



City of Cedar Rapids Single Family New Production – Round 4 Administration Plan

PROGRAM BACKGROUND

In June 2008, the City of Cedar Rapids experienced catastrophic flooding that devastated core neighborhoods of the community. In June of 2009, the City of Cedar Rapids in partnership with the Iowa Department of Economic Development administered in Round 1 of the Single Family – New Production Program. The program was designed to begin replacing housing units lost in the 2008 flood. Three subsequent rounds of funding have been administered to date, and over 600 new units have, or will be, created as a result of the program.

PROGRAM OVERVIEW & GOALS

Working from the best practices established through the City’s successful partnership with IEDA and local builders for the “Single Family – New Production Program,” the City will target resources to the core neighborhoods of Cedar Rapids and infill development in the community. Development will be allowed in the following areas for the 4th round of the program (see map):

Tier 1 Area – Development will be located in core neighborhoods (“Tier 1”) with continued focus in the Neighborhood Revitalization Area. The City will provide lots acquired through the Voluntary Acquisition Program, at no cost, to qualified developers for participation in this program. Privately owned properties in this area are also eligible for consideration and grant funds may be eligible to offset lot acquisition costs.

Lots located within the 100 year flood plain or the City’s designated Construction Study Area will not be eligible for the program.

Tier 2 Area – Development will be located in identified areas adjacent to the Tier 1 core neighborhoods.

Lots located within the 100 year flood plain or the City’s designated Construction Study Area will not be eligible for the program.

Tier 3 Area – Development will be located in identified areas, and located within the Cedar Rapids Community School District boundaries.

Lots located within the 100-year flood plain will not be eligible for the program.

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

- Experience in affordable housing
- Market feasibility
- Financial feasibility
- Green building principles
- Mix of housing product types
- Price range of housing products
- Location of housing product in relation to amenities. Consideration will be given to City-owned lots located within the Neighborhood Revitalization Area and acquired through the Voluntary

Acquisition Program. Properties located in Tier 1 will be given scoring preference followed by Tier 2 properties, with Tier 3 properties being scored the lowest for location.

- Shovel readiness – including completion of environmental review & infrastructure being in place.
- Consistency with adopted plans for the area, including the 2009 Neighborhood Planning Process and any sub-area plans such as the Kingston Village Plan, the Ellis Boulevard Plan, and the Wellington Heights Neighborhood Plan.
- Consistency with design guidelines developed for the Housing and Neighborhood Development (HAND) program previously utilized by the City of Cedar Rapids.
- Consistency with the character of the existing neighborhood.

Program Timeline

Submission of development plans to IEDA is required. IEDA will require a minimum of 30 days for its review and approval of individual development plans. It is IEDA’s goal to approve all development plans ahead of the 2015 construction season.

Recipients will have until September 30, 2015 to have all single-family dwelling units completed under this program.

Buyer and Unit Overview

This program is limited to new constructed or substantially rehabilitated single-family / single unit dwelling units for sale to an owner-occupant. Manufactured single family dwelling units are permissible only provided the structure is affixed to a permanent foundation and will be taxed as real property upon completion, and can meet all design guidelines of the program. Adaptive re-use projects which convert commercial or warehouse space to single family condominium style units are allowed. Row house and zero lot line units will be permitted where appropriately zoned and able to meet minimum setback requirements, and where consistent with the character of the existing neighborhood. Where acquisition and rehabilitation is the activity proposed, the rehabilitation must bring the structure into compliance with all applicable codes.

Newly constructed single-family units under this activity shall be made available for sale only to persons or households whose incomes are at or below the median (80%) income limits as established by HUD, by county and by household size.

Below are the median income guidelines for this program:

<i>Household Size</i>							
	1	2	3	4	5	6	7
80% AMI	\$41,750	\$47,700	\$53,650	\$59,600	\$64,400	\$69,150	\$73,950

*Area median income values are determined annually by the US Department of Housing and Urban Development. Values effective May 1, 2014, and are subject to change.

There is a maximum per unit development cost cap of \$150,000, which is based upon State guidelines for the program. However, participating builders should note that properties sold through the program must appraise at the proposed sale price.

Single-family dwelling units under this activity shall not be constructed within the 100 year flood plain or within the City’s geographically defined “Greenway” and “Construction Study Area.”

