

## **AAP Program Specific Requirements**

### **National Housing Trust Fund (NHTF)**

#### **NHTF Funding Priorities CFR 91.320(k)(5)(i)**

Will the State distribute NHTF funds through grants to sub grantees?

N/A

Will the State distribute NHTF funds by selecting applications submitted by eligible recipients?

Yes, page 5 of the Wyoming Affordable Housing Allocation Plan defines eligible recipient as:

Recipient means an organization, agency, or other entity (including a public housing agency, or a for-profit entity or a nonprofit entity) that receives Tax Credit, HOME and/or NHTF assistance from a grantee as an owner or developer to carry out a Tax Credit, HOME and/or NHTF-assisted project. A recipient must:

1. Make acceptable assurances to the grantee that it will comply with the requirements of the Tax Credit, HOME and/or NHTF program during the entire period that begins upon selection of the recipient to receive funds, and ending upon the conclusion of all funded activities;
2. Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;
3. Demonstrate its familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with Tax Credit, HOME and/or NHTF funds to ensure compliance with all applicable requirements and regulations of such programs; and
4. Have demonstrated experience and capacity to conduct an eligible activity as evidenced by its ability to:
  - a. Own, construct, or rehabilitate, and manage and operate an affordable multifamily rental housing development OR
  - b. Design, construct, or rehabilitate, and market affordable housing for homeownership; and
  - c. Provide forms of assistance, such as down payments, closing costs, or interest rate reductions for purchasers.

Will the State distribute NHTF funds by selecting applications submitted by eligible recipients? If yes, describe all the criteria that will be used to select applications and the relative importance of these criteria. At a minimum, as required in §91.320(k)(5)(i), the selection criteria must include:

- Priority based upon geographic diversity
- Applicant’s ability to obligate HTF funds
- Applicant’s ability to undertake eligible activities in a timely manner

- For rental housing, the extent to which the project has Federal, State or local project-based rental assistance so rents are affordable to extremely low- income families
- For rental housing, the duration of the units’ affordability period
- The merits of the application in meeting the State’s priority housing needs
- The extent to which application makes use of non-federal funding sources

WCDA will ensure its NHTF recipients meet the definition of ‘eligible recipient’ under 91.320(k)(5)(i) by following the applicant selection criteria within the Wyoming Affordable Housing Allocation Plan, which assigns point values as follows:

**SPONSOR/APPLICANT CHARACTERISTICS (Maximum 40 points to negative 200 points)**

a. Experience and Credibility (Maximum of 40 points) A proposal will receive up to 40 points based on the developer's experience, financial stability and credibility in developing the proposed housing. Items considered include, but are not limited to, number of projects successfully completed, like projects completed with like sources, experience with WCDA or other allocating agencies (must provide contact person to verify experience with other allocating agencies). A proposal will receive up to the following points if the sponsor has had experience developing housing which resulted in successful, compliant projects:

- With no Federally imposed Restrictions 10 Points
- With Federally imposed Rent and Income Restrictions and cross cutting federal regulations 30 Points
- Using Tax Credits, HOME, and/or NHTF funds 40 Points

Developers will be classified by amount of experience and experience relevant to the type of project proposed. Based on this experience, developers will be classified as Tier 1, Tier 2 or Tier 3 defined as follows:

Tier 1 - Any developer who receives 35-40 points for Sponsor/Applicant Characteristics shall be classified as a Tier 1 developer and will only have to meet minimum requirements as set forth in the Affordable Allocation Plan for construction progress reporting throughout the construction period.

Tier 2 - Any developer who receives 20-34 points for Sponsor/Applicant Characteristics shall be classified as a Tier 2 developer and will be required to submit monthly progress reports and quarterly site visits will be performed throughout the construction period by the Wyoming Community Development Authority. Tier 2 developers will be required to engage a property management firm that has successful experience in managing projects under Low Income Housing Tax Credit, HOME Investment Partnerships, and/or NHTF programs within the State of Wyoming and has no outstanding compliance issues.

