Newport News Redevelopment and Housing Authority

HOMEVestor & CHDO Funding Application

Total Amount of Assistance Requested:

Section 1: Application Cover Sheet

This portion of the application provides a summary of the proposed project. The applicant should complete and indicate N/A (not applicable) for items, which do not apply. Applicants should refer to the definition section of the application materials to determine the meaning of unfamiliar terms.

Section 2: Project Description

A. Financial Feasibility

The following criteria describe the components of a Financially Feasible project:

- 1. Documented financial commitments.
- 2. Reasonable and supported development cost.
- 3. Documented site control for proposed projects.
- Organizations willing to collaborate with other entities to achieve common community development goals, on-time, under budget, and in compliance with all NNRHA policies and procedures.

Sources of Funds:

This section provides detailed financial information documenting the funds obtained from other public or private sources. Information regarding the applicant's match contribution should be included in Section 4: Information Regarding Other Sources of Funds. Applicants must attach a description of all match source(s).

Funds awarded through this competition are 'Gap Financing' and are not intended to cover substantial costs in any one project. The strongest projects financially are those which utilize HOME/CHDO set-aside funds in conjunction with other resources to develop affordable housing. Organizations are encouraged to contact local financial institutions, the Virginia Department of Housing and Community Development (DHCD), and the Virginia Housing Development Authority (VHDA) about possible programs and funding which can be used in conjunction with HOME/CHDO set-aside funds to undertake the proposed project.

B. Project Summary

This section must detail the proposed project and the intended outcome of the investment. An important source of information is the City's Consolidated Plan (CP). Other useful sources include the City's Framework for the Future Plan, city census information, newspaper articles, and surveys or studies conducted by local organizations.

In addition to a general summary, the following items should be addressed:

- 1. How the proposed project will benefit and strengthen the neighborhood in which the project is located.
- 2. Describe cooperative efforts you plan to undertake with other organizations to complete this project. Describe how the proceeds from the sale of the affordable housing units will be utilized to develop additional housing and sustain your organization's community development efforts in the City of Newport News.
- 3. How this project addresses the needs of the community and the intended beneficiaries?

C. Site Description Forms

All relevant information requested on the project description forms should be included in the application. If the required information is unavailable at the time of application, an attachment should be included explaining the absence of the information and when it will be submitted to the Authority. A detailed exhibit showing the location of the project(s) is also required. (Note: Each project address should have a corresponding Site Description Form from Section III and Project Budget from Section IV.)

D. Photographs

Submit photographs of the surrounding neighborhood, existing structures, vacant land, and any interior pictures (if available) that clearly depict current conditions and support the need for the proposed project. Describe how your completed project will enhance the neighborhood.

E. Plans and Specs

Include floor plans, site plans, specifications, and elevations for new construction projects. For rehabilitation projects, include specifications and work write-ups.

Section 3: Project Budget

A. 1. Rehabilitation & A. 2. New Construction

Provide a budget for each individual unit utilizing the format in the application. For example, a proposal involving three acquisition and rehabilitation projects and two new construction projects should have a total of five (5) project budgets. Provide the information as it pertains to the categories listed. The applicant, in the space provided as "Other", may add budget items that pertain to categories not listed on the budget form

A. 3. Rental Property Budget

If applicable, provide a rental project budget utilizing the format in the application. Contractor costs, owner costs, and owner's acquisition costs (if applicable) should be listed in the budget. The applicant may add budget items that pertain to these categories but are not already listed on the budget form.

A . 4. Rental Operating Budget

Rental Projects assisted with Set-Aside Funds may only benefit tenants whose income is 60% or less of the area median income (AMI). In those cases where the rental project contains five or more units, at least 20% of the units must be made available to tenants whose incomes are 50% or less of AMI. Most importantly, the rental property owner may not charge rents that exceed limits established by the United States Department of Housing and Urban Development. Applicants should refer to Attachment III for applicable rent and occupancy requirements to determine project revenue.

A. 5. Rental Operating Expenses

Detail estimated administrative, maintenance, and operating costs of the Project which combined equals the Total Operating Expense (TOE) for the project. This expense divided by the number of units in the project equals the average operating expense per unit.

