

City of St. Louis

Community Development Administration

Notice of Funding Availability

Fall 2015

General Workshop Presentation

September 25, 2015

Introduction to CDA

- CDA is an agency of the City of St. Louis
- CDA administers federal funding received by HUD
- CDA conducts programs according to a
5-year Consolidated Plan
- CDA partners with other government agencies, non-profit organizations, and private firms
 - Housing Development & Historic Preservation
 - Home Repair
 - Business & Economic Development
 - Public Facility Improvements
 - Social Service Programs

Housing Production Funds - Sources

CDA receives an allocation of funding from HUD to assist the financing of residential real estate development efforts.

- **Community Development Block Grant (CDBG)**

- Market-rate housing developments
- Annual allocation

- **HOME Investment Partnership (HOME)**

- Housing for low- and moderate-income households
- Annual allocation

- **Neighborhood Stabilization Program (NSP)**

- Redevelopment of foreclosed properties
- Housing for low- and moderate- and middle-income households
- One-time allocation

Housing Production Funds – Uses

- **Development Gap Subsidy**

The difference between a completed project's appraised value and the total development cost needed to conduct that project.

- **Bridge Loan Financing**

Construction period financing secured by a future permanent financing source, such as tax credits.

- **Homebuyer Affordability Assistance**

Forgivable loan to be used for down-payment or mortgage buy-down.

Notice of Funding Availability (NOFA)

CDA intends to award up to \$2,000,000 in development assistance this funding round.

The Fall 2015 NOFA solicits applications for residential developments to be financed from the following sources:

- **\$1,000,000 – CDBG**
- **\$1,000,000 – HOME**

Market Value Analysis (MVA)

www.stlouis-mo.gov/mva

- Statistical Tool
 - Residential Market Data
 - Classification of City Areas
 - Clusters of Shared Characteristics
- Targeted Housing Resources
 - Prioritize Areas
 - Identify Strategies
 - Direct Investment

NOFA Priority Areas

- Prioritize CDA funds in areas where public assistance will be the most effective
 - Identify neighborhood needs
 - Build upon area strengths
 - Concentrated investment strategy
 - Leverage public funds
 - » Independent development efforts
 - » Other available project financing

**All areas of the City are eligible
to receive CDA housing production financing!**

Request for Proposals (RFP)

CDA-financed, LRA-owned

- Existing Inventory
- Acquired with CDBG or NSP
- New Construction and Rehab Opportunities
- Models CDA's Previous RFP Process

Priority List of Properties

CDA activities with HUD-imposed, time-sensitive deadlines.

**Completion of these projects
are top CDA priorities.**

- Existing Inventory
- Acquired with CDBG or NSP
- New Construction and Rehab Opportunities

Eligible Applicants

- Private, for-profit developers
- Non-profit, active housing organizations
 - CHDOs
 - CBDOs
 - Neighborhood Development Organizations
- Owner-occupants

Ineligible Applicants

- Individuals or entities who have defaulted on a previous CDA loan
- Development team consisting of members, partners, or affiliates (including consultants) who have been debarred by HUD or whose participation creates a conflict of interest working with St. Louis City and/or CDA
 - Signed Conflict of Interest Disclosure Statement is required

Eligible Projects

- For-Sale Housing Developments
- Rental Housing Developments
- Mixed-Use Developments
- Rehabilitation
- New Construction
 - Avoiding demolition where possible is preferred

RFP Property Access

Coordinate with LRA for access to their properties.

- Minimum 48-hour notice
- Signed waiver required
- No viewings after 5:00_{PM} on October 9, 2015

LRA Staff is not available to answer questions regarding the NOFA process or related regulations and guidelines.

