FY 2023 Pre-Application Workshop
Community Development Block Grant and HOME Funding

Presentation Review
• CDBG and HOME application process
• Project eligibility
• Letter of intent requirements

Presentation Available Online:
• www.como.gov
  Community development>Housing programs division>Grants for local organizations
Previous Years Funding: FY2022

CDBG

- $1,645,410 in funding requests
- $820,000 in funding awarded
- 13 of 14 proposals were funded
- 7 were fully funded
  - Average funding rate per individual request: 70%
    - High: 100%
    - Low: 15%

HOME

- $540,000 in funding requests
- $540,000 in funding awarded
- 5 of 5 proposals were funded
- All Projects were fully funded (not typical)
  - Average funding rate per individual request: 100%
    - High: 100%
CDBG and HOME

**Community Development Block Grant (CDBG)**

Federal program to improve low to moderate income households and neighborhoods by creating or enhancing:
- decent housing
- suitable living environment
- economic opportunities

**HOME Investment Partnerships (HOME)**

Federal program to create affordable housing for low to moderate income households.
Estimated Funding

2023 CDBG Funding - CFDA No. 14.218
▪ Approximately $1,000,000.
▪ Estimated to be available Late Fall of 2023

2023 HOME Funding - CFDA No. 14.239
▪ Approximately $600,000.
▪ Funding estimated to be available Late Fall of 2023
## Eligible Projects & Activities 2020-2024

<table>
<thead>
<tr>
<th>Community Facilities</th>
<th>Economic and Workforce Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Public facilities and improvements</td>
<td>- Vocational training</td>
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<tr>
<td>- Homeless facility improvements</td>
<td>- Technical assistance to businesses</td>
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<tr>
<td><strong>Affordable Housing</strong></td>
<td><strong>Neighborhood Revitalization and Stabilization</strong></td>
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<tr>
<td>- Home rehabilitation</td>
<td>- Sidewalk construction</td>
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<tr>
<td>- Direct homebuyer assistance</td>
<td>- Storm water construction</td>
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<tr>
<td>- Housing counseling and education</td>
<td>- Acquisition and demolition</td>
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<tr>
<td>- New owner-occupied construction</td>
<td>- Code Enforcement</td>
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<tr>
<td>- New rental unit construction</td>
<td></td>
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<tr>
<td>- Home accessibility improvements</td>
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<td>- Tenant-based rental assistance</td>
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Application Process

- Letter of intent is required by May 20th, 2022
- Proposal Due June 10th via Neighborly System
  For virtual staff assistance email housingprograms@como.gov

**Projects must benefit low to moderate income individuals or households**

Current HUD defined 80% area median income

<table>
<thead>
<tr>
<th>Household Size</th>
<th>Income Limit</th>
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<tbody>
<tr>
<td>1-person</td>
<td>$ 45,750</td>
</tr>
<tr>
<td>2-person</td>
<td>$ 52,300</td>
</tr>
<tr>
<td>3-person</td>
<td>$ 58,850</td>
</tr>
<tr>
<td>4-person</td>
<td>$ 65,350</td>
</tr>
<tr>
<td>5-person</td>
<td>$ 70,600</td>
</tr>
<tr>
<td>6-person</td>
<td>$ 75,850</td>
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</table>
Letter of Intent Must Include

• 100 word summary of the specific project the funds will be used for.
• Requested dollar amount (Minimum Request $20,000)
• Funding type (CDBG, HOME)
• Phone and Email information for the staff member responsible for submitting to the on-line system.

Submit letter via email to: housingprograms@como.gov

**Must be received by 11:59pm May 20th, 2022**

No late letters are accepted
701 E. Broadway
PO Box 6015
Columbia, MO 65201-6015

May 20th, 2022

Dear Housing Programs Division Staff:

This letter is to inform you of our organization’s intent to apply for CDBG funds to renovate our youth center. We serve low-income at-risk youth with mentoring and learning opportunities through various programs at the center. Our facility needs a new HVAC system and a new roof. We intend to apply for $50,000 in CDBG funds for these renovations.

John Doe is our grants manager and will be responsible for submitting our CDBG application through your on-line system. His email is jdoe@example.org and his phone number is 573-000-0000. John will be contacting you to set up a time to review utilizing the Neighborly System.

