



## **City of Cedar Rapids Multi-Family Rental Unit Production - Round 6 Administrative Plan**

### **PROGRAM BACKGROUND**

In June of 2008, the City of Cedar Rapids experienced catastrophic flooding that devastated core neighborhoods of the community. In July of 2009, the City partnered with the Iowa Economic Development Authority and began administering the first round of the Multi-Family Rental Unit Production program. The program was designed to replace rental housing units lost in the 2008 flood and to date has resulted in funding for 548 rental units in the Cedar Rapids market area.

### **PROGRAM OVERVIEW**

Working from the best practices established through the City's successful partnership with the IEDA and local developers for past Multi-Family Rental Unit Production programs, the City will target resources to infill development in the core neighborhoods of Cedar Rapids. Development will be allowed in the following area for the 6<sup>th</sup> round of the program:

***Neighborhood Revitalization Area*** – Development will be located in core neighborhoods ("Tier 1") and focused in the Neighborhood Revitalization Area. The City will consider providing lots acquired through the Voluntary Acquisition Program, at no cost, to qualified developers for participation in this program. Private land assembly may be required. Lots located within the 100 year flood plain or the City's designated Construction Study Area will not be eligible for the program.

### **APPLICATION PROCESS**

Perspective developers will submit a complete application packet to the Department of Community Development no later than 11:00 am on Friday, August 8, 2014.

Applications submitted by the deadline will be reviewed by a panel consisting of City staff, neighborhood representatives, and a member of the Cedar Rapids Home Builders Association. Locally approved applications will be submitted to the Iowa Economic Development Authority by September 2, 2014 for approval.

Each project application will be reviewed and scored based on a point system (see attached). Points will be given to builders and developers based on the following:

- Housing development experience & project team
- Affordable housing experience
- Architectural design
- Compatibility with neighborhood character
- Market feasibility & affordability
- Financial feasibility

- Unit mix
- Mix of uses
- Readiness to proceed
- Sustainability/Green building principles
- Project Density
- Mix of rental unit types
- Location of rental units in relation to amenities.
- Consistency with design guidelines

## **TIMELINE**

Submission of development plans to IEDA is required. IEDA will need a minimum of 30 days to review and approve individual development plans. It is IEDA's goal to approve all development plans ahead of the 2015 construction season.

Recipients awarded funds will need to commence construction by April 1, 2015.

## **FINANCING**

A total of \$30,000,000 is available to all eligible entitlement cities in Iowa for the 6th round of the program. The form of financial assistance (CDBG Funds) will be a 10-year forgivable loan (non-receding), forgiven in full at the end of the 10-year compliance period. If the assisted rental project is sold or transferred, or converted to an alternate (non-residential) use, during the 10-year period following completion and acceptance, the entire amount of the CDBG forgivable loan shall be repaid.

## **DEVELOPER CRITERIA**

- Developers must be willing to participate in the program and abide by ongoing requirements associated with receipt of federal funding.
- Developers must be able to obtain their own construction financing and provide a letter of commitment from their financial institution.
- Developers must have an ongoing management plan for the newly constructed units that reflect sound tenant selection criteria, an ongoing maintenance plan, and a commitment to neighborhood livability through participation in the Crime Free Multi-Family Housing Program.
- Developers must have prior experience in development and/or management of workforce housing of quality comparable to the guidelines established for this program.
- Developers must demonstrate the ability to fund the ongoing operational expenses of the property during the ten (10)-year retention period, as evidenced by an operating pro forma and appropriately funded maintenance reserves.
- Developer proposals will be scored competitively based upon factors including experience with affordable housing, management capacity, sustainability and green building, and high quality design.
- Developers will be allowed a reasonable developer's fee, not to exceed twelve (12) percent of the cost of construction, which shall be included in the cost to construct and subject to the per unit cost limitations.

## **BUILDING AND UNIT CRITERIA**

- Units constructed must fulfill a demonstrated market need based upon the City's market analysis.

- Units must be reasonably expected to complete construction within 18 months of funding approval.
- Building design and scale will be compatible with the surrounding neighborhood character.
- Building design must be consistent with the City’s design standards for the program. Projects will be rated based upon compatibility as well as elements of visual interest (use of materials, architectural features, etc.) that enhance neighborhood character.
- Building and units will meet the minimum requirements of the Iowa Green Streets criteria established by IEDA. Bonus points will be given to projects that exceed the mandatory minimum criteria.
- Adaptive reuse of buildings and units is encouraged. Proposals that propose adaptive reuse, historic preservation, or infill in core neighborhoods will receive priority.
- Developments will comply with applicable city building and zoning code requirements, and shall meet the standards of all other local codes.
- Actual subsidy amount will be determined through underwriting and subsidy layering analysis.
- Overall development costs cannot exceed the HUD 221(d)(3) limits based on the development type and bedroom size.
- There is a maximum per project cap limitation of \$3,000,000 on the CDBG Disaster Recovery funds. The Recipient shall determine the per unit cost cap limitation, for each project, if any.
- Projects should reflect a Debt Service Coverage Ratio between 1.15 and 1.35 for the ten years of affordability. All other necessary financial resources shall be committed and secured prior to the commitment of CDBG Supplemental funds to the rental project.