Required Application Materials

The NOFA includes a Checklist of Required Items:

- **Applicant/Organization Profile**
- **Summary of Proposed Project**
- **Complete CDA Application Spreadsheet**
 - VERSION – Sept 2015
 - Sections should be clearly marked and in checklist order
 - One completed digital copy must be provided
 - One copy with original signatures, in three-ring binder
 - Three backup copies for evaluation & review

Application Materials (continued)

Applicant/Organization Profile

- Development Team & Experience
 - Organizational Chart
 - Articles of Incorporation
 - Business License
 - Certificate of Corporate Good Standing
 - Conflict of Interest Disclosure Statement

Application Materials (continued)

Additional Profile Documents May Apply:

- Proof of Non-Profit Status
- Non-Profit By-Laws
- Roster of Board Members
- CHDO/CBDO Certification Letters
- Development Partnership Agreements

Application Materials (continued)

Summary of Proposed Project

- Preliminary Schematic Plans
Site Plan, Elevations, and Floorplans
- Market Analysis or Independent Appraisal
- Letter of Interest from Construction Lender or Proof of Funds (Developer Equity)
- Evidence of Site Control (unless LRA-owned)
Deed/Title, Contract, or Option

Evaluation & Rating Procedure

All applications submitted will be reviewed.

- **Eligibility and Completeness Review**

A 10-point bonus will be applied to applications that pass the initial completeness review.

- **CDA Selection Committee**

Proposals will be rated by six members of CDA staff with residential development financing experience. Individual ratings will be averaged for an application's final score.

CDA Compliance Information & Underwriting Guidelines

- Income Limits
- Maximum Per-Unit Subsidy Limits
- Development Cost Standards
 - Developer Fees
 - Contractor Profit & Overhead
 - Contingency
- Cost Allocation/Leveraged Resources
- Explain Aberrations/Deviations

St. Louis CDA For Sale Housing Production Program
For Sale Housing Production: Compliance Information & Underwriting Guidelines

Project Number:	Household Size (persons)	100% AMI (Approximate)	HOME 80% HUD AMI Income Limit	NSP 120% AMI Income Limit
	1	\$49,250	\$39,400	\$59,050
	2	\$56,250	\$45,000	\$67,500
	3	\$63,313	\$50,650	\$75,900
	4	\$70,313	\$56,250	\$84,350
	5	\$75,938	\$60,750	\$91,100
	6	\$81,563	\$65,250	\$97,850
			<i>last updated</i>	<i>June 2015</i>

# of Units in Home	Maximum HOME Sale Price Limits = 95% Area Median Purchase Price		Proposed Project Average Sale Price
	Existing Homes/Rehab	New Homes	
Single Family	\$142,000	\$200,000	
2 Family (duplex)	\$182,000	\$255,000	
3 Family (triplex)	\$221,000	\$309,000	#DIV/0!
4 Family (quad)	\$273,000	\$383,000	
		<i>last updated</i>	<i>March 2015</i>

Bedrooms	# of Units in Project	Max Limit/Unit	Gross Subsidy Limit
0		\$149,415	\$0
1		\$171,283	\$0
2		\$208,278	\$0
3		\$269,444	\$0
4		\$295,766	\$0
	<i>last updated</i>		
	<i>March 2014</i>		

Requested HOME Funds (Local & State) HOME Requested Within limits? YES

Development Costs Standards	Minimum	Maximum	Notes	Project #s	Within Limits?
Construction Contingency				0	
New Construction	5.0%	7.5%			
Rehab	7.5%	10.0%	of Construction Costs - recommendation only		
Developer Fee					
New Construction	na	12.0%			
Rehab	na	15.0%	of TDC (excluding Developer Fee itself)		
Contractor's Fees					
Profit	na	8.0%	of Construction (less profit, overhead, conting)	#DIV/0!	#DIV/0!
Overhead	na	2.0%	of Construction (less profit, overhead, conting)	#DIV/0!	#DIV/0!
General Conditions	na	6.0%	of Construction (less profit, overhead, conting)	#DIV/0!	#DIV/0!

TDC = Total Development Costs

Underwriting Standards	Minimum	Maximum Allowed	Notes	Project #s	Within Limits?
CDA Construction Loan LTV	75.0%	80.0%	recommendation only	#DIV/0!	#DIV/0!
Maximum Development Subsidy	0.0%	50.0%	of TDC	#DIV/0!	#DIV/0!
Direct Assistance to Buyers	\$3,000	Up to 20% of Sale Price	to maintain housing-to-income ratio.		
Buyer Housing-to-Income Ratio	20.0%	30.0%	(CDBG/Acquisition-only projects may not be eligible.)	Verify for each buyer	

