

City of Columbia
Community Development Block Grant (CDBG)
&
HOME Investment Partnerships Program (HOME)
Administrative Guidelines

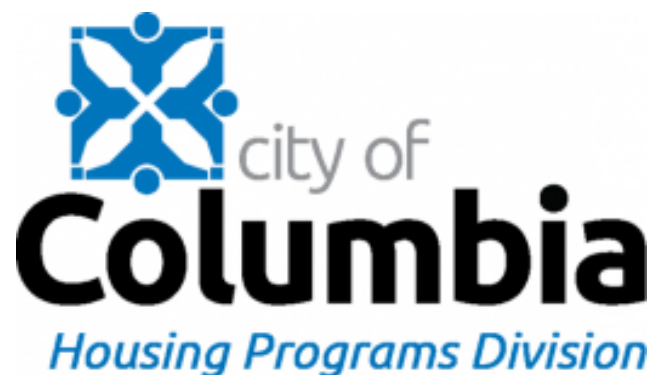


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Policy Changes and Updates Table

Action	Affected Section	Page(s)	Date
Approval	Entire document	Entire document	August 31, 2021
Update to Part D of the Homeownership Calculator	Chapter 3	22-23	March 3, 2022
Update to Criteria #6 of the Rehab Program Subordination Policy	Chapter 10	63	March 3, 2022
Added Energy Efficiency Program	Chapter 2	9	August 25, 2022
Updated Income and Household limits	Appendix B	71	January 31, 2023
Updated Income Limits	Appendix B	71	May 24, 2023
Updated Radon requirements and Change Order procedure for Rehab & Energy Efficiency Programs	Chapter 2	10-11, 14	June 18, 2025
Updated Homeownership Assistance Program assistance amount and asset limit	Chapter 3	19, 24	June 18, 2025
Updated Income and Purchase Price Limits	Appendix B	71	June 18, 2025
Approval	Entire Document	Entire document	April 3, 2026

Chapter 1: Definitions

Appraisal—An unbiased professional opinion of a home or land value.

Area Median Income—Midpoint of a region's income distribution, meaning half of the households in a region earn more than the median and half earn less than the median.

CAPER (Consolidated Annual Performance and Evaluation Report)—Provides an annual performance reporting on client outputs and outcomes that enables an assessment of grantee performance.

CDBG (Community Development Block Grant)—Provides annual grants on a formula basis to states, cities, and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. The program is authorized under Title 1 of the Housing and Community Development Act of 1974.

CHDO (Community Housing Development Organization)—Private nonprofit, community-based organization that has staff with the capacity to develop affordable housing for the community it serves.

City—City of Columbia

Clear Title—A title without any type of lien or levy from creditors or other parties that would pose a question as to legal ownership of a property.

Consolidated Plan (ConPlan)—A plan designed to help states and local jurisdictions to assess their affordable housing and community development needs and market conditions, and to make data-driven, place based investment decisions.

Debt-to-Income—In the consumer mortgage industry, debt to income ratio is the percentage of a consumer's monthly gross income that goes towards paying debts.

Deed of Trust (DOT)—Legal instrument which is used to create a security interest in real property wherein legal title in real property is transferred to a trustee which holds it as security for a loan between borrower and lender.

Due on Title Transfer—Payment for a loan is due in full upon the transfer of the title of a property from one entity to another.

Flood Plain—River or stream flood hazard area. For the 100 year flood plain the area has a 1% or greater chance of shallow flooding each year.

FTE (Full Time Equivalent)—A unit that indicates the workload of an employed person in a way that makes workloads or class loads comparable across various contexts.

HCDC (Housing and Community Development Commission)—Nine-member commission which acts in an advisory capacity in all matters pertaining to affordable housing and community development. Considers the annual application for expenditures of federal funds.

HELOC (Home Equity Line of Credit)—A loan in which the lender agrees to lend a maximum amount within an agreed period, where the collateral is the borrower's equity in their house.

Homeownership Counseling—A type of housing counseling that covers the decision to purchase a home, the selection of a home, and issues arising during or affecting the period of homeownership.

HOME (Home Investment Partnership Program)—Provides formula grants to states and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people.

HPD (Housing Programs Division)—A sub-unit of the Housing and Neighborhood Services department of the City of Columbia.

HUD (United States Department of Housing and Urban Development)—A Cabinet department in the executive branch of the U.S. federal government.

HVAC—Heating, Ventilation, and Air Conditioning.

IDIS—Integrated Disbursement Information System- nationwide database, provides HUD with current information regarding the program activities underway across the nation, including funding data. HUD uses this information to report to Congress and to monitor grantees.

Lead-Based Paint Risk Assessment- On-site investigation to determine the presence, type, severity, and location of lead-based paint hazards in paint, dust, and soil.

L&G (Loan and Grant Committee)—A five-member committee appointed by the City Manager to review and make decisions on loan applications for the City's housing programs, to review and make decisions on loan terms and requirements, and all other duties as assigned by the Director of Housing and Neighborhood Services, City Manager, or City Council.

LIHTC (Low Income Housing Tax Credit)—A program- provides a federal tax credit to investors in affordable housing. Administered in Missouri by MHDC.

LMI (Low to Moderate Income)—Income determination for a household making less than 80% of the area median income as defined by HUD.

MBE (Minority Owned Business Enterprise)—A business which is at least 51% owned by one or more minority.

MHDC (Missouri Housing Development Commission)—A state agency that provides funding for home loans to qualified first time buyers through a network of certified private mortgage lenders. MHDC also administers Low-Income Housing Tax Credits.

Microenterprise—A business operating on a very small scale, especially one with a sole proprietor and fewer than six employees.

Money Smart—A Federal Deposit Insurance Corporation (FDIC) financial education program to help people of all ages enhance their financial skills and create positive banking relationships.

National Objective—The CDBG program requires each funded activity meet one of three objectives including benefitting low-to-moderate income persons, aiding in the prevention or elimination of slums or blight, or meeting a need of having a particular urgency.

NRT (Neighborhood Response Team)—Residential code enforcement program that works to enforce a variety of health, building, vehicle and zoning ordinances in an effort to protect property values and the quality of life in designated Columbia neighborhoods.

PHA—Public Housing Agency

PITI (Principle, Interest, Taxes, and Insurance)—The sum components of a mortgage payment.

Promissory Note (PN)—A signed document containing a written promise to pay a stated sum to a specified person or the bearer at a specified date or on demand.

Rehab Standards—Minimum standard of measurement adopted by the City for the HOME program to determine that a unit is safe, decent and sanitary for human habitation following rehabilitation.

RFP—Request for proposals is a process that solicits proposals often by a bidding procedure to obtain a commodity, service, or asset.

SBA—The U.S. Small Business Administration.

Section 3—Ensures that preference for employment, training and contracting opportunities generated from the expenditure of certain HUD funds is directed to local low-income persons.

Small Business—In relation to the Small Business Recovery Loan program is a business with more than 5 employees and less than 50 FTE.

Subordination—A legal agreement that prioritizes one debt over another for securing repayments from a borrower. The agreement changes the lien position.

Third Party Inspection—A home inspection provided by an independent company or individual not associated with the buyer or seller. The inspection findings are contained in a report and identifies areas of the home that warrant repair or attention.

URA (Uniform Relocation Act)—A federal law to ensure fair compensation and assistance for those whose property was compulsorily acquired for public use under eminent domain law.

WBE (Woman Owned Business Enterprise)—A business which is at least 51% owned, operated and controlled on a daily basis by one or more women.

Chapter 2: Homeowner Rehab Program and Energy Efficiency Program

Energy Efficiency Program Goals and Objectives

The purpose of the Energy Efficiency Program is to make existing homes more energy efficient, therefore reducing housing costs for the homeowner. This has an immediate impact that increases comfort for Low to Moderate Income homeowners and eases the financial burden of paying energy bills.

Items that can be replaced or upgraded under the Energy Efficiency Program:

1. **Furnace**—Energy Star Rated
2. **Air Conditioner/Heat Pump**—Energy Star Rated
3. **Toilets**—WaterSense Certified/1.28 Gallons Per Flush or less
4. **Attic Insulation**—Brought up to R-50
5. **Crawl Space**—Encapsulating the Crawl Space by insulating the walls to an R-10 and installing a vapor barrier on floor. The crawl space must not have any water in it to be eligible.
6. **Ductwork**—Insulating ductwork to an R-13 in unconditioned spaces
7. **Windows**—Replacement windows with a U-factor of .30 or below

Energy Efficiency Program participants will receive a 5-year forgivable loan, up to \$20,000, forgiven at 20% per year over the 5-year period. Loan payoff statements will be calculated on an annual basis.

Homeowner Rehab Program Goals and Objectives

The purpose of the Homeowner Rehab Program and Energy Efficiency Program is to bring existing homes up to property maintenance and rehabilitation standards, make homes more livable and efficient, and strengthen neighborhoods. This program is not intended to be used for homeowners who intend to sell their property upon completion of the project. Homeowner Rehab Program projects may be funded with CDBG or HOME funds or other funds as available. HOME funded rehab projects must meet HOME rehab standards.

Application Processing

Applications will be processed in the order that complete applications are received

1. Housing Programs Division Staff will do the following:
 - a. Review all applications.

- b. Verify occupancy and ownership.
 - c. Verify income of applicant and eligibility.
 - d. **Order** third party inspection for projects estimated to be over \$20,000
 - e. **Schedule an Energy Audit, Radon Test, and a Lead Test (If home built prior to 1978)**
 - f. Identify needed work and prepare a work write-up and cost estimate.
 - g. Identify and complete required environmental review elements (e.g. Historic properties review, Lead **Hazard** Risk Assessment, flood plain certification.)
 - h. Obtain an “as is” appraisal of property in current condition and “as proposed” appraisal after completion of work for projects estimated to be over \$20,000.
 - i. Conduct a staff review of all areas and recommend action to the Housing Programs Manager. This review shall be based on criteria which will reflect an economic feasibility of rehabilitation environmental, historic and zoning regulations.
 - j. Establish bid dates for contracts and prepare bid documents.
 - k. Review contracts and recommend awards.
2. Loan and Grant Committee will **do the following**:
- a. Review project file for projects over \$20,000 and staff recommendations.
 - b. **Review** loan and grant structure in accordance with guidelines for an eligible project over \$20,000.

Eligibility and Assistance Amounts

1. All applications will be processed in the order they are received **with the exception of priority-type repairs as previously determined by the local HUD Field Office as having an urgent nature and needing immediate attention. These repairs include the following**:
 - a. **Leaking Roof (evidence of the roof actively leaking must be determined by Housing and Neighborhood Services)**
 - b. **Lack of Heat**
 - c. **Lack of water, i.e. broken water line**
 - d. **Collapsed sewer lateral**
 - e. **Water Heater.**
 - f. **Electrical hazard that poses a fire risk**

Homeowners experiencing situations as described above will not need to be placed on the waiting list and can receive an application upon request. If it is determined that the homeowner does not in fact have an urgent situation as described above, then the application will not be processed.

2. The applicant household income must be at or below 80% of the **area** median family income as defined by HUD to participate in the Homeowner Rehab Program at the time their application is processed. Homeowners with more than \$50,000 of identifiable resources readily available to the project are ineligible. Assets held in retirement accounts are not considered readily available.
3. Authorization will be received from the homeowner(s) to obtain a credit score for each applicant for projects over \$20,000 prior to the Loan and Grant Committee meeting where their application will be reviewed. Applicants must have a combined average credit score within 20 points of the current Fannie Mae and Freddie Mac minimum requirements to be eligible for assistance over \$20,000, unless the applicant has completed a City approved financial education course such as "*Money Smart*" or "*Credit Smart Home Buyer U.*" Applicants currently undergoing bankruptcy proceedings are ineligible.
4. The property must be located within the City Limits and not within a designated flood plain area or on land known to be the site of previous dumping of toxic or hazardous wastes. Mobile homes are not eligible **to participate**. Condo units may be eligible if the work write up is specific to areas and systems that are the responsibility of the homeowner.
5. The property must be owner-occupied and have clear title. Properties held by a life estate are ineligible. At the time of application, the applicant must be current on all mortgages for the past 6 months and not more than 60 days behind on their mortgages within the past 12 months. The property owner must have hazard insurance on the property in a sufficient amount to cover existing liens, including the potential rehabilitation loan. If the property is owned by more than one individual, all owners **and their spouses** must sign required legal documents relating to the rehabilitation project, including, but not limited to, the deed of trust and rehabilitation contract, even if they do not reside in the property to be rehabilitated.
6. If the property contains violations to the City property maintenance standards, and/or rehabilitation standards they must be corrected during the project. The minimum project cost is \$1,000. The Homeowner Rehab Program may address both interior and exterior deficiencies. All projects must be inspected for Radon according to HUD guidelines. If Radon mitigation is necessary, that amount can be granted, but the granted amount comes off of the available total project costs.
7. For projects over \$20,000, the property must comply with the applicable program rehabilitation standards at completion of project **and all** substandard items **must** be rehabilitated. The rehabilitation cost cannot exceed the program loan limit unless the applicant provides the necessary additional funds, which may not exceed \$10,000.

