

**Idaho Housing and Finance Association
HOME Programs Department
2022 Single-Family Homebuyer & Rental Activities
Proposal Guidance and Requirements**

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Funding for single-family activities is extremely limited in 2022; therefore each non-profit's current project commitments, and approved activities (underway and not yet underway) will be a factor in determining 2022 funding awards.

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Questions/Technical Assistance Regarding the Proposal contact LauraL@ihfa.org or KimberlyD@ihfa.org

PROPOSAL DEADLINE

5:00 p.m. November 26, 2021

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 and 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 (Fee Simple), or approved Community Land Trust Activity

SPECIFIC 2022 AWARD CONDITIONS & LIMITATIONS

1. The Award expires on October 31, 2022, and Nonprofits must have all projects identified, have a budget approved by IHFA, and an Executed Loan and Regulatory Agreement by September 30, 2022. At that time all or a portion of the 2022 award may be rescinded by IHFA for use in the 2023 RFP. A 30-60 day extension request may be submitted in writing if a site is identified, all pre-construction processes, including but not limited to, budget preparation, Section 3 outreach, bid collection and selection, etc. are nearing completion, and the project can reasonably close in that timeframe. Requests for extensions may be denied at IHFA's sole discretion.
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)

ANNUAL ADMINISTRATIVE PLAN OF RECORD

The 2022 Annual Administrative Plan is the official plan of record for all activities under this RFP. IHFA anticipates formal adoption of the 2022 Administrative Plan in January 2022. Applicants should continue to use the 2021 Annual Administrative Plan until further notice. To prepare a proposal, applicant should refer to this document and the 2021 Annual Administrative Plan online at: [HOME Program - Idaho Housing and Finance Association](#)

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HOMEBUYER REQUIREMENTS

Homebuyer Investment and Maximum Assistance Levels

Homebuyer's Investment¹	Assistance to Homebuyer
\$500 (minimum requirement)	Up to 10% of sales price
\$1,000	Up to 15% of sales price
0.50% of sales price	Up to 20% of sales price

Homebuyer Credit Score

1. Credit Score consistent with the Idaho Housing and Finance Association mortgage loan 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, even if lender guidelines allow these to be excluded.
 - Automated or manual underwriting approval by the primary lender does not guarantee qualification or approval for HOME 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 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.

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.
- 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 and affordable to buyer, as defined under "Maximum PITI" in the 2021 Administrative Plan, Chapter 2B.

¹ May be a gift(s) with proper documentation [chapter 2, pg. 29]

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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.

Homebuyer PITI

"Affordable" housing is defined by IHFA as no more than 35% of a homeowner's annual gross income on Principal, Interest, Property Taxes, and Insurance ("PITI"). Therefore, HOME 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 defines 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 2021 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***

HOME – Assisted property must be sold at the lesser of Fair Market Value² or the HOME Maximum Homeownership Sales Price Limit. Land Trust Activity must use approved Sales Price Calculation model. Refer to 2021 HOME Administrative Plan Chapter 2B.

- ***Developer Fee Calculation***

1. **Minor Rehabilitation** – up to 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 Fair Market Value defined as the negotiated sale price between a willing buyer and a willing seller

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2. **Moderate Rehabilitation** – up to 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** –up to 15% of total eligible project costs

***Full developer fee will not be paid if project funding reaches applicable maximum subsidy limit**

- ***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 restriction for any activity that disturbs LBP or requires mitigation or abatement of any kind. This is due to increased requirements and oversight for both the nonprofit, and IHFA.****

- ***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.

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- **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>

- **Maximum Per-Unit Subsidy Limits**

- Program Limits in effect at the time funds are committed to the activity. HOME limits are available <https://www.idahohousing.com/federal-programs/home-program>

SUBMISSION REQUIREMENTS

The 2022 proposal must include the following:

1. Narrative

Describe any current (2021 and earlier) awards or commitments for any activity(s) currently underway or approved but not yet underway. This includes all Single Family, Multi-Family, Tax Credit, or any project that is funded by IHFA.

