

CITY OF EVANSVILLE, INDIANA
DEPARTMENT OF METROPOLITAN DEVELOPMENT
AFFORDABLE HOUSING FUND ADVISORY COMMITTEE
GUIDELINES

Effective as of January 1, 2021

I. Introduction

Chapter 3.35 of the Evansville Municipal Code (the “Ordinance”) establishes the Affordable Housing Fund (the “Fund”) to be administered by the City’s Department of Metropolitan Development (“DMD”).

The Evansville Affordable Housing Fund Advisory Committee (“Committee”) was created to review and allocate funds intended to directly support the creation of expanded housing within the City and establish annual funding needs and priorities, set-asides, or restrictions for the Fund.

The purpose of the Fund is to provide financing for the creation and preservation of affordable housing in the community and the construction and rehabilitation of affordable housing. The uses for the Fund shall be limited to:

- (1) Providing financial assistance to those individuals and families whose income is at or below 80 percent of Vanderburgh County’s median income for individuals and families, respectively, to enable those individuals and families to purchase or lease residential units within the City;
- (2) Paying expenses of administering the Fund;
- (3) Making grants, loans, and loan guarantees for the development, rehabilitation, or financing of affordable housing for individuals and families whose income is at or below 80 percent of Vanderburgh County’s median income for individuals and families, respectively, including the elderly, persons with disabilities, and homeless individuals and families; and
- (4) Providing technical assistance to nonprofit developers of affordable housing.

DMD may, following approval from the City’s Common Council (“City Council”), allocate any remaining money received in program grants to a community development corporation, nonprofit corporation, public housing authority, or a unit of government. Money allocated to a community development corporation or nonprofit corporation must, unless otherwise approved by the City’s Common Council, be allocated in the form of a loan or loan guarantee. Money received in program grants that are not allocated to a nonprofit corporation, a public housing authority, or a unit of government may be allocated to private developers of housing and other private development entities as a loan or loan guarantee as determined by DMD.

DMD shall provide technical and administrative assistance to Committee, including: ensuring compliance with current ordinance requirements of the Fund; record minutes of Committee meetings; review annually any contracts with respect to administration and financial management; make recommended changes as needed; assist with the compilation of an annual report; and provide any further assistance as directed by the members of Committee.

II. Qualifications

The Committee may award either a loan or grant depending on the qualifications of the applicant as set forth in this section.

How do I qualify for a grant?

Grants are only available to applicants requesting funds less than \$10,000. If awarded a grant, applicant will not need to repay the funds awarded by the Committee. However, the Committee has discretion as to whether to provide a grant or loan regardless if the amount requested is less than \$10,000. Whether the funds will be a grant or loan shall be determined at a meeting in front of the Committee and based upon the recommendation of DMD.

Grants are available for the following: rehabilitation; new construction; down-payment assistance programs; and any other method of assistance as allowed under the Ordinance.

How do I qualify for a loan?

If an applicant is requesting funds greater than \$10,000, applicant must apply for a loan. The loan must be repaid according to the terms set forth below and dependent upon the type of person requesting the loan – whether an individual homeowner, developer or nonprofit. The Committee has the discretion to alter the loan terms and repayment following a hearing in front of the Committee and based upon the recommendation of DMD.

III. Proposed 2021 Funding Guidelines

The following is the proposed 2021 funding guidelines for loans:

Individual Homeowner

Income Level	Interest Rate	Term
\$30,000 or below	0%	5-15 years
\$30,000 - \$50,000	Prime Rate less 2%	5-15 years
Greater than \$50,000	Prime Rate less 1%	5-15 years

In determining income level for an individual homeowner, the Committee shall take into account all sources of income for the individual homeowner. The “prime rate” is the Wall Street Journal Prime Rate as of the date of the approval by the Committee.

Nonprofit Corporations and For-profit Developers

The Committee shall charge such interest as it deems appropriate in its sole discretion.

IV. Reporting Guidelines

DMD will on a quarterly basis provide a quarterly report to City Council itemizing the expenditures, grants, loans, and loan guarantees of account.