Tier 3 - Any developer who receives 0-19 points for Sponsor/Applicant Characteristics shall be classified as a Tier 3 developer and will be required to partner with a Tier 1 developer, or a consultant experienced with LIHTC, HOME and/or NHTF.

b. Developer Management Capacity (Up to a Negative 200 points) Up to a negative 200 points will be assessed for any or all of the following:

- Non-compliance with WCDA restrictions with no effort to correct will be assessed the full negative points.
- Financial condition of any and all existing projects
- Frequency, conditions and type of waivers requested from WCDA or other allocating agencies on previously funded projects
- Poor performance by Sponsors and developers, including but not limited to failure to provide all close out documents within 6 months of being placed in service, liens filed against projects, etc.
- Number of returned or recaptured allocations or awards
- Number of cleared and/or outstanding compliance issues.
- Sponsors or Developers with projects in the process of or in foreclosure, receivership, or similar legal action
- Financial stability of developer including, but not limited to, analysis of liquidity, short and long term liabilities and total assets and cross-collateralization.
- If a Developer, sponsor, related entity or material participant has ever been removed from a project or given a project back to a Syndicator, Investor or other financial source.
- Inconsistent information in the application and attachments.
- Excessive line item variances between original budget and actual costs on prior projects.

c. Financial Capacity (Maximum 10 points – Must score a minimum of 5 points)

Developer must be able to substantiate financial capacity to the Authority’s satisfaction. WCDA will examine key financial factors and ratios, including but not limited to liquidity, net worth, leveraging, etc., to assess adequate financial capacity.

**Recipient Application Requirements- § 91.320(k)(5)(ii)**

Will the State require that all recipient applications contain a description of the eligible activities to be conducted with NHTF funds as required in § 93.200- Eligible activities?

Yes  No

Will the State require that each eligible recipient certify that housing assisted with NHTF funds will comply with NHTF requirements?

Yes  No

**Performance Goals and Benchmarks- § 91.320(k)(5)(iii)**

SP-45 Goals and AP-20 Annual Goals and Objectives are detailed earlier in the NHTF Allocation Plan.

WCDA will insure the timely use of NHTF funds through the project timetable requirements laid out in the Wyoming Affordable Housing Allocation Plan, which states that all NHTF funded projects must:

- A. provide WCDA, within 30 days of notification of funding, the exact legal description of property and other information necessary to conduct an Environmental Review.
- B. file final project plans with the local jurisdiction within 60 days of notification of funding.
- C. All zoning and PUD approvals must be secured within 120 days of notification of funding.
- D. Construction must be scheduled to start within 6 months from notification of funding award.
- E. Final HOME and/or NHTF Award documents cannot be executed until firm financing is in place for ALL other funding sources. Thus, firm commitments from all funding sources must be provided to WCDA within 90 days of notification of award of funding.

**VI. OTHER REQUIREMENTS**

**Maximum Per-unit Development Subsidy Amount- § 91.320(k)(5) and § 93.300(a)**

- State developed its own maximum per-unit development subsidy limits and the limits are attached.
- State adopted limits used in other federal programs and the limits are attached

Maximum HOME/NHTF Subsidy per unit - Rental Units

# Bedroom	Per Unit Limit
0	\$88,000.00
1	\$101,000.00
2	\$122,000.00
3	\$158,000.00
4	\$174,000.00

The limits were derived from our current HOME subsidy per unit limits, and we have decided to implement the same subsidy per unit limits on NHTF funded units. We did this to allow consistency for developers to plan projects when submitting applications utilizing both funding sources.

An analysis of project costs was conducted as part of the most recent Allocation Plan development, comparing cost data from the ten most recent projects placed into service. This analysis showed an average per unit cost across all unit sizes well within these limits. Given the desire of WCDA to

aggressively leverage NHTF funding against other private and public sources, this average supports WCDA's decision to use the above-listed per unit subsidy limits for NHTF.

The above per unit subsidies are state-wide maximums. Wyoming has no Difficult Development Areas (DDA) and only seven Qualified Census Tracts (QCT) concentrated in four counties, thus various geographic subsidies per unit are not necessary. Projects submitted with costs above the tolerance level published in the Current Year Summary Attachment "A", may receive up to a negative 10 points for every 1% over the tolerance level, as outlined in the Scoring Criteria for WCDA's Affordable Housing Allocation Plan. Higher costs may not exclude a project from ranking and WCDA reserves the right to waive, all or a portion of the assessment of negative points, if in WCDA's sole discretion, high project costs are justifiable from information provided by the applicant.

**Rehabilitation Standards - § 91.320(k)(5)(iv) and § 93.301(b)**

- The State will use NHTF funds for the rehabilitation of housing and has attached its rehabilitation standards.
- The State will not use NHTF funds for the rehabilitation of housing.

Housing that is constructed or rehabilitated with NHTF funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In absence of a local code for new construction or rehabilitation, NHTF-assisted new construction or rehabilitation must meet: as applicable, the International Residential Code or International Building Code (as applicable to the type of housing) of the International Code Council. All new construction project must all meet the requirements in 24 CFR Part 93.301(a). All rehabilitation projects must meet all the requirements in 24 CFR Part 93.301(b).