A. Describe proposed (2022) 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. Preference populations (not required, but must be included in loan and regulatory agreement – generally only applicable on Community Land Trust activities)
- vi. If properties identified, currently under contract, currently owned

B. 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
- 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

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 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.

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3. Market Analysis

See Attached Market Analysis Checklist for requirements ⁴

4. Affirmative Marketing Plan

See Exhibit T of the current Administrative Plan at [HOME Program - Home Page](#)

See Section 3 & MBE/WBE Outreach requirements in the current Administrative Plan Chapter 6 and the Exhibit G for Section 3 at [HOME Program - Home Page](#)

Submit Outreach plan for Homebuyer.

5. Estimated Budget & Sources and Uses

- Submit one estimated total budget per project for all proposed units to be acquired and/or rehabilitated or constructed under the award (total amount of funds requested). Per unit budgets will be required if award is received for project.
- 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](#)

6. Copy of Organization's IRS Non-Profit Designation

7. Current IRS standing

[Tax Exempt Organization Search](#)

8. State of Idaho Business Entity Registration and Current Standing

[IDSOS Search for Business Entities](#)

9. Resumes/Statement of Experience

All staff involved in the project/activities

10. Affirmatively Furthering Fair Housing Resolution

Resolution adopted by the local unit of government in which the proposed project/ unit(s) will be located.

11. 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 Program (Exhibit C-1) - [HOME Program - Home Page](#)

12. Financial Statements

Most recent CPA audited/reviewed statements must be provided. If audit is over 6 months old, interim financials will be required. Interim financials may be company-prepared. Any organization receiving \$750,000 or more will be required to complete an audit of the organization.

⁴ Owner-developer can complete the market analysis

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13. 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 to be provided in this submission.**
- Any proposal received after 5:00 pm on Friday November 26, 2021, 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 enhance quality of life (safe, decent, affordable) of 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 (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](#) @ Administrative Plan- Exhibit C1

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

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

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.

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- 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](#)
- 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 (Exhibit C-1) - [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
- Items must be added to the folder corresponding with items #1-13 of RFP Submission Requirements (Click here: [HOME Program - Home Page](#) and select 2022 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.
 - HOME Homebuyer- Due-On-Sale, 0% interest loan
- Developer Fee
 - Included in the total subsidy limit. Developer fee will be reduced if subsidy limit threshold is reached.
- 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 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:

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- **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 uses 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, but preferably 99 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)(i)(B).

The HOME program's Resale Provisions are enforced through restrictive covenants with the nonprofit, and a land lease approved by IHFA and executed between the nonprofit and homeowner.

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

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to the HOME development subsidy and the estimated value of the land⁶. To ensure all homebuyers during the period of affordability are $\leq 80\%$ AMI, IHFA will require the nonprofit to submit an *Certification of annual income and asset form* for review prior to transfer of title.

The nonprofit will use a long-term ground lease with the homeowner(s) 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 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 ($\leq 80\%$ 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 owned by an affordable housing land trust or nonprofit, title to the land is transferred without prior approval from IHFA, or any new 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.

⁶ Land value may be determined by appraisal, BPO, CMA or property valuation from an independent third party licensed realtor. If nonprofit wants to use a value not determined using one of these methods, IHFA must provide prior approval.

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- 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 and the charges incurred, 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.
 - ii. 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, and the land continues to be owned by an affordable housing land trust or nonprofit who ensures compliance with HOME requirements. 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 \leq 80% AMI at the time of purchase.

- **HOME Subsidy during Period of Affordability**

- 1) No additional HOME subsidy provided to the nonprofit for the assisted unit
- 2) No direct HOME subsidy or assistance 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.

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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 (x) Seller's purchase price times (x) the number of years the seller owned the unit. *Consumer Price Index*⁷ 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

⁷ 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.

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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 1st mortgage approval from an IHFA-approved lender, as well as the nonprofit.