HOME Compliance (assumes CDA funding source is HOME - Disregard if another source is used.)			
HOME Units & Investment			
Total Development Costs	\$0		
Total Units	0	Total HOME Units	Low HOME Units
HOME Assisted Units	#DIV/0!	Minimum Required	#DIV/0!
Total HOME Investment	\$0	Const. Loan + Dev. Subsidy + Homebuyer Subsidy + State HOME	
HOME Construction Loan	\$0		
HOME Development Subsidy	\$0	#DIV/0! of TDC	
HOME Direct Homebuyer Subsidy	\$0	#DIV/0! of Sale Price	
HOME from State	\$0		
Total HOME Investment per HOME Unit	#DIV/0!	#DIV/0! of TDC	
HOME Direct Homebuyer Subsidy per HOME Unit	#DIV/0!		
Minimum Affordability Period	#DIV/0!	Based on Avg. Direct Buyer Subsidy/Unit	
Overall HOME Subsidy Layering Analysis			
Minimum Total HOME Investment	\$0	\$3,000 per unit, per local guidelines	
Maximum Total HOME Investment Allowed	\$0	See "Subsidy Limits" table above.	
Is HOME Investment within HUD limits?	Yes		
HOME Leverage:	#DIV/0!	Amount leveraged for every HOME dollar	

St. Louis CDA Rental Production Application/Proforma
RENTAL COMPLIANCE CHECKS
For CDA Staff Use

Project: 0	Project Number: 0	Target	Applicants #	# outside standards, briefly explain:
Underwriting Standards		7.0%		
Vacancy Rate		2.0%	1.0%	
Rent Inflation Rate Years 1-3		2.0%	2.0%	
Rent Inflation Rate Years 4+		3.0%	3.0%	
Inflation Rates for Operating Costs	Administrative	3.0%	3.0%	
	Operating/Maint. Utilities	3.0%	3.0%	
	Tenants/Insurance	3.0%	3.0%	
Replacement Reserve - Rehab		\$325	#DIV/0!	
Replacement Reserve - New Construction		\$275	#DIV/0!	
Annual Operating Costs Per Unit		\$3,500	#DIV/0!	
Debt Coverage Ratio Year 1		1.25	#DIV/0!	
DCR Throughout Compliance Period		1.00	#DIV/0!	

Household Income Limits:	City of St. Louis, Missouri					
	1	2	3	4	5	6
30% AMI	\$14,800	\$18,900	\$19,000	\$21,100	\$22,800	\$24,500
40% AMI	\$19,720	\$25,200	\$25,300	\$28,100	\$30,400	\$32,640
50% AMI	\$24,650	\$31,150	\$31,650	\$35,150	\$38,000	\$40,800
HOME Target	\$29,580	\$37,700	\$37,800	\$42,100	\$45,000	\$48,960
ICDBG Target	\$36,400	\$45,000	\$50,650	\$56,250	\$60,750	\$65,250
NSP Limit	\$59,050	\$67,500	\$75,900	\$84,350	\$91,100	\$97,850
	(0 Bedrooms)		(0 Bedrooms)		(4 Bedrooms)	
					<i>last updated</i>	<i>June 2015</i>

HOME Rent Limits	CDA GROSS Rent Limits			NSP
	Low-HOME	High-HOME		
0 Bedrooms	\$543	\$543	\$1,476	
1 Bedroom	\$633	\$633	\$1,592	
2 Bedrooms	\$752	\$816	\$1,898	
3 Bedrooms	\$915	\$1,061	\$2,193	
4 Bedrooms	\$1,021	\$1,203	\$2,446	
		<i>last updated</i>	<i>June 2015</i>	

*NSP limits are estimated as 30% of the NSP Income Limits and 1.5 percent per bedroom.

Development Costs Standards	Minimum	Maximum	Notes	Project #s	Within Limits?
Construction Contingency				0	
New Construction	5.0%	7.5%	of Construction - recommendation only		
Rehab	7.5%	10.0%			
Developer Fee					
New Construction	na	12.0%	of TDC (excluding Dev Fee itself)		
Rehab	na	15.0%			
Contractor's Fees					
Indirect Overhead	na	2.0%	of Construction (less profit, overhead, contingency)	#DIV/0!	#DIV/0!
Direct Overhead	na	8.0%	of Construction (less profit, overhead, contingency)	#DIV/0!	#DIV/0!
Profit	na	8.0%	of Construction (less profit, overhead, contingency)	#DIV/0!	#DIV/0!

