

# Idaho Housing and Finance Association Workforce Housing Fund (ARPA-SLFRF) Single Family Activities

## Proposal Guidance and Requirements

Questions/Technical Assistance Regarding the Proposal contact [KimberlyD@ihfa.org](mailto:KimberlyD@ihfa.org) or [MichaelLe@ihfa.org](mailto:MichaelLe@ihfa.org).

### PROPOSAL DEADLINE

5:00 p.m. Friday March 10, 2023

### RFP SUBMISSION REQUIREMENTS

- Electronic submission through Procorem Work Center Only. Email [KimberlyD@ihfa.org](mailto:KimberlyD@ihfa.org) to request a Work Center for application submission. Single Family Workforce Housing Checklist (provided separately from this document) is required as part of the application.

### OWNER-DEVELOPER QUALIFICATIONS

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

### ELIGIBLE ACTIVITIES

Single Family Workforce Housing (“SF WH”) funds are to be used for down payment assistance (“DPA”) for income-eligible households to purchase units that are newly constructed or rehabbed by a developer whom has applied and received an award for SF WH funds. Rental activities, resale activities (Community Land Trust) or units intended to be sold to non-income eligible homebuyer households will be declined.

**\*Please Note - SF WH funds cannot be used for construction, development fees, etc.**

**Construction/development items requested in the application are part of the required capacity and feasibility review the Association must complete in accordance with the WH requirements.**

### SPECIFIC 2022 AWARD CONDITIONS & LIMITATIONS

1. The Award expires one (1) year from the date of the award letter. Nonprofits must have all projects identified, have a budget reviewed by IHFA, and an Executed Award Agreement for the DPA funds by the expiration date. At that time all or a portion of the 2023 SF WH award may be rescinded by the Association. An extension request may be submitted in writing prior to expiration if a site is identified, all pre-construction processes, including but not limited to, budget preparation, bid collection and selection, etc. are nearing completion, and the project can reasonably begin in that timeframe. Requests for extensions may be denied at Association’s sole discretion.

\*WH Expenditure deadline is December 31, 2026 – The Association will require Certificate of Occupancy for all SF units to be received no later than March 1, 2026. Sales completion (recording and title transfer to eligible household) deadline for all units assisted with WH funds is December 1, 2026.

2. Eligible Geographic Locations:

- Anywhere in Idaho

Funding preference will be provided to projects in rural geographic locations within the state of Idaho. Remaining funds will be awarded for non-rural areas in Idaho on a first come, first served basis.

## **HOMEBUYER REQUIREMENTS**

At the time of purchase by the income eligible household (less than 80% AMI), underwriting will ensure assistance to each household is limited to the lesser of twenty percent (20%) or \$49,000. Households will be minimally evaluated based on:

- \* total household income
- \* housing and all debt ratios
- \* purchase price of the housing unit
- \* primary lender underwriting standards and requirements (credit score, maximum loan amount, etc.)
- \* minimum contribution by homebuyer and
- \* liquid assets

The Association will rely on the primary lender's determination of income, housing expense ratio and debt-to-income ratio. Lenders must submit qualifying documentation (i.e. income, credit report, assets, etc.) to the Association for review, and the Association must provide approval to proceed with the sale of the unit to an eligible buyer.

### **Homebuyer Education & Counseling Requirements**

Prior to loan closing, based on primary lenders requirements, an eligible Homebuyers may need to:

1. Complete an Association-approved Homebuyer Education course (e.g. Finally Home!) for all borrowers
2. Complete at least one (1) individualized (one-on-one) counseling session prior to loan closing
3. Complete a 'recurring monthly expense' budget during their one-on-one counseling session, which will be submitted to the Association as part of their application evaluation process.

## **DEVELOPMENT ACTIVITY INFORMATION AND REQUIREMENTS**

### ***Estimated Fair Market Value***

The Association requires constructed units to be sold at "Fair Market Value" (FMV; a negotiated sales price between a willing buyer and willing seller in the regular market). When listing a unit for sale using SF WH funds for DPA to income-eligible households, the estimated FMV may be determined by one of three acceptable methods:

- (1) Fair Market Appraisal; OR
- (2) Property Valuation; OR
- (3) Broker's Price Opinion

### ***Funds and Distribution***

All SF WH funds shall be transferred from the WH escrow account directly to the closing title company prior to closing to an eligible household.

## **APPLICATION SUBMISSION REQUIREMENTS**

**\*Construction/development items requested as part of the application are required for the Association to complete the required capacity and feasibility review in accordance with the WH requirements. No portion of the funds may be used for construction/development of any kind.**

Applications for WH-SF must include the following:

### **1. Owner-Developer Narrative**

Describe any current (2022/2023 and earlier) awards or commitments for any activity(s) currently underway or approved but not yet underway. This includes all SF, MF, Tax Credit, or any project that is funded by the Association, or another funding entity or partner.