**PROPERTY AND OCCUPANCY STANDARDS**

- Property must meet all applicable local building and housing codes at project completion (i.e. before the final assistance payment is made).
- Property must continue to comply with local housing codes throughout the retention period, and must undergo annual inspection by the City to demonstrate compliance.
- Owner must adopt reasonable, non-discriminatory tenant selection criteria and employ reasonable methods of tenant oversight, including a protocol for conducting background checks and use of the City’s Crime Free Lease Addendum.
- Owner must utilize a lease that conforms to HOME program requirements and the Iowa Uniform Residential Landlord and Tenant Law.

**AFFORDABILITY REQUIREMENTS**

All assisted multi-family rental new production projects shall meet the national objective of “Primarily benefits persons of low and moderate income – Housing”. This means that at least 51% of assisted units (rounded up to the nearest whole unit number) must be rented to households with incomes that do not exceed 80% of the Area Median Income for Cedar Rapids, adjusted for household size (current limits listed below). For rental projects that contain residential units of carrying bedrooms sizes, to the extent possible, the 51% criteria needs to be applied to all sizes (number of bedrooms) of units.

**Maximum Income Limits - 80% AMI**

| HOUSEHOLD SIZE |          |          |          |          |          |          |          |
|----------------|----------|----------|----------|----------|----------|----------|----------|
| 1              | 2        | 3        | 4        | 5        | 6        | 7        | 8+       |
| \$41,750       | \$47,700 | \$53,650 | \$59,600 | \$64,400 | \$69,150 | \$73,950 | \$78,700 |

Rents plus utility allowances for any tenant-paid utilities shall not exceed the most current HOME program 65% rent limits. Current limits are:

**Maximum Rent Limits**

| <b>BEDROOM SIZE</b> |       |        |        |        |        |        |
|---------------------|-------|--------|--------|--------|--------|--------|
| Efficiency          | 1     | 2      | 3      | 4      | 5      | 6      |
| \$829               | \$889 | \$1069 | \$1226 | \$1349 | \$1469 | \$1590 |

Rental property owners of assisted rental projects must agree to a 10-year period of affordability in terms of tenant income restrictions (limitations) and through affordable rent limitations (controls) on all assisted rental units serving low and moderate income (LMI) tenants, maintaining the appropriate number of affordable rental units for the entire 10-year period. Long term affordability requirements will be secured through an agreement for covenants and restrictions that rides with the assisted rental property owner’s land.

The affordability period begins when all work has been completed and accepted and the forgivable loan and agreement for covenants and restrictions has begun. At this point the appropriate number of units in the project needs to be occupied by the appropriate number of LMI tenants and the subsequent rents limited on those units. All assisted rental units shall be subject to the maximum rent limitations (by bedroom size) applicable to all assisted rental units for the entire 10-year period of affordability.

Owners of assisted properties must annually certify compliance to the City of Cedar Rapids and provide tenant income and household characteristics data to the City of Cedar Rapids.

**OTHER FEDERAL REQUIREMENTS**

- Each project must undergo an environmental review prior to the final acquisition or start of construction.
- Projects must meet ADA and federal accessibility requirements.
- Owners must comply with Fair Housing and Equal Opportunity Requirements and Section 3 of the Housing and Community Development Act.
- Properties of eight (8) or more units will be subject to Davis Bacon and Related Acts.
- Payment and performance bonding will be in place for each project.
- Other Federal requirements

**ELIGIBLE LOTS**

- Eligible lots will be within the core neighborhoods (“Tier 1”), with an emphasis on sites within the Neighborhood Revitalization Area shown on the attached map. Lots shall not be located outside these boundaries.
- Lots shall not be located in the 100-year flood plain.
- Lots shall not be located in the City’s geographically defined “Greenway” or “Construction Study” areas.

**NEIGHBORHOOD REVITALIZATION AREA GUIDELINES**

- The Developer will present development concept drawings and projected construction timelines for each concept drawing within the application. Concept drawings must be consistent with program design guidelines.
- Units must be located outside the 100-year floodplain and designation Construction Study Area and Greenway.

- If lots have an incidental portion in the 100-year floodplain a LOMA (Letter of Map Amendment) must be submitted with application.

### **GREEN STREETS CRITERIA**

Mandatory building guidelines have been developed in accordance with the Iowa Green Streets Criteria from IEDA and are attached to this document. Applicants must adhere to all applicable mandatory building guidelines. A significant number of optional criteria are also included in the guidelines in order to increase the overall sustainability and energy performance of rental units and buildings.

### **DESIGN GUIDELINES**

Design guidelines for the Multi-Family New Production Program have been derived from the Czech Bohemia Overlay District design guidelines and the ROOTs program, which were developed with input from residents and the Council Development Committee, and were based on best practices in comparable cities throughout the U.S. These guidelines are intended to ensure that the future development and reconstruction of commercial and multi-family buildings is compatible with the unique character of the core neighborhoods and to preserve its economic viability.

# MFNC-6 Program Boundary