- **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:

- **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

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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

○ **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)

Initial Sale	Purchase 1st Qtr. 2013
Estimated Value of property= \$200,000	
-Value of land under the unit =-\$45,000	
-IHFA Subsidy =-\$40,000	
Initial Sales Price	\$115,000
Subsequent Sale	Sold 2nd Qtr. 2018
Seller's Mortgage Equity (amount of mortgage paid down based on 3.5% interest rate)	\$15,374
Senior Lien payoff	-\$99,626
Capital Improvements (50% within 5 yrs.)	\$2,500
Seller's Closing Costs	-\$8,287
Maximum 1.5% CPI (x) Initial Sales Price	\$8,625

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Examples of Subsequent Sales Price Calculation

Step	Appreciating Housing Market Sold 2 nd Qtr. 2018	Step	Depreciating Housing Market Sold 2 nd Qtr. 2018
1	Estimated Value Of Property- \$225,000 Less Value of Land under the unit- 45,000 Less IHFA Subsidy- \$40,000	1	Estimated Value Of Property- \$170,000 Less Value of Land under the unit- 15,000 Less IHFA Subsidy- \$40,000
	Estimated Value of UNIT \$140,000		Estimated Value of UNIT \$115,000
	Less Senior Lien Repayment= \$99,626 Less Seller's Closing Costs= \$8,287		Less Senior Lien Repayment= \$99,626 Less Seller's Closing Costs= \$6,900
	-\$107,913		-\$106,526
	Potential Net Proceeds from sale \$32,087		Potential Net Proceeds from sale \$8,474
2	Owner's Investment 1 st - Seller's Mortgage Equity= \$15,374 2 nd - Capital Improvements= \$2,500 3 rd - CPI 1.5% inflation rate= \$8,625	2	Owner's Investment 1 st - Seller's Mortgage Equity= \$15,374 2 nd - Capital Improvements= \$2,500 3 rd - CPI 1.5% inflation rate= \$8,625
	\$26,499		\$26,499
	Owner's final Fair return on Investment as available from Net Proceeds (step #1) \$26,499		Owner's Fair return on Investment as available from Net Proceeds (step #1) \$8,474
3	Maximum Sales Price to next Low-income Buyer	3	Maximum Sales Price to new Low-Income Buyer
	(cannot exceed the total of No. 1+2 above) \$134,412		(cannot exceed total of No. 1 + 2 above) \$115,000

Consumer Price Index inflation calculator

https://www.bls.gov/data/inflation_calculator.htm

CPI Inflation Calculator

\$

in

has the same buying power as

in

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ANNUAL ADMINISTRATIVE PLAN REFERENCES

- [Annual Administrative Plan](#)
- Property Standards at project completion
- Chapter 2B- Homebuyer Activities [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 [HOME Program - Home Page](#)
- Exhibit C1- HOME Rehabilitation Standards [HOME Program - Home Page](#)
- Exhibit E- Maximum Homebuyer Sales Price Limits [HOME Program - Home Page](#)
- Exhibit G- Section 3 [HOME Program - Home Page](#)
- Exhibit O- URA & Voluntary Disclosure Sample Forms [HOME Program - Home Page](#)
- Exhibit T- Affirmative Marketing Plan [HOME Program - Home Page](#)

ADDITIONAL REQUIREMENTS- HOMEBUYER

- **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)**
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](#)

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 Program (Exhibit C1) - HOME Program - Home Page_HTF Program (Exhibit C2) - [HOME Program - Home Page](#)

HOMEBUYER PROPERTIES

MARKET ANALYSIS CHECKLIST

Is The Market Area Clearly Defined?	Does the proposal include market area maps, census data, local economy, growth rate, net in-migration, and net out- migration?	
Is There Market Demand?	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?	
What Is The Condition Of The Current Housing Stock?	Does the proposal describe the physical condition and age of current housing stock in the proposed market area?	
Is There A Need For The Type And Number Of Housing Units Proposed?	Does the proposal include Sales activity information for the previous 6 months that clearly indicates the comparable housing market grown or contracted?	
What Is The Market Area Absorption Rate?	Does the proposal include the following information? <ul style="list-style-type: none">• What is the overall supply of comparable housing to overall housing in the market and how many months of supply?• What is the average number of listing days of comparable housing?• What is the percentage of low-income households compared to overall population?• What are other homeownership options already available in the area (including your current projects in the pipeline)?• 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)?	