8. The maximum project amount is \$50,000. Housing Programs Division may authorize loan funds above the program loan limit after project work has started, **and to account for change orders for truly unforeseen conditions** in order for the property to meet rehabilitation standards at project completion.
9. In homes containing lead paint hazards, the City will grant lead remediation or abatement activities **up to a maximum of \$10,000. Any additional lead remediation or abatement costs will be part of the rehab loan.** Homeowner Rehab Program maximum project limit is \$50,000 per home. Program administration funds will be provided as a grant to cover costs associated with appraisals, third party inspections, lead inspections, engineering inspections, and other costs necessary for work scope development for each project.
- ~~10. A non-lead home verified by a risk assessor, or a home that will be lead-safe at the completion of the project, may be eligible for a rehabilitation loan amount of \$50,000. Homes must be brought into compliance with City property maintenance standards for CDBG funded projects or HOME rehabilitation standards for HOME funded projects at the completion of the project.~~
11. The applicant and/or the structure for which the application is being made cannot previously have received a City of Columbia **Community Development Department** loan or grant for owner occupied housing rehabilitation with the past 20 years if the funding source for the project was HOME funds. Repeat applications from the same owner-applicant for a different property will be accepted only if the debt from the first property has been repaid.
12. Owner-applicants wishing to participate in the program shall allow for at least 1 hour of one-on-one education with regards to home maintenance.
13. Applicants who have previously participated in the Minor Home Repair Program, Code Deficiency Abatement Program or Emergency Assistance Program are eligible **to participate**. However, any outstanding assistance amounts will be deducted from the maximum allowed under the Homeowner Rehab Program.
14. The applicant must sign a Promissory Note and Deed of Trust for the loan amount.
15. Payment of real-estate taxes must be current.
16. Should a project be determined infeasible for rehabilitation due to a lack of funding or not meeting eligibility criteria, the City reserves the right to reject the owner's application.

Income Determination Method

1. Household income is determined for all US citizens or qualified resident aliens residing in the home and those temporarily absent. Where multiple entities are owners of record of a

property, the applicant is the owner-occupant and his/her family. The annual income of each household member is established by projecting income for 12 months from the time the applicant's application is considered. Verification of each source of income declared on the household application is required (e.g. third-party verification, a certified copy most recent tax return, or other approved methods acceptable to HUD and Housing Programs Division staff.

2. Current Income limits will be published on the City of Columbia's Housing Programs Division website.

Eligible Costs

Loan funds are used for improvements deemed necessary by Housing Programs Division staff, including, but not limited to, one or more of the following:

1. For projects over \$20,000, Work necessary to meet the program rehabilitation and property maintenance standards for the City of Columbia and HUD.
2. Building permits and related fees.
3. Addressing lead-based paint hazards identified by a risk assessor.
4. HVAC equipment repair or replacement.
5. Energy efficiency improvements.
6. Structural repairs.
7. Landscaping where needed as a result of eligible project activity.
8. All materials, fixtures, equipment, or landscaping shall be of a quality customarily used in the neighborhood for properties of the same general type as the property to be rehabilitated when feasible. **The owner may elect to upgrade for higher quality materials but will be responsible for paying the difference.**

Ineligible Costs

Homeowner Rehab Program projects shall not provide funding for **room additions, new garage construction, bathroom or kitchen remodels, "open-concept" designs, unit conversions to reduce density, i.e. converting from a duplex to a single-unit,** creating finished living space from unfinished areas (i.e., garages and basements), exterior improvements such as adding fencing and landscaping, replacement of items determined to be in good condition by Housing Programs Division Staff, or purchase and installation of appliances, such as refrigerators, **dishwashers, microwaves,** stoves, **or** window air conditioning units except as allowed in the Minimum Housing Rehabilitation Standards for HOME Assisted Projects.

Work Write Up

1. Housing Programs Division staff shall prepare a deficiency list and work write-up in accordance with the City's Property maintenance Standards and the City's Minimum Housing Rehabilitation Standards for HOME assisted Projects, to document the rehabilitation work to be financed with a rehabilitation loan.
2. Housing Programs Division staff may utilize the third-party inspection, engineering reports, lead **hazard** risk assessments, **radon tests, energy audits**, and all other relevant information to develop an appropriate work write up. Specific requests from homeowners may be considered if they are in regards to an eligible deficient area or item.
3. Once a work write up is complete the Housing Specialist will invite approved contractors to attend a formal walk-through. Bid packets may be mailed or emailed to selected contractors. All bids will be received by the Housing Programs Division on behalf of the homeowner.
4. Participant homes shall meet current City of Columbia Property Maintenance Standards and Minimum Housing Rehabilitation Standards for HOME assisted Projects at the completion of the project for projects over \$20,000.
5. Contractor workmanship shall conform to current Minimum Housing Rehabilitation Standards for HOME assisted Projects on file with the Housing Specialist.

Change Orders

The Housing Programs Manager, with the consent of the property owner, may approve change orders to the work write up if the amount of the contract is not increased more than \$3,000. Changes in excess of \$3,000 must be approved by the Director of **Housing and Neighborhood Services**, and with the consent of the property owner. **Change orders for truly unforeseen conditions will be provided in the form of a grant.** All change orders shall be prepared by the Housing Specialist and shall be signed by the property owner, or the designated representative of the property owner, a representative of **Housing and Neighborhood Services**, and the contractor.

Payment Process

1. The Housing Specialist and Housing Programs Manager shall approve and present requests for progress and final payments to the Director of **Housing and Neighborhood Services** for review prior to payment from the CDBG/HOME account. When additional owner funds are required, **the Owner will be required to provide payment prior to the start of the project for their portion. Upon satisfactory completion of the work as determined by Housing and Neighborhood Services, the owner's payment will be released to the**

contractor. The City's Housing Specialist shall inspect each project under contract not less than once per week until each project is completed

2. Upon request, a written progress report concerning the Housing Programs Division and/or a financial statement shall be provided to the City's Loan and Grant Committee, the City Manager, or the City Council.
3. The Housing Specialist shall be responsible for keeping a running balance of rehabilitation funds authorized, obligated, and expended in the rehabilitation programs. Balances kept by the Housing Specialist shall be reconciled with the City's Financial Management Office no less than quarterly.
4. The Housing Specialist shall maintain project files, including legal paperwork and financial information on check requests and disbursements.
5. Partial payment shall be made when a progress payment request form has been submitted by the contractor. Said form must be signed by the Housing Specialist and the owner.
6. Not more than 92.5% of final contract shall be paid out to a contractor unless the following information has been filed with the City: a certificate of completion signed by the Housing Specialist; a certificate of acceptance signed by the property owner, notarized lien waivers have been provided by the general contractor, subcontractor(s), and all material suppliers, lead-based paint clearance standards have been met (if applicable), and all warranties have been provided by the contractor(s). If a homeowner refuses to sign a certificate of acceptance, the Housing Specialist should apply the following procedure:
 - a. Request a written list of the items not completed to the owner's satisfaction. Upon receipt of a deficiency list from an owner, the Housing Specialist shall re-inspect the property in accordance with the list as well as the terms of the contract.
 - b. If the Housing Specialist does not receive a deficiency list within 10 days, the Housing Programs Division will consider the matter closed after a determination that the contractor has fulfilled the terms of the contract. Whether or not the Housing Specialist receives a list from the owner, the Housing Specialist must review the contractor's work to determine if the contractor has fulfilled all of the terms of the contract.
 - c. When the contractor has addressed all reasonable requests of the owner and the house meets the City's minimum property maintenance standards and the terms of the contract have been fulfilled, the Housing Specialist should again present the certificate of acceptance to the owner(s) for their signature.

- d. If the owner still refuses to sign, the Housing Specialist shall request a final list of deficiencies from the owner to present to the Housing Programs Manager.
- e. When the Housing Programs Manager determines that the work is complete, terms of the contract fulfilled, reasonable requests by the owner addressed, and the house meets the city's property maintenance standards and Housing Rehabilitation Standard, the certificate of completion may be signed by the Housing Programs Manager. Any further complaints by the owner should be placed in the file.
- f. ~~Refusal or inability of a homeowner to sign an approved draw check over to a contractor, may result in the check being voided and a new check being cut directly to the contractor.~~

Loan Structure

1. Grants

Project funding in which compliance with HUD-funded mandates are required on an individual project will be provided in the form of a grant. The owner(s) will be required to sign a grant agreement. The following types of repairs will be provided as a grant:

- a. Remediation of lead-based paint hazards
- b. Radon mitigation
- c. Noise attenuation as required by the environmental review
- d. Asbestos remediation
- e. Damage caused by exploratory testing

2. Deferred Loans

- a. Deferred Loans will be granted to households headed by persons aged 62 or older; individuals with disabilities; or when front end or back end ratios, including utilities, exceed 35% or 45% respectively.
- b. Repayment is not required as long as the recipient continues to both own and occupy the property. Vacating the property, selling the property, or transferring ownership will result in repayment in full of the deferred payment loan.

3. Installment Loans

- a. Regular monthly payments will be established for participants not eligible for deferred status loans as provided for in these guidelines. Flat rate payments will be established for 50% of the loan amount. Flat rates are broken into 5 tiered categories as follows:

Homeowner Rehab Program Loan Payment Schedule			
Project Tier	Final Rehab Project Amount		Monthly Payment
I.	Up to \$15,000	\$	50.00
II.	\$15,001-\$20,000	\$	75.00
III.	\$20,001-\$30,000	\$	100.00
IV.	\$30,001-\$40,000	\$	125.00
V.	\$40,001-\$50,000	\$	150.00

- b. Monthly payments shall not result in back end ratios exceeding 45%. In cases where the monthly payment schedule results in the participant's back end ratio exceeds 45%, the participant's payment shall be reduced down to the next tiered category until the payment amount does not cause the ratio to exceed 45%. If the tier I category still results in a participant household's ratio to exceed 45%, then the loan shall be in deferred status. Participants may make payments on the deferred portion, however it is not required.
- c. Loan are provided at 0% interest.
- d. Foreclosure proceedings may start if payments are three or more months in arrears.
- e. In the event the property receiving assistance is no longer owned or occupied by the participant, or is not maintained to City of Columbia Property Maintenance standards, the balance of the rehabilitation installment and forgivable loans shall be paid in full. The City may also establish a payment plan for the balance of the rehabilitation loan.

3. Forgivable Loans

- a. When the total rehab loan amount plus all existing home debt (mortgage, 2nd mortgage, previous rehab assistance loans) is greater than the "as-proposed" appraised amount. The loan is eligible for a forgivable portion.
- b. Loan forgiveness is determined by subtracting the "as proposed" appraised value from the total housing debt. The forgivable amount is forgiven 10% per year over a 10 year period.

4. Rebates

- a. In the event any rebates are earned and paid from City of Columbia Water and Light or Boone County Electric Cooperative as a direct result of the use of Federal funds the owner shall endorse, transfer and assign the rebate proceeds over to the Housing Programs Division to be applied to the principal of the City loans.

5. Loan Approval

- a. Once bids are received the homeowners selects from the approved bids.
- b. The approved bid and application will be presented to the Loan and Grant Committee at the next scheduled meeting.
- c. The Loan and Grant Committee will hear a description of the project from the Housing Specialist along with the proposed loan structure.
- d. The Loan and Grant Committee will determine if the proposed loan and grant are within these guidelines.

6. Loan Cancellation

An approved rehabilitation loan may need to be canceled because the applicant has requested cancellation or is unwilling or unable to participate in the rehabilitation program, or for other reasons. To cancel an approved rehabilitation loan, the Housing Specialist shall prepare a letter outlining the reasons for canceling the loan and distribute the letter to the applicant. A copy of this letter will be maintained in the project file.

Example: Homeowner Rehab Program Loan Set Up	
Homeowner	45 year old, single, 23% Front, 33% Back Ratios
Rehab Project Final Amount	\$38,000
Past Rehab Project Loans	\$5,000
Current Mortgage Debt	\$115,000
Total Housing Debt	\$158,000
As Proposed Appraisal	\$145,000
Forgivable Loan Amount	\$13,000
Forgivable Amount Per Year	\$1,300 for 10 years
Remaining Loan	\$25,000
Deferred Portion- 50%	\$12,500
Amortized Portion	\$12,500
Monthly Payment- Tier IV	\$125.00/month
Number of Payments	100

Chapter 3: Homeownership Assistance Program (HOA)

Program Goals and Objectives

The purpose of the Home Ownership Assistance Program is to make homeownership more affordable for low to moderate households through down payment and/or closing cost assistance to qualified households purchasing a home within the City of Columbia. Applications will only be considered from qualified buyers with properties under contract.

Application Eligibility

1. Maximum assistance amount for any household is \$20,000. An eligible household minimum assistance amount is \$10,000.
2. Complete applications must be received 30 days prior to the scheduled closing. Applications received that have closing dates scheduled in less than 30 days, may be subject to disqualification, unless the sale closing date is adjusted to meet the 30 day requirement.
3. The homebuyer shall authorize the City of Columbia to collect and receive any information needed from the lender or other sources necessary to ensure eligibility and funding amount. Buyers shall authorize the City to be provided the final HUD Settlement Statement and Warranty Deed 24 hours in advance of closing and shall be provided the Buyer's signed copy of both documents immediately after closing.
4. Should a home or applicant be determined infeasible for Home Ownership Assistance due to a lack of funding or not meeting the eligibility criteria, the City reserves the right to reject the application.

Household Eligibility

1. The applicant household must be at or below 80% of the **area** median family income as defined by HUD to participate in the Home Ownership Assistance Program at the time their application is processed. Applicants with more than \$25,000 of identifiable resources readily available for the purchase of a home are ineligible, unless the amount over \$25,000 is invested into the home **at closing**. Retirement assets are not considered readily available and are not counted towards the asset limit.
2. The property must be maintained as an owner-occupied residence. The property owner must have hazard insurance on the property in a sufficient amount to cover existing liens. If the property is owned by more than one individual, all adult owners residing in the household must sign required legal documents relating to the purchase.