All newly constructed single family units shall be designed and constructed in accordance with all locally adopted and enforced building codes and standards. In the absence of any locally adopted and enforced building codes or standards, the requirements of the Iowa State Building Code shall apply.

It is the goal of IEDA and the City of Cedar Rapids to utilize the funds in a manner that results in green-built, sustainable single-family structures. All newly constructed single-family housing units should, to the extent possible, meet requirements of the Iowa Green Streets Criteria. Minimum criteria must be met as listed in the application form.

Builders and developers selected for participation under proposals should offer a variety of types and styles of housing, various sizes (square footage) and units with various numbers of bedrooms and bathrooms; all within the per unit project cost limitations. Development plans will need to be specific project by project and collective of all projects and units.

The participating builders of the single-family housing under this activity shall obtain their own construction financing for all dwelling units constructed.

Homebuyer purchased properties under this program must result in ownership in the form of fee simple title or 99 year leasehold. Condominium single-family structures shall have deed restrictions or covenants in place prior to sale regarding this type of ownership.

Program Financing: Forgivable Mortgage

A maximum per unit subsidy cap of 25% up to development cost cap (\$150,000), unit by unit. Effectively, the funds, provided as acquisition subsidies, are used to buy down the cost to construct, including the land on which it is constructed, to an affordable sales price and an affordable loan amount for income eligible homebuyers.

Assistance under this activity is provided as acquisition assistance invested into individual projects assisting homebuyer at time of principal loan closing. Assistance under this activity will not be allowed to be combined with Federal Jumpstart Homebuyer Assistance or State Jumpstart Down payment Assistance or Single Family Unit Production – New Construction from the first round of funding on the same dwelling unit or to the same person / household (homebuyer) served.

The subsidy amounts provided to assisted homebuyers (not including project delivery cost or general administration) must be secured as a mortgage lien on the assisted homebuyer's purchased property behind (recorded in junior position) the principal lender's mortgage loan. The assistance shall be provided as a five-year receding forgivable loan. Payback of funds will be required if the assisted homebuyer sells, vacates, rents or abandons their purchased property any time within the five year affordability period.

Buyers who were impacted by the 2008 disasters are subject to a Duplication of Benefits check to determine final subsidy amount.

Participating lenders shall offer principal loan products that minimally meet the following criteria:

- Loan interest rates cannot be higher than four percentage points above the federal prime interest rate at the time of loan commitment;
- Loan-to-value ratios (LVRs) at 75%.
- No less than a 15 year, fully amortized, fixed-rate mortgage may be used (early pay-off provisions must be allowed)
- No adjustable rate mortgages or balloon payment types of mortgages will be allowed.

With the exception of a Habitat for Humanity principal loan product, the principal mortgage loan must be the only repayable loan in all individual homebuyer assistance projects under these proposals.

PROGRAM GUIDELINES

Eligible lots

- Eligible lots will be within the municipal boundaries of Cedar Rapids, with a priority emphasis on the core neighborhoods (“Tier 1”), particularly sites within the Neighborhood Revitalization Area shown on the attached map.
- Builders will be eligible to be allocated one unit outside Tier 1 for each unit they have constructed in a previous program round, regardless of location.
- The order of priority for allocation, all other review factors being comparable, will be lots in Tier 1, followed by lots in Tier 2, then Tier 3 that are located in the Cedar Rapids Community School District.
- 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.

Builder Criteria

- Builders will submit an application to the City of Cedar Rapids to participate in the program.
- Builders must obtain their own construction financing and provide a letter of commitment from the financial institution with their application.
- Builders must provide a marketing plan for units within their application and include a budget line for marketing expenses.
- Each application will be scored competitively based on the following factors:
 - Experience in affordable housing
 - Green building principles
 - Market and financial feasibility
 - Mix of housing product types
 - Price range of housing products
 - Consistency with design guidelines developed for the Housing and Neighborhood Development program previously utilized by the City of Cedar Rapids and all applicable area plans.
 - Location of housing product in relation to amenities. Consideration will be given to City-owned lots located within the Neighborhood Revitalization Area that have been acquired through the Voluntary Acquisition Program.
- Builders will be allowed a builder’s fee (overhead and profit). Builders are allowed a builder’s fee of up to fifteen percent of the cost of construction for each individual dwelling unit. Builders fees shall be included within the total cost to construct and contained within the per unit development cost limitations.