### **2. Proposed SF WH Project Activities**

- Number of units to be developed/rehabbed
- Type of planned units (single-unit, duplex, triplex, four-plex, townhomes, modular, manufactured, etc.)
- Primary market area (census tracts, neighborhoods, city, county, etc.)
- Contiguous or scattered sites
- If properties are identified, currently under contract, currently owned

### **3. Detailed Sales Plan**

At a minimum, a sales plan must be included that contains the following:

- Development timeline (acquisition, construction, sale period, estimated sale from completion)
- Method and types of advertising, marketing, and outreach to be used
- Proximity to area schools, major employers, essential services, other standard amenities or services

### **4. Market Analysis**

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, number 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?
  - 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)?

### **5. Estimated Sources and Uses**

Estimated total budget for all proposed units developer intends to construct/rehab, and use SF WH funds for DPA to the qualified household.

All sources of funding, (i.e. donations, reduced fees, other financing/funds [federal or private], etc.) need to be identified. These should be evidenced by conditional or final letters of funding/commitment. Minimally, the Association needs to ensure the financial viability of the development.

### **6. IRS Non-Profit Designation**

### **7. Current IRS standing**

### **8. State of Idaho Business Entity Registration and Current Standing**

### **9. Resumes/Statement of Experience for All Staff Involved in the Project/Activities**

### **10. Financial Statements**

Most recent CPA audited/reviewed statements must be provided. If CPA audited/reviewed statements are older than six (6) month, the Association *may* request updated financials until the project is completed.

### **11. Additional Submission Requirements**

All proposals are required to be complete 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.

IHFA will notify applicant of missing items or additional information needed. The applicant will be notified of the timeline in which to submit requested information at the time the information is requested. If not received within the stated timeline, 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 the Association, the application may be declined

## **GENERAL ACTIVITY INFORMATION**

### **Materials and Workmanship - Rehabilitation**

All units must enhance the quality of life (safe, decent, affordable) of the eligible household. At completion, the unit must meet the Idaho Residential Code in effect when the unit was constructed and local codes (or applicable codes based on age of the unit if rehab), standards, ordinances, and/or ARPA-SLFRF's housing quality standard (HQS).

### ***New Construction Requirements***

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

## **FINANCING REQUIREMENTS**

### ***Loans***

Developers may be eligible for a non-workforce housing single-family construction loan utilizing the Association's Short-Term Financing Lending Program. See [Short-Term Financing Lending Program](#) for more information.

Developers are permitted to use other lenders or sources of funds for construction/development of units if preferred, provided all SF WH requirements can be met.

DPA funds provided to eligible households shall be 0% interest Due-On-Sale loans.

## **RECAPTURE OF WORKFORCE HOUSING-SINGLE FAMILY HOMEBUYER ASSISTANCE**

Whenever an assisted unit is sold or otherwise no longer occupied by the original assisted household, the Association will recapture or preserve program funds:

### ***Recapture***

The income eligible household may sell their SF WH unit at any time, to any willing buyer, for Fair Market Value, with no restrictions. When the title is transferred, the Association will attempt to recapture the full amount of the household's SF WH loan as available from the proceeds of the sale.

Further, the Association will attempt to recapture the Homebuyer's SF WH loan if the homebuyer fails to comply with the primary residency requirements, or otherwise defaults on requirements during the ten (10) year period of affordability, plus any applicable fees.

Forced recapture due to noncompliance may involve invoking a right to forced sale and may incur legal fees in addition to the original SF WH funds awarded to the unit.

During the ten (10) years period of affordability, the household is required to repay the SF WH loan:

- When the owner refuses to return to the unit to occupy as their primary residence and has not received an IHFA-approved Primary Residency Exemption, or when the unit is rented, leased, or otherwise vacated; OR
- The unit is foreclosed, title transferred in lieu of foreclosure, or the FHA insured mortgage is assigned to HUD; OR
- The Association determines, at its sole discretion, the loan is due and payable

After the period of affordability has expired, the household will repay the SF WH loan only when the unit is sold and title is transferred, or refinance is completed without the Association's approval to subordinate the SF WH loan.

### ***Workforce Housing Income Limit***

At the time a Purchase and Sales Agreement is signed the household income must be at or below 80% AMI for the area in which the unit is located.

Income calculations for any project with HOME funds invested will follow 24 CFR 5.609. Non-HOME projects will follow lenders guidelines for income determination. The Association annually reviews income limits. Current income limits will follow the HOME Program, and are available on the Association's website found under [Idaho HOME Program Page](#).

### ***Primary Residency Requirement***

During the period of affordability, the household is required to reside in the assisted unit as their primary residence. The Association will send annual verification of occupancy letters.

The Association currently allows two temporary exemptions from the WH-SF 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 the Association.

If a homeowner has vacated the unit without written approval from the Association, the household is out of compliance. In the event of noncompliance, the Association can:

- \* demand repayment of the WH SF funds;
- \* review a written request for an exemption (as outlined above);
- \* approve/decline the written request for exemption;
- \* require the household to return to the housing unit; or
- \* develop a plan for sale of the housing unit to pay off the SF WH funds.