

**Idaho Housing and Finance Association
HOME Programs Department**

**2024 Single-Family Down Payment Assistance
Only Proposal Guidance and Requirements**

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Questions/Assistance Regarding the Request for Proposal (“RFP”) contact HOMESF@IHFA.ORG.

PROPOSAL DEADLINE

Friday April 19, 2024 - *Any application which is incomplete, or which supporting documentation is uploaded after April 19, 2024 may be denied.*

RFP SUBMISSION REQUIREMENTS

- Electronic submission through Procorem SF RFP Work Center only - Send an email to HOMESF@IHFA.ORG requesting a Work Center for your application.

OWNER-DEVELOPER QUALIFICATIONS

- IRS Non-profit 501(c)3 or 501(c)4 designation
- Registered business entity with the State of Idaho
- Good standing with State of Idaho, and all divisions of IHFA (as determined by IHFA-HOME)
- Demonstrated development experience for single-family homes for income restricted households

ELIGIBLE ACTIVITIES

Down Payment Assistance for income eligible households to purchase housing. The non-profit developer would construct and finance the development without the use of HOME funds. Down Payment would assist the income eligible household with financial assistance to purchase the newly constructed or rehabilitated single-family unit. The non-profit developer is applying for a reservation of funds, as needed, for eligible buyers, as part of the project financing tools for the purchase of the single-family unit.

SPECIFIC 2024 AWARD CONDITIONS & LIMITATIONS

1. The reservation of funds for the non-profit expires on September 30, 2025. At that time all or a portion of the reservation of funds may be rescinded by IHFA-HOME. A 30-60 day extension request may be submitted if single family units are nearing completion and the project can reasonably close in that timeframe. Requests for extensions may be denied at IHFA-HOME’s sole discretion.
2. Geographic Locations
Anywhere in Idaho, unless HOME funds from the City of Boise are a part of the project. For Boise based projects, please consult IHFA-HOME prior to the application to verify if this applies.
3. Fee Simple - HUD approved Recapture HOME Down Payment Assistance. No Deed Restrictions or provisions limiting a HOME household’s options to sell the unit, or limit proceeds will be permitted for fee simple projects.
4. CLT – HUD approved Resale Provisions will apply to all CLT units with HOME Down Payment Assistance. An Addendum to the Ground Lease will be executed between the homebuyer, CLT, and IHFA-HOME.
5. Fee Simple housing using Resale Provisions or Deed Restrictions will not be eligible under this activity.

ANNUAL ADMINISTRATIVE PLAN OF RECORD

The 2024 Annual Administrative Plan is the official plan of record for all activities under this RFP. IHFA-HOME anticipates formal adoption of the 2024 Administrative Plan in April 2024. To prepare a proposal, applicant should refer to this document.

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HOMEBUYER REQUIREMENTS

Homebuyer Investment

- \$500 minimum contribution – must be verified
- Cash gift(s) allowed per lender documentation guidelines
- If “sweat equity” is \geq \$500, no additional cash investment is required – must be verified and shown as a credit on the final CD/HUD-1 at purchase

Maximum Subsidy Limit to Homebuyer

IHFA-HOME must determine the level of assistance a household needs in order to purchase an eligible unit. There may be situations where a buyer’s assets are substantial enough, a demonstrated need for assistance cannot be documented, or the need for HOME assistance is reduced. Simply, being income eligible does not document need or eligibility for HOME funds. To ensure low-income households are not giving up future equity in the property (being over leveraged with no monthly payment, due on sale terms), HOME funds are generally limited to 40% of the sales price. At IHFA-HOME’s sole discretion, a household may be declined if they need more assistance than IHFA-HOME determines to be feasible.

The amount of assistance will serve as the mechanism to ensure buyers are within IHFA-HOME’s stated limits, to make the buyers mortgage payment affordable for the household, or to provide the assistance required for the first loan to be approvable for the primary lender. Please reference Housing Expense Ratio and Debt-to-Income sections later in this document for details. *IHFA-HOME is not obligated to provide additional assistance to meet lower ratios preferred by a lender or developer.*

Initial Purchase/Credit Requirements (Homebuyer)