TDC = Total Development Costs

Underwriting Standards	Minimum	Maximum	Notes	Project #s	Within Limits?
CDA Construction Loan LTV	75.0%	80.0%	For CDA Construction Loans beyond Development Subsidy amount.	#DIV/0!	#DIV/0!
Estimated Value	#DIV/0!				

HOME Cost Allocation & Compliance	Total Development Costs	\$0	
Total HOME Funds Requested	\$0		Includes State & Local HOME Funds
HOME Subsidy as % of Total Development Costs	#DIV/0!		
Total Units in Project	0		

Required HOME Units	HOME Requirement	#HOME Units Applicant Agrees to Designate	Min Low HOME
# of HOME-Assisted Units	#DIV/0!		0
# of Low HOME Units Required	#DIV/0!		0
HOME Subsidy Per Unit	#DIV/0!		
Minimum HOME Affordability Period	#DIV/0!		

Breakdown of HOME Units Required by Bedroom Type:	Bedrooms	# of Units	HOME as % TDC (Estimated)	Required HOME Units
0 Bedroom	0	#DIV/0!		#DIV/0!
1 Bedroom	0	#DIV/0!		#DIV/0!
2 Bedroom	0	#DIV/0!		#DIV/0!
3 Bedroom	0	#DIV/0!		#DIV/0!
4 Bedroom	0	#DIV/0!		#DIV/0!
Total	0	Rounded Total:		#DIV/0!

Actual Breakdown of HOME Units: (Must match or exceed requirements listed above.)	Bedroom Type	# High HOME Units	# Low HOME Units	Total
0 Bedroom				0
1 Bedroom				0
2 Bedroom				0
3 Bedroom				0
4 Bedroom				0
Total		0	0	0

HOME Subsidy Limits:	Bedroom Type	# Units	Maximum Subsidy Limit	Gross Maximum Subsidy
0 Bedroom	0		\$149,415	\$0
1 Bedroom	0		\$171,283	\$0
2 Bedroom	0		\$208,278	\$0
3 Bedroom	0		\$269,444	\$0
4 Bedroom	0		\$295,766	\$0
Maximum HOME Subsidy Allowed				\$0
HOME Funds Requested				\$0
Within Limits?				Yes

Subsidy Limits Last Updated: *March 2014*

Additional Proposal Considerations

- NSP properties with strict completion deadlines
- Multiple City-owned properties
- Coordinated neighborhood efforts
- Construction standards that *exceed* Energy Star
- Mixed-income housing environments
- Mayor's Sustainability Plan & Action Agenda
- Strong community support

Additional Regulations & Guidelines

- Section 106 Review
- MSD Review
- Environmental Assessment
- Lead-Safe Housing
- Radon Clearance
- Energy Star Certification

Additional Regulations & Guidelines (continued)

- MBE/WBE Participation
 - 25% MBE Utilization & 5% WBE Utilization
- Section 3
 - CDA funding greater than \$100,000
- Davis-Bacon
 - CDBG or NSP: 8 or more units
 - HOME: 12 or more units

Additional Regulations & Guidelines – Rental Projects

- Property Management Plan
- Operating Budget
- Capital Needs Assessment (CNA)
- Affirmative Fair Housing Marketing Plan

Notification of Awards

CDA will announce its selections and funding award reservations for the
Fall 2015 NOFA on November 30.

All respondents will receive written notification of their status, as applicable. CDA will also publish a list of all funding awards and recipients on its website:

www.stlouis-mo.gov/cda

Important NOFA Dates

Release Date:	September 4, 2015
Workshop Date:	September 25, 2015
Date/Time Inspection Period Ends:	October 9, 2015 – 5pm
Date/Time NOFA Closes:	October 16, 2015 – 4pm
Funding Award Notice Date:	November 30, 2015

Equal Opportunity Employer

The funding of this program is financed in part through a grant from the Department of Housing and Urban Development and the Community Development Administration under the provisions of Title I of the Housing and Community Development Act of 1974 (P.L. 93-383).



Contact Information

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In an effort to provide fair and impartial service, CDA Housing Analysts will not be available to field general inquiries or to offer specific direction during the NOFA period. All questions must be submitted to CDA at the address above, and all answers will be published online at www.stlouis-mo.gov/cda.