DMD will provide an annual program progress report to the Mayor’s Office and City Council, no later than April 1 of each year.

The report will cover the funded activities from the prior year. Reports will be reviewed in draft by the Committee. The annual report will include:

- Accomplishments/production for each program, including actual units produced and households assisted compared to goals stated in the original funding application;
- Affordability levels served, actual compared to goals stated in the original funding application;
- Leverage achieved for each program;
- Any additional information that the Committee believes should be included

In addition, DMD will provide a mid-year report to the Committee covering the items listed above.

V. Funding Criteria

The City encourages the increase of housing options within City limits and encourages projects that afford low- and moderate-income residents the greatest access to transit options, employment opportunities, schools, and services. Location preference points (as applicable to the Committee’s annual priorities) will be given to developments that provide housing options consistent with the following plans:

1. Promise Zone
2. Production of housing with accessible public transportation options
3. Provide gap funding in the development of new units
4. Provide only gap funding

The City encourages geographic de-concentration of extremely low-income housing units.

Eligible and Ineligible Activities and Costs

Eligible costs include, but are not limited to:

<ul style="list-style-type: none"> • Appraisals • Architectural/engineering fees • Capitalized Operating Reserves • Capitalized Replacement Reserves • Closing Costs • Construction • Contingency • Environmental Assessment • Financing fees 	<ul style="list-style-type: none"> • Inspections & Surveys – payback option • Insurance • Interest • Option Costs • Permits • Reimbursement of pre-development costs • Professional Fees • Purchase price • Title Insurance
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VI. Project Requirements

Eligible Applicants

Nonprofit agencies and organizations with charitable purposes are eligible for funding. Private nonprofit agencies will be required to submit articles of incorporation and an IRS letter as proof of nonprofit status. An applicant and/or proposed grantee must demonstrate ability and commitment to develop, own, and manage affordable housing. The grantee may have a stated housing mission in its organizational documents, or if not, may partner with an entity that has such mission. The Committee will consider the experience of an applicant's development team, management team, Executive Director, staff, and Board of Directors (if applicable) to determine if there is sufficient capacity to develop, own and operate housing. Applicants that lack direct experience in these areas may demonstrate capacity by partnering with an entity or entities that provide essential expertise to the project. In these cases, the Committee will evaluate the proposed partnership to ensure it meets the needs of the project and is sustainable for an appropriate length of time. The applicant, proposed grantee, and all affiliated entities of each of them (whether or not involved in the proposed project) must be in good standing on all existing loans and subsidy contracts administered by the Committee.

Mixed-income developments – the Committee will assist only with the low-to-moderate income residential units.

Additional Policies

- Fair Contracting Practices and MWBE Utilization
- Relocation, Displacement and Real Property Acquisition Plan
- Affirmative Marketing Strategy
- Neighborhood Notification and Community Relations Plan
- Other policies may be included in the request for applications that are not listed here

VII. Construction Requirements

The Committee will require all grantees and vendors to comply with the City of Evansville Procurement Policies and Procedures, including the Responsible Bidding Ordinance (Evansville Municipal Code § 3.95.040). The responsible Bidding Ordinance subjects all bids submitted in connection with public works projects in the amount of \$150,000 or more to certain additional requirements.

Competitive Selection of Contractors

Grantees shall competitively select their contractors. Obtaining a minimum of three (3) quotes. Grantees may propose a competitive process that clearly meets the City's requirements as published in each Request for Application. The grantee shall submit a summary of the proposed

competitive selection process for the Committee's approval. DMD may require modifications to the process prior to implementation. Contractors will be encouraged to review the City of Evansville Procurement Policies in efforts to seek and attain local construction workforce opportunities. Should the non-profit act as the general contractor the construction costs will be reviewed against similar proposals to ensure cost reasonableness.

Construction Management

If project sponsors do not have sufficient in-house construction management capacity, they will be required to contract for this service. Sponsors proposing to manage their own construction projects must demonstrate capacity to the Committee. Such Grantees must have prior experience managing a construction project and have staff available to coordinate necessary work. In addition, the scope of work should appropriately match the sponsor's construction management experience and staff expertise.