WCDA will utilize its Federal Programs Rehabilitation Standards for Housing for the NHTF program. The WCDA Federal Programs Rehabilitation Standards for Housing are available on the WCDA website at <http://www.wyomingcda.com/documents/NSPRehab.pdf>.

**Disaster Mitigation Standards:**

As required by the Wyoming Affordable Housing Allocation Plan, all NHTF funded projects must provide certification that they are not located within the 100-year flood plain. Other than flood events, there are no other regularly-occurring natural disaster events located within developable areas of the state.

Since NHTF regulations require that NHTF-assisted units meet a minimum property standard, NHTF funds cannot be used for emergency repair programs.

**Minimum Replacement Reserves**

Minimum Replacement Reserves for new construction projects will equal to \$250.00 per unit annually for seniors and \$300.00 per unit annually for families are set aside to ensure the project is properly maintained. Minimum Replacement Reserves for rehabilitation projects will be property-specific, and will be based upon a reserve analysis developed from the project's capital needs assessment (CNA).

A CNA must be provided by an unrelated Professional CNA provider to include a unit by unit breakdown and budget at time of application. The CNA must include an estimate of the remaining useful life of major systems and estimates of replacement costs. Major systems include: structural support, roofing, cladding, weather proofing (windows, doors, siding, gutters), plumbing, electrical and heating, ventilations, and air conditioning.

The assessment should include an opinion as to the proposed budget for recommended improvements and should identify critical building systems or components that have reached or exceeded their expected useful lives. The Assessment should also include a projection of recurring probable expenditures for significant systems and components impacting use and tenancy, which are not considered operation or maintenance expenses, to determine the appropriate replacement reserve deposits on a per unit per year basis. The assessment should examine and analyze the following:

- a. Site, including topography, drainage, pavement, curbing, sidewalks, parking, ingress and egress, landscaping, amenities, water, sewer, storm drainage, and gas and electric utilities and lines;
- b. Structural systems, both substructure and superstructure, including exterior walls and balconies, exterior doors and windows, roofing system, and drainage;
- c. Interiors, including unit and common area finishes, carpeting, tile, plaster walls, paint condition, etc.), unit kitchen finishes, cabinets and appliances, unit bathroom finishes and fixtures, and common area lobbies and corridors; and
- d. Mechanical systems, including plumbing and domestic hot water, HVAC, electrical, lighting fixtures, fire protection, and elevators.

The required contributions must be placed in a restricted access Reserve Account which would require a signature from WCDA for any withdrawals which equal 5% or greater of the total account balance.

**Resale and/or Recapture Provisions- § 91.320(k)(5)(v) and § 93.304(f)**

- The State will use NHTF funds to assist first-time homebuyers and has attached the applicable resale/recapture provisions.
- The State will not use NHTF funds to assist first-time homebuyers.

**NHTF Affordable Homeownership Limits- § 91.320(k)(5)(vi) and § 93.305**

- The State will use homeownership housing and will use the HUD issued limits.
- The State will use NHTF for homeownership housing and has determined its own affordable homeownership limits and the limits are attached.
- The State will not use NHTF funds for homeownership housing.

**State Limited Beneficiaries or Preferences- § 91.320(k)(5)(vii)**

- The State will limit beneficiaries and/or give preferences to the following segments of the extremely low-income population. The groups listed have also been identified in the action plan.
- The State will not limit beneficiaries and/or give preferences to any segments of the extremely low-income population.

**Refinancing of Existing Debt- § 91.320(k)(5)(viii) and § 93.201(b)**

- The State will permit the refinancing of existing debt and the conditions under which the State will refinance existing debt are attached.
- The State will not permit the refinancing of existing debt.

**VII. GRANTEE CERTIFICATIONS**

- Consistency with plan- The jurisdiction must submit a certification that the housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan. Where the HOPWA funds are to be received by a city that is the most populous unit of general local government in an EMSA, it must obtain and keep on file certifications of consistency from the authorized public officials for each other locality in the EMSA in which housing assistance is provided. NHTF must be included in this certification.

**VIII. REQUIRED FORMS**

In addition to submitting an NHTF allocation plan, the State must submit and/or complete the following standard forms for its NHTF program.

- Standard form- 424: Application for Federal Assistance (§ 91.320(a))
- Standard form- 1199 A: Direct Deposit Sign up Form