Unit Criteria

- Priority will be given to single family detached units. Row house and adaptive re-use projects may be eligible if able to meet minimum zoning and setback requirements, and are otherwise consistent with existing neighborhood character.
- Acquisition and rehabilitation is eligible but must comply with all applicable codes, and the structure must be fully code compliant upon completion.
- Units will be consistent with design guidelines used for the program to develop units consistent with the scale and character of the surrounding neighborhoods.
- Units will comply with mandatory minimum “green building” requirements, with incentive points given for measures that exceed the minimum criteria.
- The 25% subsidy will be based on the final sales price up to \$150,000; upgrades to proposed buildings are allowed. Costs beyond \$150,000 will **NOT** be subsidized by the program funding and will be at the expense of the buyer while meeting the program loan-to-value ratio of 75%.
- The per unit cost and sales price of the units will be limited to \$150,000 and below.

Infrastructure Criteria

- Based on the City's experience, infill housing is often more challenging to develop due to the need to upgrade or replace existing infrastructure. To address this, up to \$3,000,000 of the total allocation of Round 4 funding will be set aside for new and infill development infrastructure. Builders will be eligible for up to \$12,000.00 per unit reimbursement for costs of replacing certain infrastructure items.

Vacant Lot Acquisition Assistance (Tier 1 Only)

- Builders may apply for vacant lot acquisition assistance to offset the costs of purchasing land for construction for vacant lots located in Tier 1.
- Up to \$15,000 per lot reimbursement available to assist in acquisition of privately-owned lots in Tier 1. Actual cost based on demonstrated gap to construct and sell housing within the program cost cap.
- Proof of all cost will be given to staff prior to closing and disbursement of funds.

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 design guidelines previously utilized by the City for the HAND program.
- Units must be located outside the 100 year floodplain and designated Construction Study Area.
- City provided lots from the Voluntary Acquisition Program will be rezoned prior to distribution to developers for this program.

Federal Guidelines:

- All single-projects developing eight (8) or more lots are subject to Davis Bacon and Related Acts (DBRA) requirements.
- All projects will be required to complete a Section 106 and Environmental Review according to Title 24 CFR Part 58.
- All federal program requirements for the Community Development Block Grant (CDBG) Program shall apply to assisted units, including Environmental Reviews, Fair Housing & Equal Opportunity, Accessibility, Employment and Contracting standards, and Conflict of Interest.

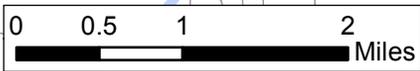
Eligible Buyers:

- All Eligible buyers will have incomes at or below 80% of the Area Median Income, adjusted for household size.
- Buyers must qualify for and obtain their own mortgage financing in the form of a standard mortgage loan product from a participating, regulated lender.
- Funds will be committed for individual buyers when an executed purchase contract for an approved unit is provided to the City. Ownership must be in the form of fee simple title or 99-year leasehold.
- Buyers must agree to maintain the acquired property as their primary residence for a period of five (5) years. In the event the buyer sells, rents, vacates, or abandons the property during the five-year retention period, the assistance must be repaid.
- Applicants that are flood victims will be subject to Duplication of Benefits policies to determine the funding award based on other forms of assistance.

Approved Loan Products & Lending Procedures

- Loans must be in the form of no less than a 15-year, fully amortized, fixed rate mortgage. Early payoff provisions must be allowed.
- No adjustable rate, balloon, or adjustable rate mortgages will be allowed.
- Loan interest rates shall not exceed four percentage points above the federal prime rate at the time of loan commitment.

- Loan to value (LTV) ratios shall generally be at 75%, as the program provides a 25% down payment. If buyer is using a portion of the assistance to cover closing costs, the LTV shall not exceed 73% (combined LTV of 98%).
- The forgivable loan for the Single Family New Production program shall be senior to all debt other than the principle mortgage on the property.
- Subordination of the forgivable loan (such as for refinancing or home equity loans) will be limited during the five year retention period. Subordination will be allowed during the retention period only if all equity is retained.



City of Cedar Rapids SFNC Round 4 Tiers

- Tier 1
- Tier 2
- Tier 3

