

Home Ownership Assistance Neighborhood Development (HOA CLT)

HOA CLT 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 the Columbia Community Land Trust (CCLT). HOA CLT funds for local approved CHDOs will be identified through the CHDO RFP process and within the CHDO funding agreement and City approved underwriting guidelines. HOA CLT funds for the Columbia Community Land Trust will be identified as properties are obtained and identified for redevelopment. First time homebuyer requirements do not apply. All other HOA program requirements and CCLT Homebuyer purchasing policies apply to HOA CLT participants.

Eligibility and Assistance Amounts

1. The Columbia Community Land Trust and City certified CHDOs shall be authorized to apply for these funds. It is the intent of the City to partner with private developers through the CCLT in order to meet provisions stipulated in 24 CFR 92.200 requiring jurisdictions to “make all reasonable efforts to maximize participation by the private sector.” These partnerships shall be formed with the intent of fulfilling affordable housing needs beyond the capacity of local Community Housing Development Organizations (CHDOs), rather than in a manner that competes with local CHDOs.
2. For all new construction projects or rehabilitation projects involving a change in land use, a Phase I Environmental Site Assessment (ASTME 1527-05) identifying no Recognized Environmental Conditions and full Environmental Assessment (EA), must be completed, at the expense of the CCLT for land to be obtained by the CCLT. The Phase I ESA and EA must be fully completed according to NEPA Part 58 and prior to purchase or accepting of donated lot. 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. 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; or carport, provided that a minimum of 100 square foot of enclosed storage space is included within the carport or attached to the exterior of the house.
 - 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".
 9. All projects funded directly through the CCLT shall be required to procure vendors in accordance with 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and current CCLT Accounting and Purchasing Procedures.

Level of Subsidy

The HOA CLT development subsidy shall be provided as a grant to the CCLT. 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 base price for the buyer shall be 80% of the CLT Appraised Value and shall be reached by providing a “gift of equity” to the buyer at closing. The appraisal shall be in accordance with 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 CLT 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.

Project Underwriting Requirements

1. Project budget shall be supported with reasonable costs for all construction soft costs and hard costs consistent with industry standards. Costs shall be submitted within City approved “Form X.”
2. Development fees shall be estimated at no more than 10% of total builder costs.
3. Project underwriting shall be estimated in a manner to allow the CCLT the collect proceeds at sale equal to 5% of total builder costs.
4. Proceeds at sale shall be restricted to eligible uses identified within HOME regulations and as specified within the CHDO agreement, as applicable.
5. The final “sales price” listed on the closing statement shall be no more than the CLT appraised value per Fannie Mae CLT appraisal guidelines.
6. A gift of equity shall be provided to the buyer at closing to obtain the buyer’s “base price” which will be equal to 80% of the market appraised value.
7. 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.
8. 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.
9. At closing on sale to qualified buyer, CHDOs 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, CHDOs shall convey the land to the CCLT through a Limited Corporate Warranty Deed (Excluding Improvements).

Funding Process

1. The City formulates a report for properties purchased or donated through the Acquisition and Demolition Program or acquired by the CCLT 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 compiles preliminary plans, specifications, project budget, Phase I ESA and completes a NEPA Part 58 Environmental Review to determine project eligibility and any required mitigation.
3. In projects involving a CHDO, an agreement is to be executed between the CCLT and with the CHDO completing the projects.
4. Upon CCLT approval, City staff will formulate an agreement to be considered between the City and the CCLT, as well as a staff report detailing project underwriting and resolution for Council consideration of the agreement.
5. Upon Council approval of the agreement, the CCLT or local CHDO will be authorized to proceed.
6. CHDOs are responsible for marketing and selling their homes 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. The CCLT will be responsible for marketing and selling their homes to a qualified buyer in cases where they are acting as a developer.
7. Subject to compliance with all requirements satisfactory to the City, the City will provide HOA CLT funds as part of the development and drawn down as costs are incurred. A subsidy that results in an 80% LTV ratio as it relates to the CLT appraised value shall be provided to the buyer. The subsidy shall 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. In projects involving a CHDO, the City and CHDO 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.