Wages

When federal funds in a project require prevailing wages to be determined under the Davis-Bacon Act, Davis-Bacon wage rates will apply to each job classification, unless applicable law requires otherwise. In cases where Davis Bacon wages are triggered, Davis Bacon monitoring procedures are followed in required by HUD, instead of DMD monitoring procedures.

Apprenticeship Programs

Grantees are encouraged to required contractors to participate in State-approved apprenticeships programs.

Project Labor Agreements

Applicants who demonstrate to the Committee's satisfaction that use of a project labor agreement would be beneficial for project development may require a project labor agreement.

Sustainability Requirements

Projects must comply with requirements of the local building codes.

VII. Project Selection

Application components

At minimum, applications must be completed using the application forms and documents provided with the request for application and its attachments.

Proposal Review

Funding applications are reviewed and evaluated in detail by DMD. Following review, DMD will make funding recommendations to the Committee as a meeting of the Committee.

Fund Reservation

Funding awards require Committee approval. With the approval of the Committee, funding proposals will require a resolution to grant funding and properties to proposed nonprofit organizations.

An applicant may request an amendment prior to City Council approval for consideration by the Committee. These requests will be sent in writing to DMD. DMD will determine if Committee review is required with each request. Minor amendments will be approved by DMD and will be reported to the Committee at its next meeting. Major amendments, determined by DMD, will require Committee review. A substantial project amendment that may require the Committee's review is when a project's scope, change in number or type of units, funding, or scoring substantially changes.

The Committee may reduce or revoke funding to any project based on the following:

- (a) failure to meet funding conditions;
- (b) decrease in costs from the preliminary cost estimate submitted in the application;
- (c) failure of the applicant to obtain other funding;
- (d) noncompliance by the applicant with City policies;
- (e) determination of inaccuracies in the information submitted;
- (f) increased costs or other factors of the applicant, grantee, or Affiliated Entities;
- (g) failure of the applicant to agree to funding conditions; or
- (h) any other reason the Committee determines after a meeting of the Committee that funding should be reduced or revoked.

Tenant Income and Rent Requirements

Housing units are restricted to tenants whose income does not exceed 80% of Median Income at time of initial occupancy by the household, or at time of funding by the City, if later. Tenants must be income qualified prior to move in or prior to City funding being used/drawn for those occupied units. Other funds may be used to cover the pro-rate cost of the over income units and the non-profit may be reimbursed for the pro-rate once the over income tenant permanently vacates the unit. A maximum restricted Rent is established for each housing unit, no higher than Affordable Rent for the income eligibility category and based on the number of bedrooms.

Consideration will be given with mixed income developments that include rental units at 80% of Median Income.

IX. Project Monitoring

Grantees must report annually to DMD on the status of their projects each year by April 1st, or an alternate date specified by the Committee upon reasonable advance notice. The Committee's staff, DMD, will coordinate the monitoring, site visits and inspections with other funders to help reduce

administration time and disturbance to residents. Grantees will submit written reports, which may be consistent with other combined funders' annual report form.

Compliance and performance evaluation

The Committee's compliance and performance assessments include, but are not limited to, the following compliance and performance areas. The grantee will receive a copy of the Compliance and Performance Evaluation prior to the annual review. Additional, project-specific requirements may be included in loan documents.