3. Applicants must be first time homebuyers (an individual and his/her spouse who have not owned a home in the past three years), or displaced homemakers. A displaced homemaker is a person who has been providing unpaid services to family members in the home and is now no longer supported by a family member and is underemployed or unemployed and having a difficult time finding an upgrade to housing and/or employment status.
4. ~~Dependent students are eligible if they are over age 23, a veteran, a ward of the Court, or a graduate student with a B.A. or B.S. degree. If none of these apply, the entire family's income would be used for the purpose of determining eligibility, whether or not the parent(s) will reside in the home to be purchased.~~
5. Participants must receive Homeownership Counseling in accordance with HOME Regulations **specified at** 92.254(a)(3) from a HUD Certified Counseling Agency prior to executing a written agreement for assistance. Participants may complete any other Homebuyer Education class in addition to the Homeownership Counseling but not as a substitute for it.

Property Eligibility

1. The property to be purchased must be an existing single-family dwelling located within the City Limits and not within a designated flood plain area or on land known to be the site of previous dumping of toxic or hazardous wastes **or other environmental hazards**. The property must meet City of Columbia minimum property maintenance standards, and HUD standards to be eligible.
2. The buyer is required to obtain a third party home inspection from a certified home inspection firm prior to being approved for assistance. The printed report must include, at a minimum, inspection of the structural, mechanical, electrical, and plumbing components of the dwelling, an inspection for the presence of termites and a radon test.
3. Maximum property values may not exceed 95 percent of the median purchase price for that type of single family housing for the area, as published by HUD. Lenders or potential homebuyers may contact the City of Columbia **Housing and Neighborhood Services** Department for more information on the maximum purchase price. Maximum purchase price limits will be posted on the City of Columbia's Housing Programs Division website and are listed in Appendix B.

Recapture Procedure

1. The buyer must own and reside in the home as his/her primary residence for a minimum affordability period of ten years. If the property is sold or rented within the initial ten-year period, the assistance shall be repaid on a prorated basis that includes the balance of any unforgiven amount, **less the monthly average amount forgiven for each month the home is occupied by the participant within the year the home is sold.**

Ineligible Properties & Conditions

Homes and units that are or have any of the following are **ineligible**:

1. Mobile Homes with or without a fixed foundation
2. Duplex and similar units

Homes and units that are or have any of the following must be corrected prior to closing in order to become eligible:

1. Homes with active termite infestation
2. Homes with a radon test above 4.0 pCi/L (picocuries per liter)
3. Homes that do not meet the City of Columbia minimum property maintenance standards

Underwriting Guidelines

1. All adult household members must sign a Promissory Note and Deed of Trust for the loan amount.
2. 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 **can satisfy this requirement** when accompanied by a copy of original paid receipts.
3. 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 using gross monthly income, minimum monthly debt obligations as documented. Lender calculations on PITI will be used. 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 "Money Smart" or Credit Smart Home Buyer U.
4. The City's assistance is to be used only for closing costs and down payment assistance. Assistance cannot be used for items such as prepaid taxes, insurance, or lease payments under lease to own contracts. **The buyer may not receive any cash back at closing. If cash back is anticipated to be received, any such amounts shall go towards principal reduction or be returned to the City of Columbia.** The sales price shall not exceed the appraised value.

Lender Procedures

1. Families must be pre-qualified by a participating lending institution. The lender will be the primary contact with the City of Columbia. Lenders shall submit required application

documents via the Neighborly software portal. Lenders must provide documents necessary to complete a full review of all eligibility guidelines including, but not limited to, pay stubs, bank statements, credit report, sales contract, appraisal, title insurance, loan application, loan estimate, underwriters worksheet, and others when necessary.

2. Interest rates for participating buyers can be no more than three points above prime. If an adjustable rate mortgage is proposed for a participating buyer, lenders must provide information on the maximum loan rates for the buyer's application to be considered. ARMs will be approved as long as the maximum capped rates do not cause applicants to exceed the maximum allowed program "front end" and "back end" ratios (35% and 45%). The total costs to close the mortgage loan shall not exceed three points.
3. Costs directly or indirectly related as a result of sales price increases to cover the Buyer's closing costs, must have the prior approval of the Housing Programs Division or become ineligible.

Property Standards

1. Upon determining that an applicant meets eligibility criteria, a request for inspection will be submitted to the Housing Specialist, who will have up to two (2) business days to schedule an inspection of the property. This inspection must be completed prior to closing to determine if the property meets requirements of the City's Property Maintenance Code. Any defects found must be corrected prior to the release of homeownership assistance funds at closing. A re-inspection of the subject property will be completed to ensure compliance with this requirement. Any code compliance issue that the Housing Specialist determines poses a significant health and/or safety risk must be corrected.

Assistance Determination

1. HUD requires Homeownership assistance to be appropriate and based on the financial circumstances of the household. The Housing Programs Division will calculate the assistance grant amount using a four part method.
2. Part A: Federal HOME guidelines require households have sufficient assets to maintain homeownership long term. To accomplish this the Housing Programs Division will determine any shortfall of assets a household may have for a 6 month period to pay for the mortgage payment, minimum monthly debt obligations, utilities (based on a factor), and child care expenses (based on an allowance).
 - a. Part A Calculation:
 - i. $(PITI + \text{Minimum Monthly Debt Obligations} + \text{Child Care Allowance} + \text{Utilities}) * 6 \text{ months}$

- ii. Subtract previous total from current asset balance= Part A assistance.
3. Part B: Applicants must have front end (housing) ratios below 35% to be eligible for assistance. This is to ensure the mortgage payment is affordable based on the applicant's monthly income. To further ensure affordability the Housing Programs Division will "buy down" the front end ratio to 25%.
 - a. Part B Calculation:
 - i. $(\text{PITI} - 25\% \text{ Housing Ratio}) * 12 \text{ months}$.
 - ii. 25% housing ratio is determined by multiplying Gross Monthly Income by 0.25
4. Part C: Applicants must have back end (debt to income) ratios below 45% to be eligible for assistance. This is to ensure the mortgage payments and debts are affordable based on the applicant's monthly income. To further ensure affordability the Housing Programs Division will "buy down" the back end ratio to 35%.
 - a. Part C Calculation:
 - i. $(\text{PITI} - 35\% \text{ Housing Ratio}) * 12 \text{ months}$.
 - ii. 35% housing ratio is determined by multiplying Gross Monthly Income by 0.35
5. Part D: HOME guidelines require the City to consider if a household has sufficient income to pay for reoccurring monthly expenses beyond the mortgage payment and debt payments. To accomplish this the Housing Programs Division will look at a residual income model. This residual income model is borrowed in part from the VA. The threshold information comes directly from the VA model.
 - a. Part D Calculation:
 - i. $(\text{Monthly Net Income} + \text{Monthly Non-Taxable Income (Grossed up by a factor of 1.25)} - \text{PITI} - \text{Child Care Allowance} - \text{Utilities}) = \text{Residual Income}$
 - ii. $(\text{Pre-Determined Threshold} - \text{Residual Income}) * 12 \text{ months}$
 - iii. Monthly Net Income is determined by net income from applicant check stubs
 - iv. Child Care Allowance is determined on a flat basis of
 1. \$500- per child 0-5 years of age at time of closing
 2. \$250- per child 6-12 years of age at time of closing
 - v. Utilities calculation: $\text{House square footage} * 0.14$
6. Part A, Part B, Part C, and Part D will be added. If Part A, B, C, or D has a negative amount it will be counted as \$0.00 and not deducted from the total.

Chapter 4: Acquisition & Demolition Program

Program Goals and Objectives

The goal of the Acquisition & Demolition Program is to eliminate structures posing an imminent threat to the health and safety of neighborhoods and to provide an incentive for redevelopment of affordable housing.

Eligibility

1. The demolition program serves only homes located within the CDBG eligible area.
2. Buildings eligible for demolition must be determined to be infeasible for rehabilitation and must be documented as being vacant for at least one year as defined by Section 104(d) of the Housing and Community Development Act, or be an imminent threat to the health and safety of the neighborhood
3. Financial assistance for demolition costs is provided to property owners as a zero-interest loan.
4. The final use of the property must be consistent with the City's Consolidated Plan.
5. Where the final use of the property is for redevelopment of a building that is non-residential, or is residential and includes the construction of eight or more housing units funded by CDBG or 12 or more units funded by HOME, federal Davis Bacon prevailing wage rates apply to the project.
6. Properties held by a life estate are ineligible. Property must have clear title.

Loan Terms

Loans are provided at 0% interest for the costs of demolition.

1. If the property is redeveloped with affordable housing as defined by the City of Columbia and HUD within 1 year of demolition, the demolition loan will be fully forgiven.
2. If the property is redeveloped with affordable housing as defined by the City of Columbia and HUD within 3 years of demolition, the loan will be 50% forgiven.
3. If the property is not redeveloped within 3 years, or is not redeveloped with affordable housing as defined by the City of Columbia and HUD, the loan will be due upon title transfer, or upon refinance.

City Acquisition

1. Property must be vacant at least one year as defined by Section 104(d) of the Housing and Community Development Act, unless posing an imminent public danger.
2. Buildings must be determined to be infeasible for rehabilitation at \$30 per square foot, or must be an imminent threat to the health and safety of the neighborhood.
3. The City Manager must approve the acquisition.
4. Properties will be purchased for the as is appraised value minus the cost of demolition.

Demolition Procedure

All federal, state, and local laws and regulations shall be followed by contractors during the demolition and disposal of hazardous building materials.

1. Owner submits completed application to the Housing Programs Department.
2. Application review for completeness and eligibility.
 - a. Rehabilitation feasibility analysis performed on structure. City staff determines if the structure cannot be brought into compliance with the City's property maintenance code for a reasonable cost, and if the structure is an imminent threat to the health and safety of the neighborhood. Staff also verifies documentation of the building being vacant for at least one year as defined by Section 104(d) of the Housing and Community Development Act.
 - b. The proposed use of the property will be considered to determine the terms of the loan.
 - i. For uses not meeting a HUD CDBG National Objective, or City Consolidated Plan Objectives, demolition loans will be amortized at 1% with the loan balance due upon sale of the property. The loan shall be due in full if after 2 years, affordable housing redevelopment has not occurred and the property has not been sold.
 - ii. For uses that do meet HUD CDBG National Objectives and City Consolidated Plan Objectives, demolition loans will be fully forgiven if redevelopment occurs within 1 year of demolition, or loans will be 50% forgiven if redevelopment occurs within 2 years of demolition. The balance of the demolition loans falling under this category will be 0% interest and due upon sale of the property.

3. ~~Lead-Based Paint~~, Asbestos, and Sewer Inspection
 - a. ~~For all homes built prior to 1978, the City requires a Lead Risk Assessment and remediation report, and final clearance by a certified Risk Assessor.~~
 - b. Asbestos inspection and remediation report completed is required for any building built before 1980.
 - c. Sewer tap inspection completed by Public Works and cost estimate provided by City staff.
4. Environmental Review
 - a. The City completes the environmental review of the proposed demolition site. This review may take up to 60 days.
5. Work-Write Up and Procurement of Contractor
 - b. City staff develops a work write-up and secures bids from qualified contractors. Applicants may secure demolition bids from qualified contractors, provided that all City and HUD contractor requirements are met before the bid is awarded.
6. Agreement for Demolition
 - a. City staff prepares the Agreement containing the terms and conditions of the funding assistance. This agreement shall be between the City and the property owner and shall include the conditions of the closing and loan documents, and a timeline for completion.
7. Demolition Permit Application and Historic Preservation Notice
 - a. The contractor applies for a Demolition Permit.
 - b. 10-day notice for Historic Preservation and public comment is completed.
 - c. Notice to proceed is provided to contractor/owner.
8. Construction Inspection Completion and Draw of Funds
 - a. City staff inspects the completed work.
 - b. Contractor provides support documentation to City staff for draw of funds including but not limited to: invoices, lien waivers, and disposal tickets.

Chapter 5: Microenterprise & Small Business Loans

The Microenterprise and Small Business Loan program purpose is to provide direct financial assistance to qualified businesses impacted by COVID-19.

Microenterprise Recovery Loans

1. Up to \$5,000 will be awarded for qualified businesses to utilize for approved expenses identified for the following 90 days.
2. Funds will be provided in the form of a forgivable loan.
3. Qualified businesses with ownership or partners currently undergoing bankruptcy proceedings are ineligible.
4. Qualified businesses must have 5 or fewer employees and also operate within the City of Columbia.
5. Qualified businesses must provide documentation of a City of Columbia business license that was obtained prior to January 1, 2020.
6. Qualified businesses must demonstrate operations of at least 12 months.
7. Qualified businesses must provide proof of current liability insurance.
8. Qualified businesses must demonstrate HUD eligibility requirements demonstrating ownership by a low to moderate income household or maintaining 51% of its employees meeting LMI criteria, or any other HUD criteria documenting LMI.
9. Qualified businesses must provide previous 3 months bank statements to assist in demonstrating positive cash flow.
10. Qualified businesses must submit a completed Small Business Administration (SBA) Disaster Recovery worksheet documenting an adverse economic impact and business interruption.
11. Applications must include the identification of approved CDBG eligible expenses to be utilized for: rent, payroll, inventory, operating expenses and working capital.
12. Applicants must be current on real estate and personal property taxes.

