related to the assertion(s).

IHFA identified the following categories to evaluate and score HOME funding applications:

- **Viability – 64 points**
- **Project Impact – 36 points**
- **HTF possible points are ~~115~~ 113**
- **Applications receiving 60+ points will be ranked.**

Tie-Breaker

If two or more applications receive an identical score, then IHFA will award the following bonus points:

1st - 1 Point- Proposed project located in a county that hasn't received a HOME and/or HTF funding in the previous two multifamily rental funding rounds.

2nd -1Point- Proposed project with the lowest per-rent restricted unit subsidy- (Calculation: Aggregate HOME and/or HTF funds requested divided by ten (to mirror how LIHTCs are allocated), add to LIHTC allocation request ÷ by total number of rent restricted units.

PROJECT VIABILITY

- **Total Investment per Total Number of Units**

Application will receive points in this category if the total amount of (HOME and/or HTF) funds requested, divided by the total number of rent restricted (HOME/HTF) units in the project, results in a per-unit cost $\leq$ \$15,000.

- **Project Reserves**

Applications demonstrating project reserves at \$300 per-unit per-year for the duration of the loan, will receive 3 points.

Applications that include a detailed Capital Needs Assessment with a timeline and associated costs increasing by 3% each year for the life of the loan, that supports the proposed level of project reserves will receive an additional 3 points.

- **Deferred Developer Fee**

An application can receive points in this category for minimal deferred developer fee, defined as less than 25% of the total developer fee.

- **Project Viability/Combined Debt Service Coverage Ratio**

In order to receive points for this category, a pro forma that demonstrates positive net cash flow after all financial obligations are met based on the required rent levels.

Projects often target lower income households to achieve increased scoring may sacrifice the project's financial feasibility as a result. This category encourages the applicant to consider the implications of targeting lower income households.

The project pro forma demonstrates financial feasibility while satisfying HOME/HTF program requirements at a Combined Debt Service Coverage Ratio of 1.10 or greater for the term of the loan.

- **Funding Commitments**

To receive the points, the application must include a written commitment from **all** proposed funding sources (excluding HOME, HTF, and LIHTC). An application that does not include evidence of commitments will not receive points.

A funding commitment must be on letterhead from the issuing entity, which includes the financing and commitment terms, including the minimum debt service for primary and subordinate debts, the type of funding (construction/interim/permanent), the amount, and source of funding (HUD 202/811, USDA, etc.)

- **LIHTC Project Fees**

The application can also receive points if the Limited Partnership entity agrees to limit combined annual partnership fees to less than or equal to $3,000, using an inflation factor of three percent (3%).

Projects utilizing LIHTC with a Limited Partnership ownership structure, can receive points if the limited partnership fees are taken after the HOME debt service.

- **Loan Repayment**
  - Regular Scheduled Payment- When feasible, as determined by IHFA, the payment would be hard, fixed amortized. The amount of payment will be determined by IHFA.

  - 30-Year repayment of HOME- Project owner commits to a repayment of the entire HOME loan in regularly scheduled payments within 30 years or less, as demonstrated in the proforma, will be awarded points.

- (Revised) HTF-Specific Scoring Categories-Because HTF funds are a grant or a 0% interest, due-on-sale loan, an HTF-funded project would not normally receive the 15 points available under this Loan Repayment scoring category. Accordingly, when an application includes HTF funds, the application could receive ~~15~~ 13 points if the project meets the following HTF-specific criteria:

• HTF- Specific Project Applications Only	Possible Pts-~~15~~ 13
Geographic Diversity Must meet A-C **A.** Project meets Minimum Threshold Criteria as defined in the annual Administrative Plan https://www.idahohousing.com/documents/admin-plan-ch8-home-rental-activities-application.pdf; **B.** Project site complies with HUD's Site and Neighborhood Standards [24 CFR Part 92.202 and §983.57(e)(2) & (3)] as determined by IHFA; VI) **C.** The project site is located in an Opportunity Incentive Area (Located in a census tract with a poverty rate that is less than or equal to the corresponding city's Persons in Poverty Rate. If the city's population is less than 5,000, or if the development is located in a census tract located outside of the corresponding city limits, then the site's census-tract poverty rate will be compared against the corresponding county's Persons in Poverty Rate.)	3
Applicant Capacity Must meet A-C **A.** Owner/developer has experienced development staff or are partnering with an experienced development entity; **B.** Developer has experience developing other federal affordable housing programs; **C.** Developer has a proven track record developing projects within a reasonable timeframe- Funds were committed within 6 months of award, construction began within 12 months of award, and project completed in IDIS within 2 years.	4
Project-based Rental Assistance The extent to which the project has project-based rental assistance. Other mechanisms that ensure affordability for extremely low-income households, such as operating assistance reserves, may also be considered.	2
~~Affordability Period Duration~~ ~~Owner commits to the regulatory minimum period of affordability of 30 years (pro forma must support a period of affordability and any extended use period) and the non-displacement of HTF tenants housed under the HTF rent and income restrictions during the LIHTC extended use period.~~	~~2~~

Leverage from Non-Federal Sources- Application must document that all sources the non-federal funding are committed at submission. For scoring purposes, "commitment" is defined as a letter (on letterhead) from the issuing entity outlines the source of the funding, the purpose of the funding (i.e. construction, interim, permanent), and the financing terms.	3
<u>Priority Housing Needs</u> Project will provide a tenant preference (minimum 3 units) for 2 of the 3 Priority Housing Needs population below (identified in the current Consolidated Plan). 1. ≤30% AMI (families or individuals) 2. Elderly (at least one member of the household is age 62 or older) 3. Disabled	3

- **Nonprofit Ownership Structure**

To receive points, the application proposes one of two ownership structures. To receive maximum points in this category, the ownership structure must also have funding commitment from Home Partnership Foundation using Equity Partnership Funds.