- IHFA-HOME must review and income qualify every potential buyer. **This is a separate review from the first loan underwriting. Lender approval and/or IHFA loan reservation does not guarantee approval from IHFA-HOME.** Questions and submissions should be sent to HOMESF@IHFA.ORG.
- Credit Score meets primary lender guidelines, as well as IHFA-HOME minimum requirements – IHFA-HOME reserves the right to decline if borrower is determined to be high risk by federal standards.
- Borrower must not own other property (including manufactured units) and will occupy the housing unit as their primary residence for the entire period of affordability.
- Borrower(s) must receive First Mortgage approval from an IHFA-approved Lender/ Broker or USDA-RD.
- No more than one bankruptcy, foreclosure, or short-sale in the last ten years.
- No open collections (including medical), judgements or liens, unless a documented agreement with creditor/lien holder is in place for repayment, and applicant can prove adherence to the agreed upon terms
- Repossessions, charge-offs, late payments, and other derogatory credit in the last 12-24 months, or long term patterns of delinquency, will be evaluated on a case-by-case basis
- Household must not have owned a home within 3 years (36 months) of an application to purchase a property and receive Down Payment Assistance. Exceptions may be considered in the case of divorce/death of spouse, or extenuating circumstances (as allowed by IHFA-HOME), which drastically change the household’s financial position. In all cases, applicant must use proceeds from the home sale towards the purchase, demonstrate financial need (as determined by IHFA-HOME), and meet income guidelines for eligibility. *Proceeds from the sale of a unit will be included as income, if sold in the last 12 months.*
- Mortgage payment is no more than a 50% increase over household’s current housing expense – more than 50% increase requires a Letter of Explanation detailing how the household will manage the large increase in housing expense, responsible spending/financial management, as well as approval from the IHFA-HOME

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- Reserves (savings) equal to at least one month of proposed mortgage payments at the time of application, is preferred.
 - Conflicts of Interest - Households cannot have direct association with the project, either through their own employment, board membership, or committee participation; or, indirect association through familial relationships with a person, board or committee member, or business associated with the project. This includes staff and family of the nonprofit, general contractors, sub-contractors, and professional services used for planning, logistics, purchase/sale, and compliance.

Homebuyer Maximum Liquid Assets

Applies to all household members 18+:

- Includes all bank accounts, cash, retirement accounts, stocks, mutual funds, etc.
- Liquid assets (cash, checking, savings, etc.), not including retirement accounts, are limited to 12 months of the household's recurring expenses, or a maximum of \$25,000 at closing. Households with more than \$25,000 in liquid assets will be required to invest the additional funds into the closing transaction. HOME down payment assistance will be reduced by the amount the household is required to invest, or as otherwise determined by IHFA-HOME. IHFA-HOME reserves the right to decline if the need for assistance cannot be established, based on the households available liquid assets.
- Income generated from an asset ("Imputed Asset Income") is recognized as a component of HUD's Annual Gross Income calculation for HOME/NSP program eligibility purposes. Imputed asset income is generated on all liquid assets including cash, checking, savings, retirement accounts, mutual funds, stocks, and any other type of account which has a positive balance, even when funds cannot be drawn until retirement. Imputed asset income applies to the total household balance of funds from all sources over \$50,000, and is figured using HUD's Passbook Savings Rate of .040% (or \$.40 for every \$100 dollars).
- Assets may not be temporarily withdrawn or moved in an attempt to hide assets or intentionally not disclose. Applicants and beneficiaries are responsible for ensuring submission of accurate and truthful information in connection with any federally funded project or application. Any attempt to defraud the federal government can result in criminal and civil penalties, including confinement for up to five (5) years, fines, and civil penalties. (18 U.S.C. §§287, 1001 and 31 U.S.C. §§3729)
- Buyers will be required to sign a certification they have disclosed all assets from all sources to IHFA-HOME-IHFA-HOME may decline an application if additional undisclosed assets are discovered during the review process.

Homebuyer Education & Counseling Requirements

Prior to loan closing, all persons who will be on the title must:

- Complete an IHFA-approved Homebuyer Education course, i.e. *Finally Home!*[®] ([Finally Home! Homebuyer Education](#)) within 24 months of closing.
- Complete at least one individual (one-on-one) homebuyer counseling session ([Finally Home! Housing Counseling](#)):
 - HOME Program - No minimum number of hours for one-on-one counseling, however each homebuyer-household must complete a 'recurring' monthly expenses budget, which is submitted to IHFA-HOME program staff as part of the homebuyer application.
 - Must be completed within six (6) months of closing. A new session and certificate of completion will be required if initial session was completed more than six (6) months before closing.

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Homebuyer PITI (Housing Expense Ratio)

The HOME program provides assistance to help eligible households acquire **affordable and modest** housing. IHFA-HOME defines affordable as no more than 35% of a household's annual gross income spent on principal, interest, property taxes, homeowner association fees (HOA), and insurance (“PITI”). *IHFA-HOME is not obligated to subsidize HOA fees or other fees imposed by the developer, as part of the determination of the household's need for assistance.* In most cases, assistance is denied if the PITI is greater than 35% of a household's annual gross income. On a case-by-case basis, an exception may be made if the homebuyer has a good credit history, minimal other debt, and stable employment. Meeting these minimum requirements is not a guarantee of IHFA-HOME approval to exceed stated limits.