13. Funds will be drawn down upon verification of approved expenses and documentation of invoice.

Small Business Recovery Loans

1. \$15,000 will be awarded to qualified businesses to utilize for approved CDBG eligible expenses identified within the application.
2. Qualified businesses must have more than 5 employees and less than 50 FTE positions.
3. Qualified businesses must be locally owned by a resident of Boone County, Missouri.
4. For dual or multiple ownership businesses, at least 51% of the business interest must be owned by a local resident(s) of Boone County, MO.
5. The assistance will be provided in the form of a 0% interest forgivable loan to be forgiven upon meeting all program requirements including documentation of utilizing funds on CDBG eligible expenses and retaining 1 LMI position for a period of 12 months. If program requirements are not met, the loan will be repaid over a 3 year period beginning 12 months after loan funding.
6. Qualified businesses must provide most recently due annual tax filing.
7. Qualified businesses shall agree to the loan assistance amount being secured by a promissory note.
8. Qualified businesses with ownership or partners currently undergoing bankruptcy proceedings are ineligible.
9. Qualified businesses must provide documentation of a City of Columbia business license and currently operate within the City of Columbia.
10. Qualified businesses must demonstrate operations of at least 12 months.
11. Qualified businesses must provide proof of current liability insurance.
12. Applicants must be current on real estate and personal property taxes.
13. Qualified businesses must create or retain 1 Low to Moderate Income (LMI) FTE per \$15,000 in assistance for 12 months from the date of completing the agreement for assistance.

14. Qualified businesses must designate the specific position identified as LMI and report and provide payroll documentation for 12 months after receiving assistance demonstrating the position has been reserved for and utilized by an LMI household. If the business has not fulfilled the primary objective of creating or retaining LMI employees in designated positions, the City may require funds be repaid immediately, or require an extension of LMI position reporting requirements for up to an additional 12 months equal to the term of non-compliance.
15. Qualified businesses must submit a completed Small Business Administration (SBA) Disaster Recovery worksheet documenting an adverse economic impact and business interruption.
16. Applications must include the identification of approved CDBG eligible expenses to be utilized for: rent, payroll, inventory, operating expenses and working capital.
17. Funds will be disbursed upon verification of an eligible application. A report detailing expenditure of CDBG funds will be required to be submitted within 6 months of initial loan disbursement.

Chapter 6: Rental Production

Program Goals and Objectives

The City of Columbia supports the construction of new affordable rental housing for very low income households with its annual HOME funding allocation. The City's HOME funds will be used to provide gap financing to projects funded through the Missouri Housing Development Commission (MHDC) Rental Production Program. Current MHDC Funding Rental Production funding sources include:

- Federal and State Low-Income Housing Tax Credits
- State of Missouri Affordable Housing Tax Credits
- Low Interest Loans allocated by MHDC
- State of Missouri HOME funding allocation
- The Missouri Housing Trust Fund

Application and Evaluation Procedure

Applications for HOME Rental Production funding can be submitted at any time throughout the program year. If funds are not currently available, applications will be reviewed as a part of the City's next annual RFP process, which typically has a May 1st deadline.

Funding Availability

1. In the event that HOME funds have been set aside and are currently available for Rental Production, City staff will conduct a review and analysis of the project and developers will be provided the opportunity to present their proposed project to the Housing and Community Development Commission (HCDC). The HCDC will vote on all funding recommendations. Funding recommendations will be taken before Council for approval. Projects seeking City HOME funds prior to the receipt of all other funding sources, including state or federal tax credit reservations, may be provided with non-binding preliminary awards. Only projects with firm commitments for other funding may receive binding commitments. Eligible Rental Production projects will be provided funding commitments upon Council approval and may be contingent upon the City's receipt of the HUD Authority to Use Grant Funds form following completion of the Environmental Review process.
2. As mentioned above, if HOME funds are not currently available, Rental Production Applications will be reviewed as a part of the City's annual RFP process (deadline typically May 1st).

Submission of Materials

1. All HOME Rental Production Program applicants will need to complete the City's standard CDBG/HOME application and submit supporting documentation and due diligence items identified in Exhibit A. The City reserves the right to require the submission of additional information as needed to complete project underwriting.
2. Rental Production applicants seeking funding from MHDC must also submit a copy of their completed MHDC application, including all attachments.

Project Funding Requirements

Eligibility Criteria

1. The City will fund developers and owners of affordable rental housing, including for-profit developers, non-profit developers, CHDOs, and the Columbia Public Housing Authority with City HOME Rental Production Program funds. Public housing units supported Public Housing Capital or Operating funds authorized by the 1937 Act are not eligible for HOME, however non-public housing units owned and developed by the PHA are eligible. The City generally will not fund individual owners of rental property, such as private individuals owning single family residential rental property. Prior to committing funds, the City will review the status of any organization seeking funds from the CHDO set-aside to ensure that it meets all HOME requirements and that it has sufficient staff capacity to carry out the project.

Project Types

1. Funds will be provided for new construction or substantial rehabilitation projects also funded with LIHTC. The City will also consider projects receiving other federally regulated affordable housing programs such as HUD Section 202 or Section 811, HOPE VI, or Choice Neighborhoods. Projects shall generally be new construction of multifamily apartment communities on single or adjacent sites, generally of 30 or more units. The City will not fund SROs or projects on scattered sites.

Parameters of HOME Investment Funding

1. Applications must include an investment of \$1,000 in HOME funds per HOME unit. The City will not award more than \$50,000 per HOME-assisted unit with a maximum cap of \$500,000 per development. In no case will the City investment exceed the maximum HOME investment allowed under 24 CFR 92.250.
2. Additionally, for projects involving both City and State HOME funds, the combined HOME funding investment shall not exceed \$100,000 per HOME-assisted unit or the maximum HOME investment allowed under 24 CFR 92.250, whichever is less.

Eligible Costs

1. Costs funded with the City's HOME funds must be eligible according to HOME Final Rule 24 CFR 92.206. In general, the City will limit its funding to the acquisition and hard costs of construction. The following additional limitations also apply:
 - a. HOME funds shall not be used for luxury improvements according to 24 CFR 92.205.
 - b. HOME funds shall not be used to fund an initial operating deficit reserve.
 - c. Acquisition costs shall be supported by an appraisal of the property. Acquisition costs exceeding the appraised value of the property will be ineligible for HOME funding reimbursement.
 - d. HOME funds shall not be used for non-residential accessory structures such as free-standing community/leasing buildings, garages, carports, or maintenance structures. HOME funds may be used for community space or common laundry facilities included in residential buildings.
 - e. Payments will be on a reimbursement basis and a draw of funds will not be completed until all necessary documentation is received by staff, including a draw request form, invoices for work completed, inspection and approval of work by the City Division of Building and Site Development.
 - f. Developers shall allow additional time for City staff to verify completion of work through on-site inspection, before draw requests are processed.

Property Standards

1. To meet both HOME regulations and City goals, all HOME-funded projects must meet certain physical standards intended to provide quality affordable housing that is durable and energy efficient.
2. Construction must meet all local codes including International Building Code 2018 and the International Energy Conservation Code 2018 or the most recent codes as adopted by the City of Columbia.
3. All new construction projects must be certified under the most current Energy Star New Homes (projects 3 stories or less) or Energy Star Standards for Multifamily High-Rise Buildings rating system. For more information please follow the link below:
<https://www.energystar.gov/partner-resources/residential-new/multifamily-national-page>

4. All HOME projects must meet applicable Section 504/UFAS requirements. New construction projects with 5 or more HOME-assisted units must provide 5% of the development's units for physically disabled occupants and another 2% of units designed to be accessible to those with visual or hearing impairments. Additionally, covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements required by the Fair Housing Act as outlined in 24 CFR 100.205.
5. All ground floor or elevator accessible units in multi-family structures funded with HOME funds shall be visitable and meet the following minimum Universal Design requirements:
 - a. Have at least one no-step main floor entry with a threshold of ½ inch or less;
 - b. All doorways on the main floor must be 32 inches wide when open at a 90 degree angle; and
 - c. All main floor hallways must be at least 42 inches wide;
 - d. All main floor bathrooms must include blocking for future grab bar installation which is not less than 33 inches and no more than 36 inches above the floor (this does not require grab bars actually be installed during construction, just that blocking be put in place); and
 - e. Each unit must be provided with at least one half-bathroom on the main floor with
 - i) a clear floor space of 30 by 48 inches centered on and contiguous to the sink that is not encroached by the swing path of the bathroom door and
 - ii) a sink and toilet that allow for parallel or head-on approach by a person in a wheelchair.
6. Any project involving the rehabilitation of existing structures must comply with the Lead Based Paint requirements of 24 CFR 92.355. In general the City prefers that any project with lead based paint be fully abated such that it can be deemed lead free upon project completion.

HOME Unit Allocation

1. In general, HOME units will be "floating units" and evenly distributed among the unit types in the development. If the development's units are not comparable, "fixed units" must be designated. In the case of developments with comparable units, the City will designate units as HOME-assisted in proportion to the percentage of HOME investment in the transaction or the total HOME investment divided by \$50,000, whichever is greater. For example, if HOME represents 10% of the project's total HOME-eligible cost, at least 10% of the units will be HOME units.

2. HOME-assisted units shall be designated as either “High HOME units” or “Low HOME units.” In projects with five or more HOME-assisted units, at least 20% of the HOME-units, rounded up to a whole number, must be designated as Low HOME units. Generally the City will only designate the minimum number of Low-HOME units required unless the applicant requests that additional Low-HOME units be designated to coordinate income and rent restrictions with other project requirements.

Income and Rent Restrictions

1. To qualify as affordable housing, HOME units must be rented only to households with certain incomes at rents regulated by the program to be affordable to low income households.

Income Limits

1. High HOME units must be occupied by tenants with household incomes at or below 60% of the Area Median Income (AMI); and
2. Low HOME units must be rented exclusively to tenants with household incomes at or below 50% AMI.

Rent Limits

1. High-HOME units must be rented at or below the High-HOME rent as published by HUD. In general, HUD will calculate the High-HOME rent to be the lesser of the applicable Fair Market Rent or a rent equal to 30% of 65% of the **adjusted** area median income, adjusted for unit size.
2. Low-HOME units must be rented at or below the Low-HOME rent as published by HUD. In general, HUD calculates the Low-HOME rent to be the lesser of the applicable Fair Market Rent of a rent equal to 30% of 50% of the area median income, adjusted for unit size.

Adjustment Tenant Paid Utilities

1. The High- and Low-HOME rent limits are gross rent limits. The actual rent collected from a tenant must be adjusted taking into account an allowance for tenant paid utilities.
2. The City must approve the development’s utility allowance.

Income Verification

1. All projects shall use the HUD Part 5 definition of income for determining income eligibility. Prior to signing a lease, income must be verified for all new tenants using source

documentation in accordance with 24 CFR 92.203(a)(1)(i). When available, the City prefers the use of 3rd party verification as the primary means of documenting income.

2. During the period of affordability, owners can re-certify the income of existing tenants accordance with one of the options in 92.203:
 - a. Re-verifying income through source documentation;
 - b. Obtaining a written statement from the family regarding annual household income. However, source documentation for all existing tenants must be reviewed at least every 6th year of the affordability period; or
 - c. Obtaining a written statement from the administrator of a government program under which the family receives benefits and which examines each year the annual income of the family.

Rent Adjustments

1. HUD provides HOME income and rent limits on an annual basis. City staff will provide this information to owners annually. Utility allowances will also be reviewed and adjusted, as needed, annually. Owners must obtain City approval before implementing HOME unit rent increases. Owners shall also provide not less than 30 days' written notice to tenants upon receiving City approval for HOME unit rent increases.
2. HOME assisted units are considered to be compliant despite a temporary increase in income exceeding HOME requirements for existing tenants. However, in such cases there are detailed requirements about how to adjust the rent of such tenants and how to restore overall project compliance. These are outlined in the HOME Model Guide "Compliance in HOME Rental Projects: A Guide for Property Owners," which is available online at: https://files.hudexchange.info/resources/documents/ComplianceinHOMERentalProjects_GuideforPropertyOwners.pdf
3. For projects with floating units, when an existing tenant's income increases beyond 80% AMI adjusted for household size, the tenant's gross rent will be increased to the lesser of the unassisted market rent for the unit or 30% of the tenant's adjusted household income. When the income of an existing tenant of a Low-HOME unit increases above 50% AMI but is below 80% AMI, the rent for that tenant will be increased to the High-HOME rent. In both cases, the next available unit in the project should be rented, based on the project's compliance needs, as a Low- or High-HOME unit.
4. Notwithstanding, over-income tenants of HOME assisted units that have been allocated low-income housing tax credits by MHDC must pay rent according to section 42 of the Internal Revenue Code of 1986 (26 U.S.C. 42).

Environmental Review Requirements

1. Federally assisted projects are subject to a variety of environmental requirements. Developers should be familiar with these requirements and are strongly encouraged to discuss any questions they have with City staff prior to entering into a purchase agreement or **applying for funding. Acquisition of a property or entering into a purchase agreement prior to completion of an environmental review, or after the City's application period is announced may result in a choice-limiting action and render the project ineligible for funding.**
2. All rental production projects shall be implemented in accordance with environmental review regulations as defined 24 CFR Part 58.
3. The City of Columbia shall be responsible for conducting the environmental review and completing all necessary public notifications, and the request for release of funds (RROF) from HUD. The applicant is responsible for cooperating with the City in the environmental review process and providing information necessary for the City to fulfill its responsibilities under Part 58 and other applicable regulations.
4. Submitting an application for HOME funds triggers environmental review requirements under 24 CFR 58, including the National Environmental Policy Act (NEPA). Once an application for federal funds is submitted, a development proposal is now subject to the environmental review requirements and requires an environmental clearance and issuance of a Release of Funds (ROF) by the US Department of Housing and Urban Development.
5. Developers are prohibited from undertaking or committing or expending any funds to (including non-federal funds) any physical or choice-limiting actions on the site prior to an environmental clearance as required by Part 58. Physical and choice limiting actions include, but are not limited to, property acquisition, demolition, movement, rehabilitation, conversion, repair or construction. This prohibition applies regardless of whether federal or non-federal funds are used, and taking a choice limiting action prior to completion of required the environmental clearance process will result in the denial of any HOME funds from the City.

