AFFORDABLE RENTAL RECOVERY

DED CDBG-DR
Program Overview

- Administered by Missouri Department of Economic Development, Division of Business and Community Solutions
- Designed to restore rental properties damaged by storms, tornadoes, straight-line winds, and flooding during April 28-May 11, 2017
- June 2, 2017 declared Presidential Disaster for 55 counties in Missouri
- Funding provided by U.S. Department of Housing and Urban Development (HUD) through Community Development Block Grant-Disaster Recovery (CDBG-DR) Program
Program Overview

- Offer affordable rental housing rates to low-to-moderate income (LMI) households.

- Missouri CDBG-DR Action Plan designates $58,535,000 to affected areas and allocates a portion for Affordable Rental Recovery to alleviate the unmet needs for affordable rental housing.

- 80% of funds allocated to Most Impacted Distressed areas (MID) include zip codes: 65616 (Branson), 63935 (Doniphan), 63965 (Van Buren), 64850 (Neosho), and 65775 (West Plains).
Program Overview

- Financial Assistance up to $5,000,000 per project
- LIHTC, HTF, HOME Missouri Housing Development Commission credits
- Project priority is addressing rental housing shortage and alleviating the shortage caused by the disaster event
- CDBG-DR funding for developments for LMI residents and mixed income developments if funding leverage can be secured by developer
- Affordable rents for LMI households after project completion for 20 year term of compliance period
Program Overview
Eligible Applicants

- For qualified profit and not-for-profit housing developers
- Developer must be incorporated within the United States
- Developer/members of development team not listed on Missouri Office of Administration and Federal debarment lists
  - Developments meet CDBG-DR eligibility and MHDC multifamily funding requirements as presented in the QAP and MHDC’s Developer’s Guide
  - Projects are in CDBG-DR eligible disaster declared county and demonstrate the potential to be viable through market study and supported by area rents/vacancy rates and unit size
Program Overview
Selection Criteria for CDBG-DR Funding

- Development team submits project questionnaire and related material to DED for Letter of Intent which includes requirements as follows:
  - Project located with most impacted areas of presidential disaster declaration (DR-4317) as defined by zip codes: 63935, 63965, 64850, 65616, and 65775
  - Project can show a direct/indirect relationship between the disaster and the project as prescribed by DED
  - Project demonstrates the local need through market analysis study
  - Project demonstrates organizational capability to assure compliance of CDBG-DR funding agreements
  - Project plans reflect CDBG-DR compliance, environmental review, duplication of benefits, and other Federal requirements
  - DED Letter of Intent issued to developer
Program Overview, cont.
Selection Criteria for CDBG-DR Funding

- Demonstrate capacity to undertake the project as verified through underwriting
- Fulfill the requirements of the CDBG Environmental Review process
- MHDC Board approval of multifamily funding
- Signing CDBG Grant Agreement as part of MHDC’s closing documents
Program Overview

- **Basic Eligibility Criteria**
  - Rents not to exceed 30% of monthly income for household earning 80% of the Area Median Income (AMI) for full term of affordability period
  - Tenants must be income qualified at time of move in and must re-certify annually
  - Applicable unit(s) must be rented to LMI households (defined as earning at or below 80% of AMI) after project completion for term of compliance period
  - Duplex Units, one of two units of duplex occupied by income at or below 80% AMI
  - Multi-Family structures containing more than two dwelling units must have minimum of 51% of the units occupied by LMI households
  - Documented damage/impact attributed to the disaster events
Program Overview

- Eligible Use of Funds for disbursements
  - Construction
  - Environmental Study
  - Appraisal
  - Title Recording and Disbursing
  - Environmental Abatement
  - Legal Acquisition and Recording
  - Acquisition Cost of Building
  - Land Acquisition
Program Overview

Energy Efficiencies and Green Building Standards

February 9, 2018 FRN requires developers to achieve certification under at least one of the following programs on all project construction:

- ENERGY STAR
- Enterprise Green Communities
- LEED
- ICC-700 National Green Building Standard
- EPA Indoor AirPlus (ENERGY STAR a prerequisite)
- Other equivalent comprehensive green building program acceptable to HUD
**Program Overview**

- **Broadband Infrastructure**
  - Development with more than 4 rental units must include installation except where project site makes installation infeasible, cost would alter nature of program, or have undue financial burden.

- **Monitoring Compliance**
  - DED/MHDC will share project responsibilities. MHDC has agreed to perform the following tasks for DED: Underwriting, Environmental Review, Construction and Post-construction monitoring.
  - Payment draw/Request for Funding (RFF)
  - Davis-Bacon Compliance will be monitored by respective parties in accordance with project funding source and requirements to funding source.
Program Overview

- Federal Cross-Cutting Requirements
  - DED/MHDC have sole and or combined responsibilities for federal requirements
  - Combined federal requirements covered by MHDC’s monitoring responsibilities which supporting documentation forwarded to DED for review and/or retention
  - Sole Federal requirements for DED CDBG-DR program will be monitored by DED staff with supporting documentation forwarded to MHDC for review and/or retention
Program Overview
Affordable Rental Recovery Process

- Developer proposes project to local government for zoning regulations/ordinance compliance
- MHDC/DED hold meetings with development team
- DED provides Letter of Intent (LOI) of support for project subject to MHDC approval and award of MHDC multifamily funding
- MHDC starts application review, to include underwriting
- MHDC Board approves multifamily funding
- Developer signs Missouri DED CDBG-DR Grant Agreement as part of MHDC’s closing documents
- Construction begins
Program Overview
Affordable Rental Recovery Process, cont.

- CDBG-DR and/or MHDC conducts monthly project site visits as part of compliance and Request for Funds (RFF)/payment draw process
- Construction is completed
- Closeout documentation is submitted to CDBG-DR
- Project officially closed by CDBG-DR
- MHDC continues to monitor project for the required affordability period(s) associated with the project’s funding source(s). Such affordability periods will be set forth in the restriction document(s) executed at closing. Where a project has more than one minimum affordability period due to multiple funding sources, MHDC will monitor the project through the end of the longest affordability period
Application Training with Missouri Housing Development Commission

- 2019 MHDC Application Workshop, August 29, 2019 at Stoney Creek Hotel and Conference Center, 18011 Bass Pro Drive, Independence MO, (816)908-9600
- 2019 MHDC QAP Webinar - Date TBD - Anticipated early September
- MHDC/DED meetings (Application discussion) with developers, September 10 and 11, 2019, located at MHDC, 920 S Main, Suite 1400, Kansas City, MO, call (816)759-6600 for appointment times
Thank you!

Questions???

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