Maximum DTI (Debt-to-Income)

Maximum back end DTI allowed by IHFA-HOME is 45%. IHFA-HOME is committed to affordability, and in most cases, assistance is denied if the IHFA-HOME determines the homebuyer's DTI is greater than 45% of the household's annual gross income. On a case-by-case basis, and solely at IHFA-HOME's discretion, a request for DTI higher than 45% *may* be reviewed if the homebuyer has good credit history, minimal other debt and stable employment. *IHFA-HOME will include 1% of student loan debt, regardless of loans being in a deferred status.* Meeting these minimum requirements is not a guarantee of IHFA-HOME approval to exceed stated limits.

Income Calculation

- As defined in [24 CFR 5.609](#), IHFA-HOME complies with Part 5, also known as Section 8 definition of annual (gross) income when determining household income. **ALL** income for all household members 18 years of age and older is required to be included in the household income calculation, unless they are a dependent full time student.
 - A dependent household member who is 18 or older enrolled in full time school (dependents of adult borrowers – either high school or post-secondary) may be eligible to exclude their income from the calculation, except the first \$480. If household member is not in high school, member must be able to prove full time enrollment in post-secondary education to exclude any portion of enrollee's income.
- Per the federal regulations, IHFA-HOME is required to include all types of income including, but not limited to: regular wages, overtime, bonuses, commissions, tips, child support, alimony, self-employment, earnings from online businesses, second jobs, and miscellaneous types of income. The IHFA-HOME income calculation routinely differs from the Primary Lenders' calculations. In most cases, the IHFA-HOME income calculation **does not** conform to industry lending standards. IHFA-HOME **must** include all incomes, even those not necessary or allowable by the Primary Lender. Questions regarding inclusion/exclusion should be sent to HOMESF@IHFA.ORG.
- IHFA-HOME **projects** the household's income for the next 12 months by collecting and reviewing the most recent two months of pay stubs and/or any other type of income for the household, in most cases.
- IHFA-HOME *may* collect 12 full months of income, or use Year-To-Date (YTD) income in cases of widely variable or seasonal income. IHFA-HOME defines “seasonal” as unemployed or hours/pay reduced by at least 50% for three (3) or more months of the year. Seasonal pay reviews require submission of all pay statements for the full 12 months. IHFA-HOME will determine if reviewing more than two months is necessary, and the most appropriate length of time to review based on the circumstances of the household and type of income.
- For self-employment (including online businesses like Etsy, etc.), IHFA-HOME will collect the most recent three (3) years of federal tax returns, 1099's, or direct income documentation (as determined by the type of income and IHFA-HOME), and may require YTD income statements. *Part 5 does not consider removal of costs, fees, or other deductions from the gross income.*
- Social Security, Supplemental Social Security, Disability, Pensions, etc., require submission of the official letter from the Social Security Administration or source of pension/other income stating the amount the recipient

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receives on a monthly basis. *This type of income cannot be verified via bank statements.*

- Income generated from an asset (“Imputed Asset Income”) is recognized as a component of HUD’s Annual Gross Income calculation for HOME/NSP program eligibility purposes. Imputed asset income is generated on all liquid assets including cash, checking, savings, retirement accounts, mutual funds, stocks, and any other type of account which has a positive balance, even when funds cannot be drawn until retirement. Imputed asset income applies to the total household balance of funds from all sources over \$50,000, and is figured using HUD’s Passbook Savings Rate of .040% (or \$.40 for every \$100 dollars).

Homebuyer Sales Price Limit

HOME (Fee Simple Recapture) – Assisted property must be sold at the lesser the HOME Maximum Homeownership Sales Price Limit or the Appraised Value, whichever is less.

HOME (CLT) – Assisted property must be sold at the lesser of the Appraised Value minus land costs or the HOME Maximum Homeownership Sales Price Limit, whichever is less.

Environmental Review

A part 58 Environmental Review will need to be completed prior to the homebuyer’s loan closing.

Pre-78 housing (Lead-Based Paint)

Allowed under the 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 which 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 which disturbs LBP or requires mitigation or abatement of any kind. This is due to increased requirements and oversight for both the nonprofit, and IHFA-HOME.