Other Federal Requirements

The following federal nondiscrimination and equal opportunity guidelines apply to all rental production projects and affect both development and operation of assisted housing:

1. Nondiscrimination and Equal Opportunity
 - a. The Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations at 24 CFR part 100 et seq.;

- b. Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing Programs) and implementing regulations at 24 CFR part 107;
- c. Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d- 2000d-4) (Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR part 1
- d. The Age Discrimination Act of 1975 (42 U.S.C. 6101-6107) and implementing regulations at 24 CFR part 146
- e. Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at part 8 of this title
- f. Title II of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq.; 24 CFR part 8; section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135;
- g. Executive Order 11246, as amended by Executive Orders 11375, [[Page 41]] 11478, 12086, and 12107 (3 CFR, 1964-1965 Comp., p. 339; 3 CFR, 1966- 1970 Comp., p. 684; 3 CFR, 1966-1970 Comp., p. 803; 3 CFR, 1978 Comp., p. 230; and 3 CFR, 1978 Comp., p. 264, respectively) (Equal Employment Opportunity Programs) and implementing regulations at 41 CFR chapter 60;
- h. Executive Order 11625, as amended by Executive Order 12007 (3 CFR, 1971- 1975 Comp., p. 616 and 3 CFR, 1977 Comp., p. 139) (Minority Business Enterprises); Executive Order 12432 (3 CFR, 1983 Comp., p. 198) (Minority Business Enterprise Development).
- i. Executive Order 12138, as amended by Executive Order 12608 (3 CFR, 1977 Comp., p. 393 and 3 CFR, 1987 Comp., p. 245) (Women's Business Enterprise). The nondiscrimination provisions of Section 282 of the National Affordable Housing Act of 1982.
- j. Executive Order 14173, Ending Illegal Discrimination and Restoring Merit-Based Opportunity as of January 21, 2025.

2. Uniform Relocation Act (URA)

- a. All rental production projects fall under requirements of the URA. To ensure compliance with URA, applicants should consult the City to the requirements of URA prior to submitting an application involving an occupied property. Any project resulting in permanent relocation/displacement of households will not be funded by the City of Columbia. Applicants must further document that any purchase of

property meets the requirements of URA, including provision of notices to the seller identifying the transaction as a voluntary sale not under the threat of eminent domain.

3. Davis Bacon

- a. Davis Bacon federal prevailing wage requirements shall apply to all rental production projects with 8 or more units assisted with CDBG funds or 12 or more units assisted with HOME funds. If MHDC funding is included in the project, the Davis-Bacon provisions will be triggered by adding the combined number of units funded by CDBG and/or HOME between both the City and MHDC.

4. Minority Business Enterprise and Women Business Enterprise (MBE/WBE) Plan

- a. Developers must maintain a MBE/WBE plan that demonstrates marketing and solicitation of MBE/WBE businesses and contractors for the construction of the project.

5. Section 3

- a. Developers must maintain a Section 3 plan that demonstrates a marketing plan to include Section 3 contractors in the construction of the project in which CDBG or HOME funding in the project is \$300,000 or more.

Ongoing Project Requirements

Period of Affordability

1. The period of affordability will be based on the date of project completion as defined by 24 CFR 92.2 which, among other things, requires that all construction activity be complete, all HOME funds drawn from the US Treasury, and the project be formally completed within HUD's IDIS reporting system.
2. In accordance with the minimum requirements of 24 CFR 92.252(e), HOME funded projects shall maintain HOME affordability requirements as follows:
 - a. For any new construction project, 20 years after project completion;
 - b. For projects involving rehabilitation:
 - i. 5 years after project completion if total HOME funds are less than \$15,000 per HOME-assisted unit;

ii. 10 years after project completion if total HOME funds are \$15,000 or more and less than \$40,000 per HOME-assisted unit; and

iii. 15 years after project completion if total HOME funds are \$40,000 or more per HOME-assisted unit.

3. Marketing and Leasing

- a. The owner must establish a written tenant selection plan consistent with the requirements of 24 CFR 92.253(d). Among other requirements, the tenant selection plan must, insofar as is practical, provide for the selection of tenants from a project's waiting list in chronological order of their applications and provide written notification to any rejected applicant of the reason for their rejection.
- b. All HOME funded projects with five (5) or more HOME-assisted units must establish an affirmative marketing plan detailing marketing procedure to attract eligible occupants without regard to race, color, national origin, sex, religion, familial status, disability, or sexual orientation. Affirmative marketing plans shall include all required aspects as stated in 24 CFR 92.351(a)(2). The City will accept affirmative marketing plans using the most recent version of form HUD-935.2A, a format approved by the Missouri Housing Development Commission, or in another format as may be specified by the City from time to time. HUD-935.2A is available online at the following link: <https://www.hud.gov/sites/dfiles/OCHCO/documents/935-2A.pdf>
- c. Leases between the tenant and owner shall be for one year, unless by mutual agreement between the tenant and the owner. Owners are required to provide 30 days' written notice prior to terminating or refusing to renew the lease. Owners are prohibited from including unfair provisions in HOME project leases. In accordance with the provisions of 24 CFR 92.253, the following terms are prohibited from HOME project leases:
 - i. Agreement to be sued
 - ii. Treatment of property
 - iii. Excusing owner from responsibility
 - iv. Waiver of notice
 - v. Waiver of legal proceedings
 - vi. Waiver of a jury trial
 - vii. Waiver of right to appeal court decision
 - viii. Tenant chargeable with cost of legal actions regardless of outcome

4. Reporting and Recordkeeping

- a. To allow effective oversight of funded projects and document compliance with applicable HOME requirements, all projects must submit periodic reports to the City. While this section outlines standard reporting requirements, the City reserves

the right to require additional reporting or to alter the reporting format or frequency based on future changes to HOME requirements or City policy. Additionally the City reserves the right to require additional or more frequent reporting for projects with compliance deficiencies.

- b. Owners are required to report quarterly during the development phase and lease-up phase.
 - i. During the construction phase, owners must provide quarterly reports detailing construction progress and expenditure of HOME funds including progress and barriers to progress.
 - ii. During the initial phase of lease-up, owners are required to provide quarterly reports detailing number of additional leases, total project leases, and marketing activity. Once the owner has leased 90% of project units, leasing and marketing reporting will be required annually.
- c. Annual Reports shall be required for all HOME projects, shall be completed in accordance with City of Columbia Annual Rental Production Monitoring Form. Annual reporting requirements will, at a minimum, consist of the following information:
 - i. Owner;
 - ii. Project name;
 - iii. Rent Roll indicating occupancy, tenant income, rents, and utility allowances for all Low- and High-HOME units;
 - iv. Outstanding loans on the property;
 - v. Development yearly financial performance including:
 - o Operating surplus or deficit;
 - o Vacancy rate;
 - o Rent collection rate; and
 - o Tenant turnover;
 - vi. Waiting list; and
 - vii. Capital expenditures (previous year and any planned for next 3-5 years).
- d. The City may require more frequent reporting due to findings identified during annual monitoring, or findings identified during quarterly reports submitted during the development and lease up phases.
- e. All HOME projects shall be required submit an annual audit prepared by an independent Certified Public Account.
- f. Owners and developers shall allow City of Columbia, HUD, State of Missouri, the Comptroller General of the United States (aka the GAO), and all other pertinent

Federal or State agencies or their designated representative the right to inspect records and property.

- g. Owners must maintain an affirmative marketing plan and records of annual efforts to affirmatively further fair housing in accordance with 92.356.

5. Conflict of Interest

- a. To comply with HOME requirements and to maintain a high standard of accountability to the public, conflicts of interest and perceived conflicts of interest must be avoided.
 - i. Owners shall maintain compliance with all HUD conflict of interest provisions as stated in 92.356.
 - ii. Owners with employees, family members, consultants, or agents that are otherwise eligible to occupy HOME funded units must receive waiver/approval from City staff before entering into a lease with HOME eligible employees. 92.356(f) provisions apply to all HOME projects.
 - iii. Owners must disclose any identify of interest situations that may occur when contracting with related companies during either the development or ongoing operation of the project. City staff must be allowed the opportunity to conduct a cost analysis to determine costs reasonableness. Applications may be determined ineligible if access is not granted or costs are determined to be unreasonable.

Structure of Transaction

1. Loan Types and Terms

- a. The City will provide HOME funds in the form of a loan to the entity that owns the property. No grants will be awarded, and funding commitments are not transferable without prior written City approval.
- b. In all cases, the HOME loan will:
 - i. Have a term of 25 years;
 - ii. Be repayable in full upon sale, refinancing, or transfer of the property or upon maturity; and
 - iii. Secured with a promissory note, Deed of Trust, and appropriate UCC liens. Deeds of Trust will be recorded with the Boone County Recorder

of Deeds and generally may be subordinate only to an approved amortizing first mortgage and to any loan provided by MHDC.

- c. The City will offer one of two potential repayment structures:
 - i. Most loans will carry a 1% interest rate, require monthly payments, and be fully amortizing over a 25 year term; or
 - ii. Based on a City underwriting analysis, usually for projects serving a high-proportion of very low income households or special needs populations, loans may be cash-flow contingent. In such cases, the HOME loan will accrue 1% simple interest and payments, credited first against accrued interest and then against principal, will be equal to 25% of annual cash flow.

2. Guarantees

- a. Not including investor/syndicator partners or members of the ownership entity, all underlying individuals, corporate entities, partnerships, or limited liability companies with an interest in the project's ownership entity will be required to provide a Performance Guarantee including provisions guaranteeing project completion, environmental compliance, and compliance with HUD HOME guidelines. Guarantees shall be joint and several and must remain in effect throughout the affordability period.

3. Property Covenants and Restrictions

- a. Each HOME funded project property must maintain Covenants and Restrictions enforcing HOME and City guidelines. The Covenants and Restrictions will be separately recorded and will remain in place for the Affordability Period even if the HOME loan is pre-paid. The following guidelines must be enforced through Covenants and Restrictions:
 - i. Owner will be owner in fee simple of the property;
 - ii. Property is not subject to additional liens or encumbrances that the City has not agreed to;
 - iii. The City must approve any transfer of the property. Such approval will be in the City's sole discretion;
 - iv. Provisions to enforce ongoing requirements for project compliance through the HOME Affordability period, including:

- The length of the period of affordability;
- Income and rent restrictions on HOME-assisted units;
- Property standards to be enforced;
- Marketing and leasing requirements; and
- Recordkeeping and reporting requirements.

4. Operating Agreement

- a. In addition to any financing documents, owners of HOME-financed projects must sign an operating agreement with the City of Columbia. The operating agreement will identify requirements for compliance with the HOME regulations and the City's Rental Production Program requirements and will remain in effect in the event of any prepayment of the HOME loan.

Underwriting & Subsidy Layering Reviews

1. All HOME project applications must include a third-party market study prepared in conjunction with the Owner's LIHTC application. Market studies must be less than 1 year old. Proposed rent levels must be supported by the applicant's market study and within HOME regulatory limits.
2. All HOME applications must include financial statements from all underlying owners and guarantors. Owners must have a net worth equal to 10% of the total development cost with net liquid assets equal to 3% of the total development cost.
3. City staff will utilize the follow project underwriting criteria for all HOME funded Rental Production projects:
 - a. Vacancy factor of at least 7% for family developments and at least 5% for elderly developments.
 - b. City staff will use a maximum 2% inflation factor for all sources of income.
 - c. All operating expenses will be underwritten with an inflation factor of at least 3%.
 - d. All HOME projects must maintain a total project **Debt Coverage Ratio** DCR of 1.20. Properties with a DCR that exceeds 1.20 may have rent increased, reduced, or denied.
 - e. Proposals must include justification of operating costs that includes a comparison to similar projects in the local market. Whenever possible, comparable properties should be operated by the proposed management company.

- f. A capitalized operating reserve equal to at least six months of operating expenses, reserve deposits, and debt service must be established. HOME funds cannot be used to establish this reserve.
- g. Replacement Reserves:
 - i. At a minimum, projects must make replacement reserve deposits of \$600 per unit per year. Reserve deposits will be inflated at 2% annually.
 - ii. For projects involving rehabilitation of existing property, a Capital Needs Assessment must be obtained, **considering** the existing condition of the property, the remaining useful **life** of building systems and components, and the proposed scope of work. Based upon the Capital Needs Assessment, a capitalized deposit to the replacement reserve may be required to ensure that all anticipated capital costs can be addressed during the affordability period.

5. Cost Limitations

- a. All project costs must be reasonable and customary. The City reserves the right to review any line-item cost to ensure that total project costs are not excessive. Additionally, HOME projects will be subject to the following specific cost limitations:
 - i. The maximum allowable developer fee is 15% total development costs.
 - ii. Maximum allowed builder General Requirements, Overhead, and Profit are 6%/2%/6%.
 - iii. Architectural fees may not exceed 7% of total project hard costs.
 - iv. Acquisition costs are limited to fair market value as determined by a third party appraisal.