A. 6. Rental Project Cash Flow

It is imperative that the project generate a positive cash flow during its life. Applicants should carefully review all information in both sections to ensure an accurate cash flow projection since the determination of cash flow is based on information and calculations completed in Parts A.4, A.5, and A.6. Follow the color-coding that has been provided.

Statement of Applicant

Please make sure this statement has been signed by the appropriate person and is attached as the last page of the application.

Submit to NNRHA one (1) hard copy original and one (1) digital copy. There is no longer a deadline; applications will be continuously and funds awarded as they become available for approved projects.

Definitions

Acquisition and Rehabilitation - The purchase of real property and the repair of structures located on the property for first-time homeownership or residential rental use.

Appraised Value - The monetary worth of property as determined by an independent appraiser.

Area Median Income (AMI) - The median income, adjusted for family size, as established by the U.S. Department of Housing and Development for the Norfolk- Virginia Beach-Newport News Metropolitan Statistical Area which includes the City of Newport News, among other localities.

Community Development Housing Organization (CHDO) - A private non-profit organization meeting the requirements established by the U.S. Department of Housing and Urban Development and certified by the Virginia Department of Housing and Community Development.

Homeownership Project - A project, which provides low-income homebuyers with the opportunity to own an affordable home.

Metropolitan CHDO - A Community Housing Development Organization certified by the Virginia Department of Housing and Community Development and based in Hampton Roads.

Moderate Rehabilitation - The rehabilitation of a residential property at an average cost for the project of \$25,000 or less per dwelling unit.

Rehabilitation - Physical improvements and repairs to a facility that will ensure its structural stability, correct code defects, increase energy efficiency, and assure safe and sanitary operation.

Rental Unit Rehabilitation Project - A project involving the repair of rental units for occupancy by low-income tenants.

Substantial Rehabilitation - The rehabilitation of residential property at an average cost for the project in excess of \$25,000 per dwelling unit.

Attachment I: Maximum Allowable Homebuyer Income

These limits below represent the maximum incomes allowed under the HOME Program as authorized by HUD for the Norfolk-Virginia Beach-Newport News Metropolitan Statistical Area in 2020 (effective June 1, 2020).

2020 Income Limits by Family Size (80% of AMI)								
Family Size	1	2	3	4	5	6	7	8
Income Limits	\$46,200	\$52,800	\$59,400	\$66,000	\$71,300	\$76,600	\$81,850	\$87,150

https://www.huduser.gov/portal/datasets/home-datasets/files/HOME IncomeLmts State VA 2020.pdf

Attachment II: Cost Considerations and Guidance for Homeownership Projects Newport News HOME/CHDO Program

Determining Monthly Mortgage Payment

Families assisted under the HOME/CHDO Homeownership Program cannot earn more than 80% of AMI. Furthermore, a project should be structured so that the family pays a minimum of 20% nor more than 30% of the family's gross monthly income. The 20-30% window is appropriate for the following reasons:

- 1. In a HOME-assisted project where a family pays less than 20% of its monthly gross income for their mortgage (PITI), the project may be construed as being over subsidized.
- 2. A monthly mortgage payment greater than 30% of a family's gross monthly income may be a burden for the family and adversely impact the family's ability to meet monthly mortgage payments and retain ownership of the property.

Acquisition/Rehabilitation of Existing Properties

By identifying suitable home buyers prior to the acquisition of vacant houses for rehabilitation, a CHDO can match a homebuyer with an affordable unit and determine the HOME subsidy needed to support the acquisition and/or rehabilitation of the property so the homebuyer's monthly mortgage payment will fall within the 20-30% window. The HOME subsidy necessary to assist a homeowner project will be minimal in cases where the acquisition and rehabilitation costs are low and the monthly income of the homebuyer approaches 80% area median income. Likewise, a project with higher acquisition and rehabilitation costs and where a lower-income family is assisted may require a subsidy approaching the \$25,000 maximum. Ideally, a home's sales price (including HOME subsidy) will equal the after-rehabilitated appraised value.