1. Sound grantee fiscal health: The project grantee and its general partner, managing member or other sponsor when applicable are in sound fiscal health as documented by the organization most recent audit, 990's, profit/loss statements, balance sheets, or other fiscal policies.
2. Management Plan: The project is operated according to the owner's original or amended management plan/documents for the property.
3. Affordability: grantee must be in compliance with affordability requirements including tenant income determinations and rent levels. To ensure the project serves low- to-moderate income populations; tenant incomes and rents will be reviewed annually.
4. Affirmative marketing and nondiscrimination: The housing must be affirmatively marketed and the grantee can demonstrate nondiscriminatory treatment for all applicants and occupants.
5. Occupancy: The tenant family sizes must be appropriate for the unit sizes and projects designed for particular populations are appropriately serving that population with housing and, if applicable, services.
6. Unit Turnover and Vacancy: Vacant units are turned over quickly and vacancies are minimized.
7. Physical conditions: The property must be maintained in good and tenantable condition and repair that ensures safe, secure and sanitary conditions. The property must comply with State Building Maintenance Codes and Housing Quality Standards. Spaces must be used for their intended purposes (housing units, common areas, storage, accessibility etc.) Projects with sustainable "green" features shall be maintained and operating as designed.
8. Long term repair and maintenance plan: Long-term replacement needs and capital improvements are adequately planned for and completed on schedule. Preventative maintenance and repairs are completed according to maintenance plan and schedule.
9. Sound project fiscal management: The project is operated according to sound fiscal management practices, and all reserves, taxes, utilities and debt service including any amounts due to the City are paid on schedule and reported as required.

- a. Revenue management: The grantee collects rents in a timely manner and in a way that ensures adequate income to the property; ensures compliance with contracts for operating subsidy and rental assistance.
 - b. Expense management: The grantee manages expenses by re-evaluating and re-procuring goods and services from time to time.
10. Community relations: The housing project is a good neighbor, which is measured by good maintenance, street appearance, and responsiveness to neighborhood concerns and complaints.

Annual performance letters; actions to resolve Findings

The Committee will provide performance letters each year to all grantees specific to their projects that have at least one full year of operation. The performance letter will:

1. Summarize the Committee's review of compliance and performance in the project monitoring areas described above;
2. Identify any instances of major or chronic non-compliance with terms of the grant agreement, subsidy contract or other grant documents ("Findings");
3. Specify actions required to resolve Findings that must be performed and documented by the grantee by a certain deadline, and/or specify a date by which the grantee must submit a plan to resolve Findings for Committee's review and approval.

The Committee may accept, accept with conditions, or reject a proposed plan to resolve Findings. If a grantee's plan includes a proposal for City funding, the grantee must make a significant financial contribution and satisfy all other requirements, as determined by the good standing requirements below.

A Grantee that disputes a Finding may submit a written protest to DMD within 30 days of receipt of the performance letter. A protest must state the reasons why DMD's determination of Findings was unjustified, provide copies of any supporting documents, and include affidavits or declarations as to any facts rebutting the basis for DMD's determination that are not established by other supporting documents. The Committee will direct DMD to make a written decision on a protest within 30 days of receipt. That decision shall be the final administrative decision of the City.

Good Standing

A Grantee is in good standing if

- (a) the Grantee has no Findings identified in its most recent performance letter;
- (b) DMD determines that the Grantee has remedied all findings in its most recent performance letter;

- (c) Grantee is diligently pursuing a plan accepted by the Committee or DMD to remedy Findings as promptly as feasible; or
- (d) the Grantee's timely protest of the Findings is upheld by Committee.

The Grantee has the responsibility to provide timely documentation to DMD to demonstrate that it has remedied Findings, or complied with the terms and conditions of DMD's accepted plan.

In January of each year, DMD will notify the Grantees that the Committee has determined are not in good standing. A notice that Grantee is not in good standing shall identify the Findings that the Grantee has not demonstrated are remedied, and/or action or conditions to the Committee's accepted plan that the Grantee has not diligently pursued or satisfied. Such notice shall also state that the Grantee and its Affiliated Entities are ineligible to apply for program funding until after a determination of good standing in the following year.

No determination of good standing, or failure to make a Finding, or acceptance of any plan to remedy Findings or actions thereunder, shall constitute a waiver or modification of any terms or requirements of loan documents or any other legal obligations of any grantee or other person, unless expressly so agreed in writing by the Committee. For example, DMD may pursue remedies for any default under loan documents even though the default is not considered a Finding, including, but not limited to:

- Increase interest rate or decrease loan terms
- Bar Grantee from receipt of future loans/grants
- Foreclosure upon mortgage
- Pursue any legal cause of action available to the Committee

DMD will maintain a list of non-compliant Grantees that will be identified as ineligible to participate or request funds from the Committee.