6. Other Public Funding Sources

- a. Owners must disclose all other public source or applications for funding with initial HOME Rental Production application to City at the time of application and upon receiving any additional commitments of public source funding.
- b. The City will consider adjusting its underwriting in consultation with other public funders including MHDC. The City retains, at its sole discretion, the power to decide whether to accept alternative standards.

Construction Process

1. Whether or not a specific monthly draw is being submitted to the City to be paid with HOME funds, the City must be provided with copies of all contractor invoices and provided reasonable notice of monthly draw inspections during the construction period. City staff will participate in all draw reviews and conduct inspections to ensure that the project is progressing and that work completed is consistent with all applicable HOME requirements.
2. When Davis Bacon applies to a project, the City must be provided with compliance documentation throughout the construction period whether or not a specific draw is being submitted to the City to be paid with HOME funds. Prior to commencing construction, the
3. City must approve current wage determinations applicable to the project. The contractor will be required to provide weekly payroll forms to the City and allow access to the site and workers for the purpose of completing worker interviews. The City will accept Form WH-347 or acceptable internal forms from the contractor. Form WH-347 and instructions for completing it may be accessed at <http://www.dol.gov/whd/forms/wh347instr.htm>.
4. Owners may draw on the HOME loan during the development period. The first draw on a project must occur within 12 months of the City's formal funding commitment to a project, and draws must be made not less than once every 12 months. No more than one monthly draw may be submitted. The draw process will involve the following steps:
 - a. Owners must submit a City draw request form accompanied by supporting documentation (i.e. invoices for specific costs being drawn);
 - b. Upon receipt of a draw request, City staff will perform an on-site inspection to verify costs submitted.
 - c. Draw requests that include construction costs will not be processed by City staff until applicable permits have been closed by City Building and Site Development staff.
 - d. City staff will hold 10% retainage on all draw requests until project construction is complete and a certificate of occupancy has been awarded to the development.
 - e. All Change Orders involving changes in scope of work must receive written approval from the City of Columbia, Director of **Housing and Neighborhood Services**.

- f. Draws will not be processed if any required owner or contractor reporting on progress, Davis Bacon compliance, or other project requirements is delinquent or unacceptable to the City.

Project Closeout

1. Owners are required to submit demographic data at least up for all HOME funded units. Data shall include elderly status, race, gender, female head of household, number of household members, and percent of area median income. Owners must be aware that the affordability period does not begin for HOME funded units until all project costs are processed, all demographic data is verified by City staff, and the project is entered as completed in the HUD Integrated Disbursement and Information System (IDIS).
2. The City requires a copy of the final project sources and uses statement and submission of the project LIHTC Cost Certification before final completion in IDIS.

Long Term Monitoring

1. Following project closeout, the City will monitor the project for ongoing compliance with HOME requirements, including but not limited to income and rent restrictions, property standards, tenant protections, and marketing and fair housing requirements. In addition to requiring periodic reporting as outlined in Section X above, the City will conduct on-site monitoring visits. The purpose of those visits will include reviews of project records and inspection of the premises including common areas and residential units. In most cases, such reviews will take place annually based on existing HOME requirements at 24 CFR 92.504(d)(1). However, the City reserves the right to conduct site visits more or less frequently based on changes to HOME regulations and City policy or based on evidence of compliance deficiencies in a prior monitoring visit.

Exhibit A: Application Requirements and Due Diligence Exhibits

Instructions: To apply for funding, applicants must submit the City's CDBG/HOME application along with all bolded due diligence items from the list below. Applicants will need to submit all items, including non-bolded items, prior to receiving a formal commitment of funds from the City and should submit all items that are available with their initial application.

The City reserves the right to require additional due diligence items as needed to evaluate the project, document compliance with HOME and other applicable federal regulations. Additionally, following a commitment of HOME funds, additional items will be required in order to close on the City's HOME loan.

Application

1. City CDBG/HOME Application

2. MHDC Rental Production Programs Application and all exhibits submitted to MHDC (for any development seeking LIHTC or other funding from the MHDC)

Developer Capacity & Fiscal Soundness

1. Developer statement of qualifications that identifies (City will accept MHDC form FIN-105 and FIN-107)
 - a. Recently completed comparable projects
 - b. All projects underway and/or pending
 - c. Staff assigned to this project and their roles and experience
2. Individual resumes, copies of appropriate licenses and/or professional certifications of assigned developer staff
3. Current financial statements for developer and any guarantors (not less than 90 days old)
4. Most recent corporate audit or reviewed financial statements
5. Most recent tax returns for developer (990s for nonprofit developers)
6. Authority to Release Confidential Information. Will allow City to:
 - a. Contact Banking references
 - b. Obtain developer's corporate credit report (e.g. Dun & Bradstreet) or personal credit report (e.g. sole proprietors, S-corps, etc.)
7. Completed CHDO Staff Experience & Organizational Capacity Checklist (as applicable)
 - a. Current year budget with comparison of actual performance YTD vs. projections
8. Development team
 - a. List of third-party development team members
 - b. Corporation profiles and/or individual resumes, copies of appropriate licenses and/or professional certifications for development team members (The City will accept the use of MHDC FIN-105 and Management Entity Profile forms.)

Site and Product

1. Evidence of site control (e.g. option, purchase agreement, or deed)

2. Uniform Relocation Act documentation
 - a. URA Notice to Seller of Voluntary Sale
 - b. Seller certification regarding vacancy (as applicable)
 - c. Rent Roll and evidence of General Information Notices to existing tenants (occupied properties only)
3. Preliminary Title insurance commitment.
4. Documentation of existing property value (e.g. tax assessment, appraisal, etc.)
5. Assessment record—or other public record documenting date of original construction for rehabilitation projects, shows applicability of **lead-based paint** LBP and/or historic reviews
6. Site specific environmental record and (as applicable) estimate of remediation costs
 - a. Radon and mold testing (as applicable)
 - b. LBP risk assessment (as applicable)
7. Documentation of utility availability and connection costs
 - a. Water/sewer, electric, gas
8. Plans and specifications, including site plan and elevation drawings.
9. Zoning/site plan and building/code review approvals.
10. Utility allowance calculations.

Market Data

1. Market study
2. Additional Evidence of demand—applications/waiting lists from similar projects, voucher/rental assistance pipelines, or Continuum of Care data for homeless/special needs projects, etc.

Underwriting/Financial Projections

1. Proforma showing rent and operating cost projections, all project costs, construction period sources/uses, and capital needs assessment (*The City prefers applicants use the MHDC proforma, **and it** should be submitted in both hard copy and Excel format.*)
2. Commitments for other financing, both permanent and construction loan sources
3. Documentation of construction/rehabilitation costs (e.g. estimate by qualified individual, bids, contract documents)

4. Estimates/documentation of professional services and soft costs (e.g. architectural fees, construction period taxes/insurance, marketing expenses, realtor listing agreement, etc.)

Marketing and Leasing

1. Marketing plan outlining
 - a. Tenant selection criteria and waiting list procedures
 - b. Description of primary market and outreach strategies, including affirmative marketing as applicable
 - c. Availability of tenants services and appropriate referral plan
2. Waiting list(s) of interested tenants—compare demographics to underwriting assumptions about household incomes, ability to pay projected rent, etc. (if available)
3. Form lease agreement consistent with 92.253

Chapter 7: Contractors and Bid Process

Qualified Contractor List

The Housing Specialist and Administrative Technician will develop a qualified contractor list. The Housing Specialist will solicit new contractors by online advertisement or newspaper at least one time per year. Minority and female owned contractors will be encouraged to participate. The Housing Specialist shall have the responsibility of interviewing prospective contractors and will determine if said contractors are qualified to participate in the Housing Programs Division.

Contractor Qualifications

In order to qualify for the list, contractors must meet the following requirements:

1. Submit completed contractor application.
2. Workers Compensation Insurance
 - a. The Contractor shall take out and maintain during the life of this Contract Employers Liability and Workers Compensation Insurance for all of their employees employed at the site of the work, and in case any work is sublet, the Contractor shall require the subcontractor similarly to provide Workers Compensation Insurance for all of the latter's employees unless such employees are covered by the protection afforded by the Contractor.
 - b. Workers Compensation coverages shall meet Missouri statutory limits. Employers Liability limits shall be \$500,000.00 each employee, \$500,000.00 each accident, and \$500,000.00 policy limit. In case any class of employees engaged in hazardous work under this Contract at the site of the work is not protected under the Workers Compensation Statute, the Contractor shall provide and shall cause each subcontractor to provide Employers Liability Insurance for the protection of their employees not otherwise protected.
3. Commercial General Liability Insurance
 - a. Contractor shall carry Commercial General Liability Insurance written on ISO occurrence form CG 00 01 07 98 or later edition (or a substitute form providing equivalent coverage) and shall cover all operations by or on behalf of the Contractor, providing insurance for bodily injury liability and property damage liability for the limits indicated below and for the following coverage:
 - i. Premises and Operations
 - ii. Products and Completed Operations

- iii. Contractual Liability insuring the obligations assumed by the Contractor under this Contract.
 - iv. Personal Injury Liability and Advertising Injury Liability
- b. Except with respect to bodily injury and property damage included within the products and completed operations hazards, the general aggregate limit shall apply separately to the Contractor's project under this Contract. Completed Operations coverage must be maintained for the correction period provided by the agreement.
- c. Limit of Liability: The Commercial General Liability policy limits shall not be less than:
 - i. \$500,000 Each Occurrence (Combined Single Limit for Bodily Injury and Property Damage)
 - ii. \$500,000 Aggregate for Products/Completed Operations
 - iii. \$500,000 Personal Injury/Advertising Injury
 - iv. \$1,000,000 General Aggregate

4. Business & Automobile Liability Insurance

- a. The policy should be written on ISO form CA 0001, CA 0005, CA 0002, CA0020 or a substitute form providing equivalent coverage and shall provide coverage for all owned, hired and non-owned vehicles. The limit of liability should be at least minimums established by the State of Missouri, though it is recommended higher limits be maintained.
5. Subcontractors- Contractor shall cause each Subcontractor to purchase and maintain insurance of the types and amounts specified herein.
6. Hold Harmless Agreement- To the fullest extent not prohibited by law, Contractor shall indemnify and hold harmless the City of Columbia, its directors, officers, agents, and employees from and against all claims, damages, losses, and expenses (including but not limited to attorneys fees) arising by reason of any act or failure to act, negligent or otherwise, of Contractor, of any subcontractor (meaning anyone, including but not limited to consultants having a contract with Contractor or a subcontractor for part of the services), of anyone directly or indirectly employed by Contractor or by any subcontractor, or of anyone for whose acts the Contractor or its subcontractor may be liable, in connection with providing these services. This provision does not, however, require Contractor to indemnify, hold harmless, or defend the City of Columbia from its own negligence.
7. If undertaking lead abatement activities, the general contractor must have a current **Lead Abatement Supervisor's license** and a **Lead Abatement Contractor's license** from the Missouri Department of Health **and Senior Services**.

8. Contractor must have completed an EPA approved Lead Renovator, Repair and Painting (RRP) training and possess a current certification. In addition, the contractor must have a current EPA-firm certification before undertaking any job disturbing painted surfaces in units constructed before 1978 unless the unit is known to be lead-free.
9. All contractors must be properly licensed by the city.
10. Must have good credit with the appropriate materials suppliers, including credit references.
11. Must be able to supply the tools and materials necessary to complete each job.
12. Must have completed at least three jobs of the size and complexity requested to be completed.
13. References must be provided for at least three jobs completed.
14. Contractors must be able to prove good standing with a financial institution.
15. Must be fully registered in the System for Award Management (SAM.gov).

Non-performing Contractors

1. Contractors who consistently exhibit poor workmanship or do not complete contract requirements will be eliminated from the contractor list. Contractors who do not complete their contracts within an allotted time period will not be eligible to submit bids for additional projects until they are in compliance within the appropriate contract time period. Contractors that do not honor the warranty provisions of their contract will be eliminated from the contractor list. Based upon the severity of any breach of contract, the city will take appropriate legal action or attempt to mediate contract disputes as is deemed appropriate by Housing Programs Division staff.

Contractor Selection

1. Contractors will be asked to submit an itemized bid containing a firm amount for each item on the work write-up for all housing repair programs. Housing Programs Division staff will receive bids on a specified date and time. Homeowners are responsible for selecting the contractor who will perform their work. Owners may select any contractor submitting a bid within 10% of the housing specialist's cost estimate. In all cases, the owner may select a qualified contractor of their choice, provided the owner covers costs that exceed 110% of the inspector's estimate. Any such contractor selected by a homeowner must meet all program requirements listed above.

2. A contractor shall not have more than 3 Rehabilitation contracts awarded at any one time. A lower limit may be imposed at the Housing Specialist's discretion in order to ensure timely project completion. In all cases, the city reserves the right to reject any and all bids and reserves the right to eliminate bid items to meet the maximum loan amounts.

Owner-Contractors

1. ~~Owner-contractor projects are not allowed in the City's housing rehabilitation programs unless the owner-contractor qualifies in accordance with the criteria listed above. Eligible costs shall be limited to materials, labor, subcontractors hired, and documented soft costs solely attributable to the project. The owner shall not be reimbursed for the cost of his own labor, overhead, and profit. Owners bid for work must be within ten percent of the City's cost estimate. The owner's contracting firm must be incorporated as a business within the State of Missouri.~~

Time Frames for Contracts

1. The contract period for housing rehabilitation projects shall not exceed 90 days, except as approved by Housing Specialist, and then shall not exceed 180 days without penalty to the contractor. The contract period shall begin when Housing Programs Division staff provide contractor with the Notice to Proceed.