New Construction

New construction should allow the CHDO to better ensure that the potential monthly mortgage payments will be within the 20-30% affordability window. The sales price of the new house (including the HOME subsidy) should not exceed the estimated appraised value.

Generated Sales Proceeds

After all budgeted and unanticipated expenses for a project are paid; the remaining funds from the sale of the property represent the generated sales proceeds. A percentage of these funds, as set forth in the CHDO contract, will be obligated for future HOME-assisted projects. For example, a project involving development costs (acquisition/rehabilitation) of \$100,000 with \$25,000 in HOME assistance would have 25% of the net sales proceeds obligated for future HOME projects. The remainder represents unencumbered income for the CHDO.

Attachment III: Maximum Allowable Rents/Tenant Income Eligibility Limits

HOME-Assisted Rental Projects

For projects involving HOME-assisted units, tenants residing in assisted units may not have initial incomes which exceed the limits in Table A-1 (60% AMI).

A monthly allowance for utilities and services to be paid by the tenant must be subtracted from the rent limits in Table A-2. Current utility allowances may be obtained from the NNRHA Public and Assisted Housing Department at 757-928-6060.

TABLE A-1

2020 Income Limits by Family Size (60% AMI)								
Family Size	1	2	3	4	5	6	7	8
Income Limits	\$34,680	\$39,600	\$44,580	\$49,500	\$53,460	\$57,420	\$62,880	\$65,340

https://www.huduser.gov/portal/datasets/home-datasets/files/HOME IncomeLmts State VA 2020.pdf

TABLE A-2

2020 Home Program Rents						
Bedroom Size	Efficiency	1	2	3	4	
Rent Limit	\$920	\$987	\$1,186	\$1,361	\$1,499	

https://www.huduser.gov/portal/datasets/home-datasets/files/HOME RentLimits State VA 2020.pdf

Application Form

General Information

Mandatory Application Cover Sheet

Date of Application:	
Name of Agency or CHDO:	
Mailing Address:	
Telephone:	
Name of Chief Executive Officer:	
Title:	
Application Contact Person: (if different than above)	
Title:	

NUMBER OF UNITS BEING CREATED OR REHABILITATED (LEAVE NO BOXES BLANK)

Unit Type	# of Units Being Created or Rehabilitated	Anticipated or Actual Monthly Rent
Efficiency		
1 Bedroom		
2 Bedroom		
3 Bedroom		
4 Bedroom		
5 Bedroom		
6+ Bedroom		
SRO		
Group Home		

Applicant Experience

In the space below, provide your applicant experience as outlined in the instruction manual.

Financial Capacity	Anticipated Revenue from other sources:	
	Other Grant Funds Committed to Project:	
	Net Proceeds from Sale of Last CHDO Unit Committed to this Project:	
Certified CHDO (if applicable)	Recertification form attached?	□ Yes □ No □ N/A
	Board Roster attached?	□ Yes □ No □ N/A
Previous Experience	Number of Units with NNRHA:	
Providing Housing	Number of Units with other city/state funds:	
	Number of Market Rate Homes:	

Conflict of Interest

As an applicant requesting funding, will any of your employees, agents, consultants, officers, or elected officials meet any of the following conflicts of interest:

Participate in the decision-making process for the approval of this application?	□ Yes □ No
Have a financial interest or reap a financial benefit from this activity?	□ Yes □ No
Have an interest in any contract, subcontract, or agreement with respect to this application either for themselves or those with home they have family business ties during the program year and for one year thereafter?	□ Yes □ No

Data Collect		- d b spotialon	lete de alcodin a co	t will callest it a	Ubarra dha alata i	20 L
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Project Description

Project Summary

In the space below, provide a description of the proposed project including (a) specific units or lots to be developed, (b) the organization's resources available for the project, (c) marketing plan, and (d) details and documentation supporting the need demonstrated by the community for the type of project your organization plans to undertake in the City of Newport News.

(a) Specific Units or Lots to be Developed
(b) Available Resources
(c) Marketing Plan
(d) Details and Documentation demonstrating need

Site Description

Note: Complete a site description for each address identified in your proposal and attach supporting documentation (Photos, Plans, & Specs).