Section 504

To the maximum extent feasible²

Developer must comply with local, state, or federal requirements (whichever is the most restrictive) in meeting Section 504, ADA, and/or visibility standards when constructing the house. Requests for reasonable modification/accommodation in a federally-assisted unit. See Chapter 6 of the 2024 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 requested for the homebuyer. HOME down payment assistance can under no circumstance exceed the maximum per unit subsidy limit for the bedroom size. HOME limits are available <https://www.idahohousing.com/federal-programs/home-program>

² 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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SUBMISSION REQUIREMENTS

The 2024 proposal must include the following:

Narrative

Describe any current (2023/2024 and earlier) awards or commitments for any activities currently underway or approved but not yet underway. This includes all Single Family, Multi-Family, Tax Credit, or any project funded by any source administered by IHFA. Please *also* describe other awards, commitments, activities, partnerships, etc. not handled/funded by IHFA which are currently underway/in process, approved but not yet underway, applications that have been submitted but not yet awarded, programs in which the organization participates, or any other activity in which the organization engages. This includes any development projects, special projects, local partnerships, initiatives, or any other ventures currently being handled by the organization or affiliated organizations run by some or all of the same staff as the requesting organization, or that *will* be handled by the organization if/when approved.

A. Describe proposed (2024) activities and include:

- i. Number of units the funds will help to support (estimated cost per unit) for Down Payment Assistance
- ii. Type of units (single-unit, duplex, triplex, four-plex, condo, townhouse, etc.)
- iii. Primary market area (census tracts, neighborhoods, city, etc.)
- iv. Contiguous or scattered sites
- v. If properties identified, currently under contract, currently owned, donated
- vi. Financing/lending partners, including all sources of funds, grants, etc., for the construction of the units

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, etc.)
- ii. Method and types of advertising, marketing, and outreach to be used
- iii. Proximity to area schools, major employers, essential services, other standard amenities or services

Written Procedure to Determine the Feasibility of a Section 504 reasonable accommodation/modification request & Visitability Procedure

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

Affirmative Marketing/Wait List Requirement

A wait list must be maintained for the unit(s). Wait lists are most often an ongoing list of households who have expressed interest in purchasing an affordable unit from the nonprofit and how they heard about the housing. They are not typically project specific, though it is allowable.

Households on the wait list must be considered in the order in which applications/requests were received. Other methods to identify buyers for HOME assisted housing are subject to IHFA-HOME approval, must be requested in writing in advance, and must be approved on a per project basis.

Estimated Budget & Sources and Uses

- Submit one estimated total budget per unit type to be acquired and/or rehabilitated or constructed under the award (total amount of funds requested), and specify number of units.

Copy of Organization’s IRS Non-Profit Designation

Current IRS standing - [Tax Exempt Organization Search](#)

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State of Idaho Business Entity Registration and Current Standing - [IDSOS Search for Business Entities](#)

Resumes

Full resumes for all staff involved in the project/activities

Conflict of Interest Certifications

Executive Director, all staff, and board members who will help manage, finance, and run the proposed project must submit a conflict of interest certification with the application - [Conflict of Interest Disclosure Form](#)

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](#)

GENERAL ACTIVITY INFORMATION

1. Materials and Workmanship

- Must enhance quality of life (safe, decent, affordable) of homebuyer, while being modest
- 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-HOME contracted Home Inspection Report. See IHFA-HOME Program Rehabilitation Standards - [HOME Rehabilitation Standards](#)

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) or updated standard as outlined in the Administrative Plan will be completed by IHFA-HOME prior to the homebuyer purchasing the unit.

4. Rehabilitation Requirements

The IHFA-HOME-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 five (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*

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Administrative Plan.

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

LOAN/REPAYMENT TERMS

- Funds awarded to eligible household as a 0% interest loan. *Funds are reserved for non-profit developers to offer a financial assistance tool when selling the house to an income eligible household.*
 - HOME Fee Simple - Due-On-Sale, 0% interest loan – no reduction of loan. Household may sell or refinance the assisted unit at any time with no restrictions, and pay back the HOME funds.
 - HOME CLT – Assumed by subsequent buyer during the POA, 0% interest loan; after POA has concluded funds are forgiven over 10 years. Household must sell the unit to another HOME qualified household, and HUD approved sales price calculations and Fair Return on Investment to the current household will apply during the POA.

Single Family RFP/NOFA Checklist

- 1. Narrative
- 2. Written Procedure to Determine Feasibility of a Section 504 reasonable accommodation/modification request & Visitability Procedure
- 3. Affirmative Marketing/Wait List Policy
- 4. Estimated Budget & Sources and Uses
- 5. Copy of IRS Non-Profit Designation
- 6. Current IRS Standing
- 7. State of Idaho Business Entity Registration and Current Standing
- 8. Resumes – all staff involved in project/activities
- 9. Conflict of Interest Certifications
- 10. Signed Rehabilitation Standards (Rehab projects only)

I certify I have verified all above documents have been submitted, as applicable, and are true and accurate to the best of my knowledge. I understand I will be notified by IHFA-HOME if additional information is required to finish review of my application. I agree to provide any additional information requested within the specified timeframe. I understand if my application is not complete, or if requests for additional information are not resolved within the timeframe requested, my application may be denied.

Authorized signature

Date