Sincerely,

Jane Doe
Executive Director
CDBG/HOME Application Timeline

- May 12, 2022: Pre-application workshop
- May 20, 2022: Required letter of intent due by 11:59 pm
- June 10, 2022: Deadline for Proposals, 11:59pm
- June 22 & June 29, 2022: HCDC Public Hearing: Proposal Presentations
- July 20, 2022: HCDC Funding Recommendations
- August 15, 2022: Council Considers FY 2023 Budget and CDBG, HOME Recommendations
- Spring 2023: HUD Notifies City of final 2023 allocations
- May-June 2023: Council adopts final Annual Action Plan
- May-June 2023: Environmental Reviews completed
- September-November, 2023: Sign Agreements for 2023 Funding with City
- November 2023: Start Project
- December 30, 2024: Projects Completed

***Dates may vary***
CDBG Housing:
Eligible Activities

- Rehabilitation, housing repair, accessibility improvements
- Homeownership Assistance
- On-site infrastructure improvements and demolition
- Property acquisition
- Inspections, lead hazard evaluations, rehabilitation administration
- Homebuyer education
- Fair housing counseling - (Public Service Activity)

Income Documentation
- Occupants must be low to moderate income. (80% AMI or below)
- An application must be submitted by the property owner.
- Requires income verification according to HUD/City guidelines.
CDBG - Community Facilities: Eligible Activities

- Public facilities and improvements according to 24 CFR 570.201c
- Acquisition, renovation, new construction of community facilities:
  - Examples:
    - Healthcare centers, Homeless shelters, Childcare centers, Youth activity centers

**Income documentation Requirements**
- Existing facilities, survey FY 2021 beneficiaries
- New services and facilities, Survey beneficiaries for six months after the facility opens
CDBG - Economic Development and Workforce Development:
Eligible Activities

• Vocational Training (Public Service Activity).
• Technical Assistance to businesses with 5 or fewer employees.
  • Must be owned by low to moderate income household Or, at least 51% of employees meet criteria for being low to moderate income.
    • Based on household income
    • Based on geography of employee
      • Resides within census tract with at least 70% LMI households.
    • Based on geography of business
      • Located within a census tract with a poverty rate of at least 20%, and census block has poverty rate at least 20%.
Public Service Activity Cap

- Public Service Activities (Vocational training, housing counseling)
  - Must increase level of service or be a new service.
  - CDBG funds cannot substitute for agency funds.
  - Only 15% of total CDBG budget available
    - 15% x $1,000,000 = $150,000
    - Also should track with 2020-2024 Consolidated Plan Goals.
CDBG Neighborhood Revitalization and Stabilization

Eligible Activities

• Sidewalks.
• Bus shelters.
• Stormwater improvements
• Demolition of dilapidated structures.

Income Documentation

• Census data, CDBG eligible area (can be found on City Website under “Maps”)
• ADA improvements are assumed low income.
  • Beneficiaries are still surveyed after the improvements are completed.
  • 51% of beneficiaries must be LMI.
HOME Program

ELIGIBLE PROJECTS

• Owner Occupied Rehabilitation
• New Construction of Owner Occupied Housing
• Homeownership Assistance (Existing Housing and New Construction)

ELIGIBLE COSTS

• Architectural, Inspections, Demolition, Construction
• Acquisition of Property, Relocation, Other Professional Services
• Down Payment and Closing Costs

REQUIREMENTS

• A deed of trust and promissory note for all projects
• HOME funds for rental production projects are provided in the form of a loan, with terms based upon a financial analysis of the project (subsidy layering requirements).
Eligible HOME Recipients

- City of Columbia (City Limits)
- Housing development organizations producing affordable housing.
- Not-for-profit or public agencies administering housing programs.
- Community Housing Development Organizations (CHDO)
  - Board structure (1/3 low income & no more than 1/3 public officials)
  - Housing development capacity
  - Not for profit
- For-profits completing a project consistent with HUD requirements
  - Affordability period
  - Rent/purchase price requirements
  - Income verification for occupants
Owner-Occupied Requirements

- 80% area median income or below
- Rehabilitation
  - CDBG: City property maintenance codes
  - HOME: City Rehab standards
- All new construction must meet current International Energy Conservation Code (IECC) and minimum Universal Design requirements.
New Construction Owner-Occupied Requirements

• All owner-occupied applications must also include:
  • Form X Underwriting spreadsheet with project costs.
    • Include all costs: hard costs, realtor fees, closing costs, architecture, insurance, etc.
  • Market analysis or appraisal less than 1 year old.

• Requested level of subsidy based upon the following criteria:
  • Home will be sold to participants less than 80% AMI
  • Subsidized price should be assumed to be at 80% LTV ratio
  • Subsidy should be based upon difference between total project costs and subsidized price at 80% LTV
Universal Design Requirements