Property Address:	
Name of Owner:	
Address of Owner:	
Dimensions of the site: (feet & acres)	
Rehabilitation or New Construction:	
Age of Structure:	
Is the Unit Vacant or Occupied?	
Is the site property zoned for your project?	
Photographs	
<u> </u>	nd the existing residential structure(s). If available, provide interior pictures which sed work.
Include photographs of the site(s) ar	
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Plans and Specs Include a site map, site plan, floor plans, elevations, specifications, and work write-ups as applicable.					
		Γ			
Appraisal: If the request is for property acquisition, has an a been completed within the last 12 months?	appraisal	☐ Yes ☐ No ☐ N/A			
Relocation: Does the project require relocation (moving) of a structure?	occupants of	☐ Yes ☐ No ☐ N/A			
	General Information Notice: Has a General Information Notice to sellers and/or tenants of Relocation or No Relocation benefits been completed? ☐ No ☐ N/A				
UNITS BEING CREATED OR REHABILITATED					
How many units will					
meet Energy Star Standards?					
be 504-accessible?					
be made sensory accessible?					
be designated for persons with HIV/AIDS?					
be designated for the homeless?					
be designated for the chronically homeless?					
HANDICAPPED ACCESSIBLE UNITS - 504 & FAIR HOUSING					
Is the project new construction or substantial rehabilitation (or is 75% or more of the after rehab value, as evidenced by an	•	□ Yes □ No			
Are there five or more units in the total project?		□ Yes □ No			

If the answer to BOTH questions is yes, the 504 requirements apply to your project. In addition, all new construction and rehabilitation projects involving buildings with four or more units must also comply with the minimum accessibility requirements of the Fair Housing Act. (Reference Guide for details)

PROJECT SITE INFORMATION

Project Site Type	☐ Scattered Site	☐ Single Site	
Has the project site been determined? If yes, provide the following information:	☐ Yes	□ No	
 Site Address Acquisition Status Seller Name Seller Address 	Site Address:		
	Site will be acquired from a party		
	Seller Name:		
	Seller Address:		

ENVIRONMENTAL CONSIDERATIONS

☐ Yes and a federally-accepted environmental review has been completed.
☐ Yes but there has not been an environmental review.
□ No; project will not begin before an environmental review is
completed by NNRHA.

Noise Abatement and Control	
Distance from nearest railroad:	☐ More than 3,000 feet ☐ Less than 3,000 feet ☐ Unknown/ TBD
Distance from nearest major roadway:	☐ More than 1,000 feet ☐ Less than 1,000 feet ☐ Unknown/ TBD
Distance from nearest municipal or military airport:	☐ More than 5 miles☐ Less than 5 miles☐ Unknown/ TBD
Wetland Protection	
Is there wetland associated with the proposed project?	□ Yes □ No □ Unknown/ TBD
Flood Hazard Area	
Is there evidence or knowledge that a portion of the proposed project is located in a 100- or 500-year floodplain?	□ Yes □ No □ Unknown/ TBD
Lead Hazards	
Is there any presence of lead or lead hazards within the property?	□ Yes □ No □ Unknown/ TBD

Historical Significance	
Does the project involve existing units that are 50 years old or older?	□ Yes □ No □ Unknown/ TBD
If yes, does the property have historical significance?	□ Yes □ No □ Unknown
Other Environmental Considerations	
Does the project include repair, rehabilitation, or conversion of existing building facilities?	□ Yes □ No
Does the project involve new construction, acquisition of undeveloped land, or any construction that requires ground disturbance?	□ Yes □ No
Are there any wells on the project site?	□ Yes □ No □ Unknown/ TBD
Is there visual evidence of mold growth on the interior surfaces or any known leaks in the building envelope that might contribute to concealed water damage or mold?	☐ Yes ☐ No ☐ Unknown
Is there any presence of asbestos located within the property?	☐ Yes ☐ No ☐ Unknown

PROJECT TEAM:

Identify the name and provide a phone number for the following project team members:

Title	Contact Name	Phone	Email
Developer:			
Project Manager:			
Project Coordinator:			
Legal:			
Accountant:			
Architect:			
Construction Contractor:			
Engineer:			
Consultant:			
Engineer:			
Consultant:			
Management Company:			
Other:			

PROJECT TIMELINE:

Applicants for acquisition, rehabilitation, demolition, conversion, or new construction must provide a schedule for the project and list major project activities and completion dates:

Estimated Project	t Start Date		
Estimated Project	t Completion Date:		
Stage	Project Activity	Scheduled Completion Date	Completed Prior to Application
Predevelopment	Market Study		□ Yes □ No
Site	Site Control		□ Yes □ No
	Phase I Environmental		□ Yes □ No
	Zoning Approval		□ Yes □ No
	Site Plan Approval		□ Yes □ No
	Site Purchase		□ Yes □ No
Plans &	Architect Selected		□ Yes □ No
Specifications	Preliminary Plans/Specs		□ Yes □ No
	Final Plans/Specs		□ Yes □ No
Financing	Interim Applications Submitted		□ Yes □ No
	Interim Commitments Received		□ Yes □ No
	Permanent Applications submitted		□ Yes □ No
	Permanent Commitments Received		□ Yes □ No
Construction	Bidding Completed		□ Yes □ No
	Contractor Selected		□ Yes □ No
	Construction/Rehab to Begin		□ Yes □ No
Marketing	Month and Year marketing begins		□ Yes □ No
	Income Verification begins		□ Yes □ No
	Lease-up Period begins		□ Yes □ No

PROJECT SPECIFICATION

Do you currently have project specifications, floor plans/line drawings?	□ Yes	□ No
If yes, please attach document to this application	•	
MARKETING PLAN		
Does your hysiness/organization have a current Marketing Plan?	□ Yes	□ No

If yes, please attach the plan to this application

All applicants who are applying as a Community Housing Development Organization (CHDO) must complete an additional CHDO application.

Financial Feasibility

A.1. Rehabilitation (If Applicable)

Acquisition and Rehabilitation Expenses	
Acquisition Costs (Land + Existing Improvements)	\$
Construction Costs (based on work write-up)	\$
Asbestos Removal	\$
Lead-based Paint Abatement	\$
Environmental Study	\$
Insurance During Construction	\$
Dust Clearance	\$
Other	\$
SUBTOTAL	\$

Transactions Related to Sale of Property to Low-Income Homebuyer	
After Rehab Value/Sales Price of House	\$
	MINUS
Legal Fees for Closing	\$
Down Payment Assistance	\$
Appraisal Fee	\$
Other	\$
Other	\$
SUBTOTAL (from the table above)	\$
	EQUALS
GAP REQUIRED:	\$

A.2. New Construction (If Applicable)

Acquisition and Construction Expenses	
Acquisition Costs (Land + Existing Improvements)	\$
Demolition	\$
Asbestos Removal	\$
Environmental Study	\$
Insurance During Construction	\$
Construction Costs (based on plans and specs)	\$
Other	\$
Other	\$
SUBTOTAL	\$

Transactions Related to Sale of Property to Low-Income Homebuyer	
After Rehab Value/Sales Price of House	\$
	MINUS
Legal Fees for Closing	\$
Down Payment Assistance	\$
Appraisal Fee	\$
Other	\$
Other	\$
SUBTOTAL (from the table above)	\$
	EQUALS
GAP REQUIRED:	\$

A.3. Rental Property Acquisition (If Applicable)

Acquisition, Construction, and/or Rehabilitation Expenses	
Acquisition Costs (Land + Existing Improvements)	\$
Demolition	\$
Asbestos Removal/Lead-based Paint Abatement	\$
Environmental Study	\$
Insurance During Construction	\$
Construction or Rehabilitation Costs	\$
Legal Fees (appraisal, closing costs)	\$
Other	\$
SUBTOTAL	\$

A.4. Rental Operating Budget (If Applicable)