Chapter 8: Loan and Grant Committee

Scope and Purpose

1. The Loan and Grant Committee reviews and approves project funding amounts for applications received by the City for housing rehabilitation assistance under the Department of HUD's HOME **Investment Partnerships Program (HOME)** and Community Development Block Grant (CDBG) Programs. The Committee reviews applications for grants and loans necessary for rehabilitation to bring houses into compliance with the City's Property Maintenance Code and other federally required property standards and to prevent houses from becoming substandard in the near future.
2. The Committee shall also serve in an advisory capacity for the Housing Programs Division staff concerning its housing programs, including reviewing administrative guidelines for each program. The Loan and Grant Committee may also advise the City Council, City Manager or designee and the Housing and Community Development Commission on matters pertaining to HOME and CDBG housing programs and activities to improve the effectiveness of the programs.
3. The Committee shall receive information on the status of active HOME and CDBG loans from staff of the Community Development Department upon request, and will recommend a course of action regarding defaulted loans in an annual report to the City Council.

Membership and Administration

1. The Committee shall consist of five members. Two members shall represent local housing lenders. Two members shall be involved in other aspects of community development, such as real estate, insurance, home building, or other related fields. One member shall be a current member of the City's Housing and Community Development Commission. All members shall be appointed by the City Manager and shall serve two-year terms. Members can be reappointed by the City Manager upon their willingness to serve and a good record of attendance. In order to have a good record of attendance, each member shall be required to attend at least sixty percent (60%) of the scheduled meetings during their period of appointment.
2. The Committee shall meet at least quarterly and may call other meetings as required. At their second quarterly meeting of each year, the Committee shall elect a chairperson, and chairperson pro tem to conduct meetings.
3. **Housing and Neighborhood Services** staff of the shall provide support services to the Committee including, but not limited to, preparation of application packets for financial assistance, and recording of the minutes of the meeting, addressing questions or concerns

raised by the Committee during its review of applications, and maintenance, custody and security of all applications and related documents.

Eligibility and Committee Actions

1. The decisions of the Committee shall be based on the applicant's ability to finance needed home improvements. Information provided to the Committee to assist them in reaching their decision shall include, but not be limited to, the following:
 - a. The property inspection report prepared by the Housing Specialist, including a cost estimate.
 - b. The application.
 - c. Verified income data, existing assets and debt, appraisal information, and other financial information pertinent to the applicant.
 - d. Information on current income limits as published by the Department of Housing and Urban Development for the CDBG and HOME programs for Boone County, Missouri.
 - e. A copy of a credit report for adult household members.
 - f. Staff's recommendation.
 - g. Applicants are not required to appear before the Committee during its deliberations; however, they may request a personal interview while his/her/their application is under consideration.

Committee Records

1. The record of the Committee's deliberations, decisions and recommendations are public information, however personal information including financial data, is considered confidential and shall not be available for public scrutiny.

Appeal and Grievance Procedures

1. Applicants who are not in agreement with a decision reached by the City's Loan and Grant Committee or City staff, may appeal said decision by filing a written appeal to the Loan and Grant Committee, c/o of the Housing Programs Division, within thirty (30) days of receiving notice of the Committee's decision. Appeals will be reviewed that relate to loan approval/denial, loan cancellation, determination of loan amount, determination of scope of work, approval of change orders, and selection of contractor. The Committee shall hold a hearing after due notice to the appellant within thirty (30) days of filing said notice of appeal. The Committee may affirm, reverse or modify the decision and notify the appellant in writing

of its decision and the reasons thereof. After the hearing, the Committee's decision shall be the final procedure of the committee. The applicant may appeal the Committee's final decision to the City Manager. The City Manager, with the advice of the City Attorney, may reverse or uphold the decision of the Committee.

2. Any person denied a loan by the Loan and Grant Committee who does not take exception with the findings, but who believes there are circumstances which, if known and considered, would establish extreme hardship and justify variance from the eligibility standards established herein may file an appeal with the Housing Programs Manager by filing within thirty (30) days of receiving notification of the Committee's decision. The Housing Programs Manager shall, depending upon the nature of the exception, forward such request to the Director of **Housing and Neighborhood Services** whose decision shall be final if the appeal involves an administrative request. Where the change involves a substantial change in a program rule, the request will be forwarded by the Department Director to the City Manager, as is appropriate. Should the appeal require Council action, the City Manager shall forward such appeal to the Council for action. The Housing Specialist shall provide assistance to any person filing an appeal.

3. Grievances: The city will adhere to the following grievances procedures:

- a. Staff will assist program participants with grievances involving rehabilitation work within the 1 year warranty period. Assistance will be in the form of access to information regarding warranty, scope of work, and contractor responsibilities. Contractors that do not honor legitimate warranty claims will be removed from the eligible contractor list.
 - b. **The City will not honor any grievance request in which** the certificate of acceptance was signed more than one year before the grievance process is initiated; and the aggrieved party has not documented efforts to have the contractor return to resolve the matter within the one-year guarantee period after the certificate of acceptance was signed.
4. Right to Representation: A person has a right to be represented by legal counsel or other representative in connection with his or her appeal, but solely at the person's own expense.
 5. Right to Files by Persons making Appeals: The City will permit a person to inspect and copy all materials pertinent to her or his appeal, except materials that are classified as confidential. The City may, however, impose reasonable conditions on the person's right to inspect which are consistent with applicable laws, such as the cost of copying materials.
 6. Scope of Review of Appeal: In deciding an appeal from the Committee's decision, the City Manager and/or the City Council shall consider all pertinent justification and other material submitted by the person, and all other available information that is needed to ensure a fair and full determination of the appeal.

7. Determination and Notification after Appeal: Within thirty days after the receipt of all information submitted by a person in support of an appeal, the Loan and Grant Committee shall make a written determination on the appeal, including an explanation of the basis on which the decision was made, and furnish the person a copy. The City official(s) conducting the appeal determination shall not have been directly involved in the action appealed. If the relief requested is not granted, upon additional request, the City shall advise the person of her or his right to seek Department of Housing and Urban Development review of the City's written determination of the appeal. A person has 45 days after she or he receives the City's written determination of their appeal to file a review appeal with the Department of Housing and Urban Development.

Chapter 9: CDBG & HOME Annual Funding Process

The City of Columbia receives an annual allocation of CDBG and HOME funding from HUD as an entitlement jurisdiction. This chapter outlines the annual process for planning, awarding, and monitoring funds to various sub-recipients.

Request for Proposals Release

1. Due to the nature of CDBG and HOME project planning it is necessary to begin the RFP process for a particular year of funding 1-2 years in advance of the availability of that funding. Therefore RFP's will typically be released in the spring/summer for funding to be available the following summer/fall.
2. RFP's will be announced by Housing Programs Division staff.
 - a. A training session will be held for interested sub-recipients that will discuss eligible types of CDBG and HOME projects.
 - b. Any sub-recipient that intendeds to submit a proposal will be required to submit a letter of intent by a specified date during the RFP window.
 - c. Proposals will be submitted via the Neighborly software **system**. Proposals must be fully and completely submitted prior to the end of the RFP window to be considered. Any partial applications or applications submitted without a prior letter of intent will not be considered for funding.

Housing and Community Development Commission

1. Housing Programs Division Staff will review all eligible proposals and track the amount of funding requested.
2. The Housing and Community Development Commission will hold 2 public meetings
 - a. One public meeting will be available for City of Columbia & Housing Programs Division internal program proposals.
 - b. One public meeting will be available for all other private agency project proposals.
 - c. The Housing and Community Development Commission will rate all projects using an approved scoring criteria in the Neighborly system.
3. Housing Programs Division staff will compile all ratings and develop staff recommendations for funding levels.

4. The Housing and Community Development Commission will hold a public meeting to consider staff funding recommendations and finalize their own funding recommendations which will be forwarded on to City Council for final approval.
5. City Council will have final approval of all CDBG and HOME funding requests.

Project Progression

1. Housing Program Division staff is responsible for ensuring all environmental reviews are completed prior to funding agreements being signed.
2. Upon completion of all environmental review and public comment periods. HUD will issue an authorization to use grant funds at which time agreements may be created and signed with funded project administrators.
3. Project draw request will be submitted to Housing Program Division staff for review. Staff will ensure costs are eligible and include required documentation. Draw requests that are approved will be submitted for payment. Draw requests that are rejected will be returned to the sub-recipient for correction.
4. Housing Programs Division staff will track all sub-recipients draw requests in the Neighborly software system and input required data into the HUD IDIS system.
5. On a quarterly basis with the Finance Department, Housing Programs Division staff will conduct a draw from HUD to reimburse the City for costs incurred on projects during the previous quarter.

CHDO Requirements

HUD requires that no less than 15% of the City's annual HOME allocation be set aside for Community Housing Development Organizations (CHDO's). The City of Columbia's Housing Program Division intends for CHDO's to develop or rehab single family residential units for sale to low to moderate income buyers. Entities applying for CHDO funds must be certified as a CHDO for that specific project as opposed to being certified as a CHDO organization for an unspecified project.

1. Utilizing the acquisition and demolition program the Housing Programs Division may identify, purchase, inspect, and/or demolish a vacant or dilapidated property with the intent of redevelopment by a CDHO.
2. Housing Programs Division staff is responsible for ensuring a Phase I ESA and EA be fully completed according to NEPA Part 58 prior to any purchase or acceptance of a donated

lot. The Phase I Environmental Site Assessment must identify no Recognized Environmental Conditions.

3. Homes must be developed or significantly rehabilitated in a manner consistent with and meet City rehabilitation standards and current adopted City building codes.
4. Homes must be located within the City limits of Columbia and may not be located within in the 100 year floodplain.
5. New construction projects must meet current City Building Codes and IECC standards. New construction homes must also meet the additional following design criteria:
 - a. 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.
 - b. 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);
 - c. Maximum 1:20 running slope and 1:50 cross-slope for exterior accessible routes;
 - d. 36" wide clear travel space along accessible routes;
 - e. 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;
 - f. One wheelchair accessible bathroom;
 - g. 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.
 - h. 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;
 - i. 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.
 - j. Siding- front, sides, rear: Engineered wood, fiber cement board, or vinyl
 - k. Prefer a single or two car garage or carport.

6. Eligible homebuyers must receive housing counseling from a HUD certified housing counseling agency in accordance with HOME regulations at 92.254(a)(3)
7. 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 using gross monthly income, minimum monthly debt obligations as documented. Lender calculations on PITI will be used. 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 “Money Smart” or Credit Smart Home Buyer U.

Subsidies

1. Housing Programs Division staff will determine the amount of assistance available. CHDO’s may submit project proposals during a specified RFP window.
2. The Housing and Community Development Commission will hear and consider project proposals and finalize a recommendation for award to the City Council for final approval.

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. CHDO proceeds at sale shall be restricted to eligible uses identified within HOME regulations and as specified within the CHDO agreement, as applicable.

Chapter 10: Loan Maintenance & Subordinations

Loan Review

1. Loan review is available for participants who request a loan review due to a change in household status such as **the following**: loss of job, divorce, death of family member, change in disability or elderly status for the head of household, spouse or domestic partner. The homeowner shall submit a letter explaining the change(s) in circumstances and document why they are no longer able to make amortized payments. City staff may also conduct a loan review when it is found that program requirements are no longer being met
2. Loan payments shall be deferred for households headed by persons aged 68 or older; individuals with disabilities; or when front end or back end ratios, including utilities, exceed 35% or 45% respectively
3. The Loan and Grant Committee will review requests for loan reviews outside of the guidelines. City staff shall provide household income data for Committee review.

Annual Portfolio Review

1. Housing Programs Division staff will complete an annual review of the Housing Programs Division loan portfolio (Community Development Block Grant and HOME Investment Partnership Program) and reconcile any differences between the records of the Finance Department and the Housing Programs Division. Staff will obtain as much information as possible on active loan accounts in order to determine loans which may no longer be collectible (“defaulted” loans).
2. Staff may record a *Request for Notice of Foreclosure Sale* for each deed of trust executed for the City’s housing rehabilitation programs. Staff may also record a *Request for Notice of Foreclosure Sale* on all loans made prior to June 1, 2005 that are in a delinquent status.
3. Staff may contract with a local title company to perform title searches on active loan accounts as staff or the Committee deems necessary.
4. The Loan and Grant Committee shall make recommendations to the City Council on “defaulted” loans on an annual basis during their third quarter meeting if there is sufficient time or in a special meeting called for this purpose.

Collection Procedures

1. Housing Programs Division staff will attempt to work with homeowners to bring their accounts current. Initially, staff (Administrative Technician or Housing Specialist) will

make a personal contact (phone call or informal reminder letter) when the account becomes 30 days delinquent. Staff will send a certified, return receipt requested letter if payments become 60 days delinquent.

2. Once loans become 90 days delinquent, if satisfactory arrangements have not been made, the City file will be forwarded to the City's legal department. The City reserves the right to pursue all legal means of collection up to and including foreclosure.