• At least one accessible, no-step entrance with at least a 36” door on an accessible route from site entry point; max threshold height: ¼” vertical, ½” beveled (1:2 slope).
• Maximum 1:20 running slope and 1:50 cross-slope for exterior accessible routes
• 36” wide clear travel space along accessible routes.
• 60” x 60” level (less than 2% slope in any direction) maneuvering space clear of door swing at accessible entrances; 18” clear space on pull side of door.
• One wheelchair accessible bathroom; See City staff.
• Minimum 32” interior door panel and 42” hallways; 18” clear space on pull side of all doors, minimum of 30” x 48” approach space on push side.
• Lever-type door handles.
• 1st floor switches & environmental controls shall be placed no higher than 48” above the finished floor, electrical outlets no lower than 15” above the finished floor to bottom outlet. Any switch/outlet above kitchen cabinets/bathroom vanity shall be placed no higher than 45” above the finished floor to switch or top outlet.
• Nominal 2x8 blocking placed in appropriate locations between studs to support installation of grab bars in the tub/shower and toilet areas of the wheelchair accessible restroom.
Rental Housing Requirements

• Serves occupants at 60% area median income or below
  • If 5 or more units, 20% must be at or below 50% AMI
• Affordability period will continuously be monitored
  • Occupant income verification
  • Rent rates
• Typically in conjunction with an application to MHDC.
• Assistance to the developer is in the form of a loan
  • Typically 1% for private developers and 0% for non-profits
  • Loan terms are dependent on project size and subsidy layering review

*New for 2021*

• Rental application must include a completed HOME Multifamily Underwriting Tool
• https://www.hudexchange.info/resource/2468/home-multifamily-underwriting-template/
Rental Housing Requirements

HOME rental application must include the following 13 document uploads:

- 3rd party market study less than 1 year old.
- Financial statements from underlying owners and guarantors displaying the following: Owners much have net worth of at least 10% the total development cost and liquid assets of 3% of total development cost.
- Vacancy factor of at least 7% for family developments and 5% for elderly.
- Operating expenses with at least a 3% inflation factor.
- Project financials that demonstrated 1.2 debt coverage ratio.
- Reasonably justifiable operating costs in alignment with market.
- Capitalized operating reserve equal to at least six months of operating expenses.
- Pro forma with at least $600 replacement reserves per unit, per year.
- Capital needs assessment for rehab projects.
- Maximum allowable developer fee of 15%.
- Builder maximum thresholds: 6% general requirements, 2% overhead, 6% profit.
- Architectural fees may not exceed 7% of construction hard costs.
- Disclosure of any other funding sources.
In addition to HCDC rating criteria, projects consisting of new construction or comprehensive rehabilitation of rental or owner-occupied housing will also include a staff summary of the following items included with the proposal:

- Project underwriting and subsidy layering review
- Affordability
- Energy efficiency enhancements
- Storm water enhancements
- Universal design features
- Proximity to employment
- Proximity to public transit
- Proximity to neighborhood amenities
Commissioner Application Rating Criteria

• Organizational Management
• Community Need
• Quality of Outcomes
• Diversity and Inclusion
• Number of Persons Served and Value
• Personnel and Staff Expertise
• Project Location and Accessibility
• Timeline

*Important*: The rating sheet is a tool for the Commission, not final decisions for determining funding.
*Funding is provided for projects, rather than organizations*

- Project risk...
- Site control
- Neighborhood involvement
- Planning and Zoning compliance
- Environmental impact:
  - Historic preservation
  - Hazardous substances (lead, asbestos, radon)
  - Storm water
  - Impact on public utilities
  - Phase I environmental review certain projects…see City staff
State and Federal Requirements

• Prevailing Wage: Any construction contract except housing developments with: Less than 8 units for CDBG, 12 or more HOME.

• Uniform Relocation Act (If site is currently occupied).

• Equal opportunity employers.

• Procurement of services: 2 CFR PART 200
  • Administrative requirements.
  • Cost principles.
  • Audit requirements.
# Audit Requirements

## Financial Audit Requirements

<table>
<thead>
<tr>
<th>Combined Annual Income of Organization</th>
<th>Allowable Form of Financial Statement Assurance</th>
<th>Required Accompanying Document</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$25,000</td>
<td>Compiled (Full Disclosure), Reviewed, or Audited</td>
<td>None</td>
</tr>
<tr>
<td>$25,000</td>
<td>Reviewed or Audited</td>
<td>Communications from auditor</td>
</tr>
</tbody>
</table>
Summary

SOURCES AND USES OF PROJECT FUNDING

• Prepare project budget listing **ALL COSTS**
• Determine amount of CDBG and/or HOME funds needed
• Determine best funding source for activity CDBG OR HOME
• Letter(s) of commitment from other funding sources
  • Subrecipient Handbook: https://tinyurl.com/3eksujt4

Application Submission

• Review rating criteria.
• Be concise.
• Meet with City staff as needed.

Proposals are due June 10, 2022- 11:59pm to housingprograms@como.gov
Presentation to Commission

- June 22 & 29, 2022 Proposal Presentations
- July 20, 2022, HCDC funding recommendations
- City Council will have their FY 2023 Annual Budget Hearing on August 15, 2022

**This is a competitive process.**

Some applications will not be funded.
Many applications will not be fully funded.**