Tenant Type (60% median income)	Unit Type (Number of Bedrooms)	Number of Units	Monthly Rent Per Unit	Total Monthly Rent
[A] Total Monthly Income Derived from All Units:				
[B] Other Monthly Income Sources:				
[C] Total Monthly Income: ([A] minus [B])				
[D] Annual Gross Potential Income: ([C] multiplied by 12)				
[E] Vacancy Allowance: (%)				
[F] Annual Effective Gross Income, EGI: ([D] minus [E])				

A.5. Rental Operating Expenses (If Applicable)

Category	Activity	Cost	
Administrative	Advertising/Marketing		
	Management Fee (% EGI) (\$ Per Unit)		
	Legal		
	Accounting/Audit		
	Administrative Payroll/Payroll Taxes		
	Other (Administrative)		
Maintenance	Decorating		
	Repairs		
	Exterminating		
	Grounds Expense		
	Maintenance Payroll/Payroll Taxes		
	Other (Maintenance)		
Operating	Fuel (Heating/Hot Water)		
	Electricity		
	Water/Sewer		
	Gas		
	Trash Removal		
	Other Payroll/Payroll Taxes		
	Staff Apartments		
	Insurance		
	Real Estate Taxes		
	Other Taxes		
	Security		
	Other (Operating)		
Total Operating	Expense (TOE):		
Total Operating	Total Operating Expense Per Unit: (TOE divided by # units)		

A.6. Rental Project Cash Flow (If Applicable)

YEAR 1 CASH FLOW

[A] Annual EGI: (from Part A.4)	
[B] Total Operating Expenses: (from Part A.5.)	
[C] Net Operating Income: ([A] minus [B])	
[D] Total Annual Debt Service: (from Part A.5.)	
[E] Cash Flow Available for Distribution: ([C] minus [D])	

YEAR 2 - YEAR 5 CASH FLOW

	Year 2	Year 3	Year 4	Year 5
Gross Potential Income				
Less Vacancy Loss				
Effective Gross Income				
Less Operating Expenses				
Net Income				
Less Debt Service				
Cash Flow				

Estimated Annual Percentage Increase in Revenue	
Estimated Annual Percentage Increase in Expenses	

Source of Leveraging Funds

Please attach a letter of commitment for each source of funds.

Funding Type	Source of Funds	Date of Application	Date of Commitment	Commitment Type	Amount of Funds	Name and Phone Number of Contact

ADDITIONAL SOURCES OF FUNDING

Funding Source	Timing of Funding	Amount
Total of All Sources		
Total Development Costs		
Less Total of All Sources of Funds		
Equals the Amount of Newport News HOME/CHDO Funds Requested for Project (Financing Gap)		

INFORMATION REGARDING CHDO SET-ASIDE FUNDS REQUEST

Type of HOME/CHDO Assistance	Amount Requested

COST-BENEFIT OVERVIEW

Total Funds Required For Project (Including HOME/CHDO Assistance)	
Total Number of Units Assisted Through Project	
Cost Per Unit (Total Funds/Total Units)	
CHDO Cost Per Unit (CHDO Funds/Total Units)	

Certification

I hereby acknowledge that by applying for HOME funds, this activity <u>may</u> require compliance in the following areas:

- Utilization of minority and women contractors
- Labor Standards provisions (Davis-Bacon Act)
- Uniform Relocation Act and Section 104(d)
- Section 3
- Environmental Regulations
- Flood Insurance
- Lead-Based Paint Assessment and/or Remediation or Abatement
- Debarred, suspended, and ineligible contractors and sub-recipients
- Handicapped Accessibility
- Title VI of the Civil Rights Act of 1964
- Title VIII of the Civil Rights Act of 1969 Fair Housing Act
- Federal Funding Accountability and Transparency Act

I certify that the information contained in this application is true and correct and that it contains no misrepresentations, falsifications, intentional omissions, or concealment of material facts and that the information given is true and complete to the best of my knowledge and belief. I further certify that no contracts have been awarded, funds committed, or construction began on the proposed program, and that none will be prior to the issuance of a Release of Funds.

Signature of Authorized Official
Name of Authorized Official
Title
Date