Homeowner Subordination Policy

1. Housing Programs Division may receive subordination requests from lenders on behalf of past participants of the Homeowner rehab program, homeownership assistance program, and other CDBG & HOME funded projects. Before processing subordination requests, written authorization shall be obtained from the owner allowing program staff to obtain information from or share information with the lender. This authorization shall be included in the owner's file. The City will not subordinate loans that are in default status.
2. Housing Programs Division staff shall obtain the following information to submit for City Manager consideration of approving subordination requests:
 - a. Name of lending institution with existing mortgage
 - b. Name of lending institution proposing a loan subordination
 - c. Pay-off amount for existing mortgage
 - d. Interest rate on current mortgage
 - e. Date, terms and loan City loan amount
 - f. Proposed loan amount from lending institution's proposed loan subordination
 - g. Origination fee amount
 - h. Estimated settlement charges to participant
 - i. Type of new loan (refinance, HELOC) and if there is pay-off of any other debt as a part of the proposed refinancing
 - j. Loan application to lending institution proposing a loan subordination
 - k. Total housing debt before and after proposed refinancing
 - l. Appraised value of the property (copy of current appraisal less than 6 months old)
3. The City Manager shall be authorized to sign off on all subordination agreements that are in accordance with the following Criterion:

Criterion #1: The loan-to-value ratio after a subordination request is executed shall not exceed 100%. The City shall not subordinate in cases where the loan-to-value ratio is over 100% and the refinancing of the property will increase this disparity. Forgivable loan amounts will not be considered when determining the loan-to-value ratio.

Criterion #2: Approval of subordination requests shall occur in situations where the owner is using new loan funds for improvements/repairs to the property. ~~Housing Programs Division staff~~

will initially provide the lender with a Statement of Intention to Subordinate. The actual subordination agreement will not be provided until the homeowner provides actual bids for the work to be done.

Criterion #3: Approval of subordination requests shall generally occur in situations where no new loan funds are being drawn out and where refinancing is occurring in order for the owner to take advantage of a lower interest rate and/or shorter loan term, or in order to improve the chances of the existing owner to maintain their home ownership status; e.g. extending the length of the loan in order to lower monthly payments, etc.

Criterion #4: Approval of subordination requests shall occur in situations that include the payoff of non-housing debt (i.e. credit card debt, medical debt) so long as total housing debt, including any new loans, remains less than 80% of the property value. Verification of credit card debt payments shall be required as a part of the final closing. The City shall also require that all or a portion of its existing lien be repaid in subordination requests that involve the pay-off of other existing debt as follows:

<u>Existing City Lien Amount</u>	<u>Amount Required to Be Repaid</u>
Less than \$5,000	Full Repayment Required
Over \$5,000	50% Repayment Required

Criterion #5: Subordination requests shall not be approved when new loan funds are being used to generate cash for unspecified purposes.

Criterion #6: Subordination requests involving the pay-off of consumer debt shall not be approved in situations where the financial position of the household is not benefited over the long term (i.e., in cases where total monthly housing and revolving debt payments are increased, where the proposed interest rate of the new loan is higher by 2 points or more, or where the mortgage interest rate is substantially higher (more than 2%) than that being charged by local banks, or a HELOC includes monthly payments and interest rates higher than the participant's current rates and where the closing costs are substantially higher than normal refinancing costs). Subordination requests involving HELOCs with interest rates exceeding the Prime Index Rate plus 3% shall be ineligible. Refinance and HELOC applications with closing costs exceeding \$5,000 shall be ineligible.

Non-Profit Subordination Policy

1. Housing Programs Division staff may receive subordination requests from lenders and non-profits with existing loans with the Housing Programs Division. Before processing subordination requests, written authorization shall be obtained from the non-profit allowing program staff to obtain information from or share information with the lender. This authorization shall be included in the non-profit's file. The City will not subordinate loans that are in default status. Subordination requests involving City loan balances over \$50,000 must receive formal approval by the Columbia City Council.

2. Housing Programs Division staff shall obtain the following information to submit for City Manager consideration of approving subordination requests:

- a. Name of lending institution with existing mortgage
- b. Name of lending institution proposing a loan subordination
- c. Pay-off amount for existing mortgage
- d. Interest rate on current mortgage
- e. Date, terms and loan City loan amount
- f. Proposed loan amount from lending institution's proposed loan subordination
- g. Origination fee amount
- h. Estimated settlement charges to participant
- i. Type of new loan (refinance, HELOC) and if there is pay-off of any other debt as a part of the proposed refinancing
- j. Loan application to lending institution proposing a loan subordination
- k. Total facility debt before and after proposed refinancing
- l. Appraised value of the property (copy of current appraisal less than 6 months old)

1. The City Manager shall be authorized to sign off on all non-profit subordination agreements less than \$50,000 and that are in accordance with the following Criterion:

Criterion #1: Approval of subordination requests shall generally occur in situations where a non-profit has substantial equity in their facility and where facility debt, including any new loans, is less than 80% loan to value ratio.

Criterion #2: Approval of subordination requests shall occur in situations where no new loan funds are being drawn out and where refinancing is occurring in order for the owner to take advantage of a lower interest rate and/or shorter loan term, or in order to improve the chances of the existing non-profit to maintain ownership status; e.g. extending the length of the loan in order to lower monthly payments, etc.

Criterion #3: Approval of subordination requests shall occur in situations where the non-profit is using new loan funds for improvements/repairs to the property and where facility debt, including any new loans, is less than 80% loan to value ratio. Housing Division staff will initially provide the lender with a Statement of Intention to Subordinate. The actual subordination agreement will be provided after all improvements/repairs have been completed and said improvements/repairs have been verified by Housing Division staff.

Criterion #4: Approval of subordination requests shall occur in situations that provide cash out for the purpose of a specified non-profit operating cost or non-facility debt repayment so long as the total facility debt, including any new loans, remains less than 80% of the property value. The City shall may require that all or a portion of its existing lien be repaid in subordination requests that involve the pay-off of other existing debt or cash out for operating costs as follows:

<u>Existing City Lien Amount</u>	<u>Amount Required to Be Repaid</u>
Less than \$20,000	Full Repayment Required
Over \$20,000	50% Repayment Required

In the event that the non-profit loan balance(s) exceed the new loan amount being requested, the Housing and Neighborhood Services department may make a recommendation to the City Manager for approving the request, providing that all other applicable requirements have been met.

Criterion #5: Subordination requests shall generally not be approved in situations where the financial position of the non-profit is not benefited over the long term (i.e., in cases where monthly mortgage payments will increase over 10%, where the proposed interest rate is substantially higher than the existing rate (2 points or more), than that being charged by local banks, and where the closing costs are substantially higher than industry standards as it relates to refinancing costs).

Criterion #6: Subordination requests shall not be approved where new loan funds are proposed to be used for expenses or activities not allowed under Title 24 Part 570 and as authorized under title I of the Housing and Community Development Act of 1974, as amended.

Transfer of Debt (Homeowner Rehab Program)

1. Requests from agencies and homeowners for the transfer of debt from one property to another will be made to the staff of the Housing Programs Division. The process involved in such a request is set out in Policy Resolution 156-95A (PR 156-95A) adopted by the City Council on August 21, 1995.
2. Requests from individuals for the transfer of debt from one owner to another will be made to the staff of **Housing and Neighborhood Services** and will be reviewed on a case by case basis. Transfer of debt will be allowed in certain situations where the homeowner(s) to whom the original loan was made is/are deceased. Transfer of ownership may be made to an heir of the owner or may be sold by heirs to an unrelated individual under the following conditions: (1) The new owner must be deemed to be low to moderate income; i.e. meet HUD's income limits at the time of property transfer. (2) The new owners must reside in the home and plan to remain in the home for a minimum of two years. (3) New owner must sign a deed of trust and promissory note for the full amount of the debt prior to the City approving the transfer. Said deed of trust will not be recorded until the transfer is complete and until the previous deed of trust has been released. The Loan and Grant Committee will determine how the mortgage will be structured based upon the financial situation of the new owner (i.e., amortized with regular monthly payments or deferred for a specified period of time).

Appendix A

Rehabilitation Loan Terms and Conditions

The specific terms and conditions with respect to a rehabilitation loan and/or grant are incorporated in these rules and regulations. The applicant, by signing the application forms agrees to:

Civil Rights. Comply with all HUD requirements with respect to Title VI of the Civil Rights Act of 1964, to not discriminate upon the basis of race, color, creed, or national origin in sale, lease, rental, use or occupancy of the subject property.

Cancellation of Assistance. Return all loan proceeds with no right, interest or claim in the proceeds, if the loan is canceled before the rehabilitation work is started.

Use of Proceeds. Use loan proceeds only to pay for costs of services and materials necessary to carry out the rehabilitation work for which the loan was approved.

Completion of Work. Assure that the rehabilitation work shall be carried out promptly and efficiently, through written contract after prior approval by the City's Director of Planning and Development or the City's Loan and Grant Committee.

Ineligible Contractors. Not award any contract for rehabilitation work to be paid for in whole or in part with the proceeds of the loan and grant, to any contractor who, at the time, is ineligible under the provisions of any applicable regulations issued by the Secretary of Labor, United States Department of Labor, to receive an award of such contract.

Inspection. Consent to inspection of the property by the City or its designee. Inspection shall include the rehabilitation work and all contracts, materials, equipment, payrolls, and conditions of employment pertaining to the work.

Records. Keep such records as may be required by the City with respect to the rehabilitation work.

Bonus, Commission, or Fee. Not pay any bonus, commission, or fee for the purpose of obtaining the city's approval of the loan application or any other approval or concurrence required by the City or its designee, to complete the rehabilitation work, financed in whole or in part with the rehabilitation loan.

Interest of the Public Body. Allow no member of the governing body of the City of Columbia, who exercises any functions or responsibilities in connection with the administration of the federally assisted project or program, and no other officer or employee of the Public Body who exercises such functions or responsibilities, to have any interest, direct or indirect, in the proceeds of the grant, or in any contract entered into by that application, for the performance of work financed in whole or in part with the proceeds of a rehabilitation loan.

Interest of other local Public Officials. Allow no member of the governing body of the locality in which the property to be rehabilitated is situated, and no other public official of the locality who exercises any functions or responsibilities in connection with the administration of the federally assisted project or program, and no other officer or employee of the Public Body who exercises such functions or responsibilities, to have any interest, direct or indirect, in the proceeds of this grant, or in any contract entered into by the applicant for the performance of work financed in whole or in part with the proceeds of the rehabilitation grant.

Trash and Junk. The loan recipient shall be required, where the Housing Specialist deems it necessary, to clean up the premises of all trash, junk, abandoned **or unlicensed** autos, cut all tall weeds, grass, and vegetation, before any work is done on the recipient's home.

Lead-Based Paint Hazard Reduction: The loan recipient shall consent to the removal or reduction of lead-based paint hazards as **are** determined by the lead-based paint risk assessor with whom the City contracts for services. The loan recipient shall consent to the procedures necessary to contain dust during the removal or reduction of lead-based paint hazards, including limiting occupancy of the house to areas outside of critical containment barriers set up by the rehabilitation or lead abatement contractor. If relocation is necessary as a part of lead reduction activities, grant funds will be used to relocate the owner of the property and his family for a period not to exceed 21 days. If relocation beyond the 21-day maximum is required, cost of additional relocation shall be covered by the owner-applicant, the general contractor, or the lead abatement contractor, depending on the specific circumstances surrounding the need for additional relocation assistance.

Minimum Standard: The loan recipient for the housing rehabilitation program must agree that the property to be improved will meet the City of Columbia's Property Maintenance Standards and Housing Rehabilitation Standards at the completion of the rehabilitation. Where possible, the Minor Home Repair Program will bring elements of the home into compliance with the City of Columbia's Property Maintenance Standards.

Competitive Bid Proposals: Competitive bid proposals will not be required for projects where it is apparent to program staff that the cost of the proposed work will be less than \$1000. The Housing Specialist will prepare a cost estimate to ensure that project cost is less than \$1000. In these situations, Owner may select one contractor to submit a bid proposal and complete the work. On any project which exceeds \$1000, competitive bid process will be required.

Rebates: The funds loaned to owner by the City of Columbia may qualify the property for energy efficiency rebates from the City of Columbia Water and Light Department or Boone County Electric Cooperative. In the event any rebates are earned and paid from the City of Columbia Water and Light Department or Boone County Electric Cooperative as a direct result of the use of these funds, owner shall immediately endorse transfer and assign the rebate proceeds over to the City of Columbia **Housing and Neighborhood Services** Department to be applied first to the cost of the energy audit and balance, if any, applied to the principal of the City loan.

Appendix B

Program Income Limits - April 1, 2025

Household Size	Maximum Income
1	\$59,300
2	\$67,750
3	\$76,200
4	\$84,650
5	\$91,450
6	\$98,200
7	\$105,000
8	\$111,750

Source: HUD

Maximum Purchase Price- December 1, 2025

Existing Homes		New Homes	
1-Unit	\$249,000	1-Unit	\$284,000
2 Units	\$319,000	2 Units	\$364,000
3 Units	\$387,000	3 Units	\$440,000
4 Units	\$479,000	4 Units	\$545,000

Source: HUD

Homeowner Rehab Loan Payment Schedule

Homeowner Rehab Program Loan Payment Schedule			
Project Tier	Final Rehab Project Amount		Monthly Payment
I.	Up to \$15,000	\$	50.00
II.	\$15,001-\$20,000	\$	75.00
III.	\$20,001-\$30,000	\$	100.00
IV.	\$30,001-\$40,000	\$	125.00
V.	\$40,001-\$50,000	\$	150.00

Source: City of Columbia Admin Guidelines

Homeownership Assistance Residual Income Threshold- Monthly

Household Size	Residual Income Threshold- Monthly
1	\$441.00
2	\$738.00
3	\$889.00
4	\$1,003.00
5	\$1,039.00
6	\$1,119.00
7	\$1,199.00
8	\$1,279.00

Source: VA