- Qualified Non-profit (including a Land Trust)
- IHFA-certified CHDO

- **Sponsor/Developer/Project Owner Financial Capacity**

To receive points, owner and developer will show positive net income for the most recent fiscal year end, as reported in the Statement of Cash Flow from the third party CPA-Prepared Financial Statements

<u>PROJECT IMPACT:</u>

- **Supportive Services Plan**

To receive points the application must include a written satisfactorily detailed, <u>Voluntary</u> <u>Supportive Services Plan</u> (See Exhibit L for minimum requirements).

- **Affirmatively Furthering Fair Housing Choice**

Points may be awarded if the Project is located in a community (city/county) in which the local unit of government is establishing, maintaining, and/or publicizing a means for residents to understand fair housing rights and responsibilities and how to file a complaint.

- o Documentation the community (city/ county government) has implemented one or more of the following will receive points.
- o Shares and/or displays information on the statewide Fair Housing Campaign /2-1-1 Care Line (information and referral for fair housing questions) **<u>http://fairhousingforum.org/disabilities/fair-housing-campaign-goes-statewide/</u>**

- Shares and/or displays materials for **www.housingidaho.com** to increase housing choice for all residents and to offer housing providers a bilingual, ADA-compliant means to list rental housing.
- Supports a local fair housing task force or advisory committee that includes policy makers, building professionals, consumer advocates, and housing providers.
- Provides referrals to available fair housing resources.

- **Letters of Support**

Applications may earn points in this category if it includes letters of support, dated and signed within 30 days of the application submission date, by a local government official(s) and/or from local service agency(s). Letter should reference the proposed project and provide details and reason(s) for the support. While there is no minimum number of support letters required, a community's size will be taken into consideration along with the support offered and evaluated accordingly.

- **Special Needs Housing Populations**

Projects that propose at least one unit for special needs housing as defined below, will maximum points.

- Elderly[3] – At least one household member **must be age 62 or older.**
- Disabled**-** As defined by Federal law, Executive Order, or HUD regulation
- Household annual income at ≤30% AMI

If an application receives points for a Special Needs Housing population, the unit(s) must remain designated as Special Needs Housing throughout the period of affordability.

- **Match**

HOME funding applicants are expected to provide a minimum of 25% proposed eligible match at submission. To receive the points, proposed match must exceed the minimum 25%. Applicant may receive additional points if the proposed eligible match exceeds 35% of the HOME funding. Match documentation must be eligible and clearly identified to receive points. IHFA will determine match eligibility. Non-eligible match is deducted from the total match amount to determine the final match calculation and match ratio for the project. HOME Programs Department may not to recommend approval if the application does not identify and clearly document eligible match sources.

Per 24 CFR §92.220, the value of donated professional services shall be determined by the rate that the individual or entity performing the service normally charges.

“(8) The value of donated or voluntary labor or professional services (see § 92.354(b)) in connection with the provision of affordable housing. A single rate established by HUD shall be applicable for determining the value of unskilled labor. The value of skilled labor or professional services shall be determined by the rate that the individual or entity performing the labor or service normally charges.”
IHFA will require documentation of what an individual or an entity performing the labor or service normally charges. The submitted letter must include an hourly charge and average number of hours charged per project. Letters without the additional documentation will not be eligible for Match.

Match not required for HTF-only projects.

3 Age 55+ is defined by HUD as “Senior” housing, not Elderly.

- **Site Suitability / Zoning**

The zoning designation must be in place at or before the time of the application for HOME funds. Points under this category are awarded if the application provides evidence of the appropriate public documents and objective data.

- o The project as proposed meets the current zoning;
- o Proximity of the site to services for the target-population e.g., transportation, health care facilities, schools, retail, cultural resources, social supportive services

Points are not be awarded to a project that is eligible under a Special Use Permit.

- **Operating Expenses**
  - For points, the application must demonstrate one of the following: Operating Expense Ratio ≥ 50%
  - If < 50%; documentation of operating expenses (including at least 2 separate projects' analysis justifying the operating budget and narrative explaining the projects ability to sustain the level of expenses submitted).

All operating costs and revenues must be substantiated against properties that are similar in physical type, size, and similar/comparable locations and shall be presented on a per project basis. Documentation should include at least two (2) separate projects along with 3rd party CPA prepared annual financials reflecting operating costs and revenues analysis for the most recent three (3) years. The analysis must justify the new project's operating budget. Shared costs between projects will be allowed, however documentation of the shared costs shall be provided to show each project is able to perform on its own. 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 along with the operating expense ratio. A narrative shall be provided as to why the project will be able to sustain the projected operating costs and revenues if the operating expense ratio is < 50%. If the proposed project includes leased land and there is an in kind portion of the lease then an estimated value of a market rate lease should be included in the Pro Forma.

Operating Expense Ratio is calculated by taking Total Operating Expenses (reserve deposits NOT to be included) less interest, depreciation, and amortization divided by Effective Gross Income.