

## Home Ownership Assistance Neighborhood Development (HOA ND)

HOA ND funds can be used for newly constructed or substantially rehabilitated housing under a formal agreement of the City of Columbia City Council with an approved non-profit Community Housing Development Organization (CHDO) or private for-profit developer. HOA ND funds for local approved CHDOs will be identified within the CHDO funding agreement and City approved underwriting guidelines. First time homebuyer requirements do not apply. All other HOA program requirements and CCLT Homebuyer purchasing policies apply to HOA ND participants.

### Eligibility and Assistance Amounts

1. For-profit entities and not-for-profit affordable housing development organizations may apply to utilize these funds.
2. For all new construction projects on privately owned land or rehabilitation projects on privately owned land involving a change in land use, a Phase I Environmental Site Assessment (ASTME 1527-05) identifying no Recognized Environmental Conditions, must be submitted, at the expense of the applicant at the time of application. For City owned properties, the City will complete this required review and incur the expense at its sole discretion.
3. Homes must be developed or significantly rehabilitated in a manner to meet City rehabilitation standards and current City adopted Building Codes.
4. Homes must be located within the city limits of Columbia and within Census Tracts 9, 21, and 7. Projects located within the 100 year floodplain are ineligible.
5. New construction projects must meet current City Building Codes and IECC standards. New construction homes must also meet the additional following design criteria:
  - Single or two car garage;
  - Passive radon venting system with rough-in for active system. A radon test must be completed and passed before the final draw will be released. Active radon mitigation fan will be installed at Contractor's cost in the event radon test results are above EPA minimum level.
  - At least one accessible, no-step entrance with at least a 36" door on an accessible route from site entry point; max threshold height: ¼" vertical, ½" beveled (1:2 slope);
  - Maximum 1:20 running slope and 1:50 cross-slope for exterior accessible routes;
  - 36" wide clear travel space along accessible routes;
  - 60" x 60" level (less than 2% slope in any direction) maneuvering space clear of door swing at accessible entrances; 18" clear space on pull side of door;
  - One wheelchair accessible bathroom;
  - Minimum 32" interior door panel and 42" hallways; 18" clear space on pull side of all doors, minimum of 30" x 48" approach space on push side.
  - First floor switches and environmental controls shall be placed no higher than 48 inches above the finished floor and electrical outlets no lower than 15 inches above the

finished floor to bottom outlet. Any switches/outlet above kitchen cabinets/bathroom vanity shall be placed no higher than 45 inches above the finished floor to switch or top outlet;

- Nominal 2x8 blocking placed in appropriate locations between studs to support installation of grab bars in the tub/shower and toilet areas of the wheel chair accessible restroom.
  - SIDING – FRONT, SIDES, & REAR: Engineered wood, or fiber cement board.
6. Eligible homebuyers must participate in a City-approved pre-purchase homebuyer's class and CCLT ground lease orientation course and must be documented prior to assistance being provided.
  7. The buyer is required to provide a minimum of \$500 toward the purchase, from the buyer's own funds. Inspection, appraisal or other similar costs paid by the applicant are eligible when accompanied by a copy of original paid receipts.
  8. The buyer must meet the front end (housing costs (PITI) to gross income) and back end (total debt to gross income) ratios established for the program (35% and 45% respectively). Ratios will be determined by lender underwriting criteria and definition of income. The buyer(s) must have an average combined credit score within 20 points of the current minimum Fannie Mae and Freddie Mac credit requirements, or demonstrate they have completed a City approved financial education course such as "Moneysmart".

#### Level of Subsidy

The HOA ND Subsidy shall be provided as a credit to the buyer upon closing with a City and CCLT qualified buyer. All projects must have an "as proposed" CLT Appraisal submitted with the application. The subsidy amount will be based upon the affordability gap defined as the difference between the "CLT appraised value" and the level of subsidy needed to obtain an "80% LTV ratio" and not to exceed \$50,000. The CLT appraised value must be in accordance with the Fannie Mae CLT appraisal provisions, which take into account the lease hold value of the property, resale provisions and monthly lease fee amount.

Prior to closing, the qualified lender for the participant shall also require a "CLT appraisal" as defined by Fannie Mae guidelines for the project. The buyer's appraisal shall be the final appraised value amount to determine the final level of subsidy to cover the "affordability gap" defined as the difference between the "CLT appraised value" and the level of subsidy needed to obtain an "80% LTV ratio" and not to exceed \$50,000. For projects completed on real estate provided to the developer from the City or CCLT, the subsidy amount shall not exceed \$30,000.

#### Developer Documentation

1. Project Description including map, diagram, drawings and/or pictures.

2. Provide an overview of the organization's history and experience in developing affordable housing and homeownership opportunities, as well as experience in working with City programs, including the CDBG or HOME programs.
3. Detailed project budget including a sources and uses statement of construction costs on the attached "Form X" document.
4. As proposed appraisal for the proposed project.
5. Completion of a Phase I ESA, if project is to be developed on privately owned land and involves new construction or substantial rehabilitation with a change in land use.

#### Developer Underwriting Requirements

1. Project budget shall be supported with reasonable costs for all construction soft costs and hard costs consistent with industry standards.
2. Development fees shall be no more than 10% of total developer costs.
3. CHDO proceeds at sale shall be restricted to eligible uses identified within the CHDO agreement.
4. The final sale price shall be no more than the CLT appraised value per Fannie Mae CLT appraisal guidelines.
5. Eligible participants shall pay the "base price" defined as the amount necessary to obtain an 80% LTV based upon the CLT appraised value of the home and as noted in the CCLT Ground Lease.
6. All real estate within the program must have merchantable title as defined by the Missouri Bar Title Examination Standards and any objections must conform to those standards.
7. At closing on sale to qualified buyer, the developer shall convey the improvements to the eligible buyer by use of a Limited Corporate Warranty Deed for Improvements Only and be subject to the CCLT's most current ground lease for said property. At closing on sale to qualified buyer, the developer shall convey the land to the CCLT through a Limited Corporate Warranty Deed (Excluding Improvements).

#### Funding Process

1. The City reviews the application and staff consults with developer for an estimated subsidy amount. For rehab projects, this will include a checklist indicating items that must be addressed to bring properties up to the City's property maintenance code and

the City's Housing Rehabilitation Standard; and address hazardous materials on the site, including lead-based paint.

2. Staff reviews plans, specifications, project budget, Phase I ESA and completes a NEPA Part 58 Environmental Review to determine project eligibility and any required mitigation.
3. Upon determination of a qualified project, an agreement is to be executed between the CCLT and the entity with a qualified project.
4. Upon CCLT approval, City staff will formulate an agreement to be considered between the City and the developer, as well as a staff report detailing project underwriting and resolution for Council consideration of the agreement.
5. Upon Council approval of the agreement, City staff will be authorized to provide the developer a notice to proceed.
6. The developer is responsible for marketing and selling the house to a qualified buyer, and City staff at its sole discretion will determine if the buyer meets income and eligibility criteria as defined by City HOA program guidelines and CCLT homebuyer selection policy criteria.
7. Subject to compliance with all requirements satisfactory to the City, the City will provide HOA ND funds at closing, which will be shown as a credit to the qualified buyer and identified as a "gift of equity" as allowed for by Fannie Mae in CLT home sales. Buyer loan to value ratio shall be determined by the final CLT appraised value of the property.
8. At closing, the City and Developer agreement shall require the land to be donated to the CCLT and only the improvements shall be sold subject to a qualified buyer and subject to the CCLT Ground Lease. Buyers shall execute all closing documents as the City may require.