**HOUSING TRUST FUND OF JOHNSON COUNTY**

**Revolving Loan Fund Information**

1. Mission and Goals

The mission of the Housing Trust Fund of Johnson County (HTFJC) is to ***promote and support affordable housing in Johnson County***. Our vision is safe, decent affordable housing for all in Johnson County.

The Trust Fund supports affordable housing by offering a flexible source of financing to assist with the development and preservation of homes for Johnson County households with income at or below 80% of the area median household income as defined by the US Department of Housing and Urban Development at the time of application. (See Appendix for Income Guidelines). Eligible projects include emergency shelters, transitional, rental and owner occupied homes.

Financing from the Trust Fund is very flexible in order to encourage innovation and creativity and to encourage a variety of projects throughout Johnson County.

1. Timing and Level of Funding

The HTFJC Board of Directors will determine the amount of funding available, if any, on a quarterly basis. The amount of funding will depend on contributions to the Trust Fund, repayments received/anticipated and the expected disbursements of obligated funds.

The Board of Directors will make a determination of the level of anticipated funding at the business meetings in November, January, April, and September. Applications will be due **on or about** January 11th, March 15th, June 20th and August 20th. The Board of Directors may also determine whether the funds may be committed to long term or short term commitments or a mix of both. The Distribution Committee will make funding recommendations to the Board of Directors at their regular business meetings. (A Timetable is included in the Appendix). Funding agreements will normally be prepared within 30 days of approval by the Board.

HTFJC will consider funding requests outside of this timeline if prospective applicants can show a compelling need and the funding otherwise promotes the goals of the Housing Trust Fund.

1. Eligible Applicants

Businesses, nonprofits and governmental entities are eligible to apply for financing. All applicants must have the capacity to complete the proposed projects. Applications from individuals for personal use will not be accepted.

For-profit housing entities are also eligible to apply for financing and may be required to sign a personal guarantee as a condition of award.

1. Funding Determinations

Funds will only be awarded for projects within Johnson County that serve households with income at or below 80% of the area median household income. HTFJC will make a determination whether the proposed projects are financially feasible and reserves the right to reject any application that fails to meet that threshold.

In order to give HTFJC the maximum amount of flexibility in determining the projects to be funded, and to give applicants the ability to apply for funding that best suits the needs of their project, the HTFJC Board of Directors will consider each application on a case by case basis.

Primary factors that will be considered in reviewing every application will include:

* The population served by the project. HTFJC will give preference to projects that serve populations with lower incomes.
* Other resources leveraged by the proposal. HTFJC will consider the amount of other public and private resources that will be invested in the project.

HTFJC seeks to provide funding to a variety of applicants to support a diverse spectrum of projects throughout Johnson County. Therefore, HTFJC will consider all proposals in light of current and past financing awarded and may give preference to projects that enhance the diversity of our funding.

As an organization, HTFJC must also ensure that financing is awarded in a financially prudent manner. Therefore, funding decisions, including terms agreed to by HTFJC, will depend on a variety of factors including of the level of risk involved in the project, the level of outstanding obligations and anticipated repayments and investments to the Trust Fund. General guidelines that will be considered are included in the Appendix.

Finally, HTFJC will consider whether or not the proposal provides a unique opportunity to help advance its mission to ***promote*** affordable housing in Johnson County.

1. Terms of Funding

Applicants are invited to propose the level and terms of funding that best suits their project. If the Board of Directors approves funding, HTFJC will negotiate the final terms of the financing to be awarded. In general, shorter term (12-24 months), lower risk loans will be subject to very low/zero interest rates. Longer term investments require a modest return to the Trust Fund. The level of return required will depend on a number of factors including the amount of financing requested, the length of the term, financing already awarded to other projects, the level of investments to the Trust Fund anticipated and current market conditions. HTFJC may award more favorable terms to projects that target residents with lower incomes.

Applicants will also be invited to propose the timeline which will allow them to secure all other funding commitments and begin drawing HTFJC funds. The Board will use the proposed timeline in deciding whether or not to approve the funding. Failure of the applicant to secure commitments or begin the project as proposed will be grounds for HTFJC to terminate the agreement so that funds can be used for other projects.

1. Process

All prospective applicants should first contact the Executive Director when considering applying for HTFJC funding. Final determination of awards rests with the Board of Directors, but the Executive Director can provide advice to prospective applicants regarding the anticipated level of funding that will be available and the terms the Board is likely to consider for approval. Because the level and terms of funding is very flexible, applicants will enhance the possibility of approval by working with Trust Fund staff to develop their proposal.

As described in Section II above, funding will be available on a quarterly basis. It is the responsibility of the applicant to contact the Trust Fund for information regarding the level and types of funding available each quarter.

Applications will be accepted four times per year. The applications will be reviewed by the Executive Director and additional information may be requested. The Distribution Committee will review the applications within weeks and will make funding recommendations to the Board at their next meeting. Applicants may be invited to attend the Distribution Committee meetings to answer questions about their project.

Funding agreements will be prepared within 30 days after the Board’s decision unless there are extenuating circumstances or issues that require further review by the Board.

**APPENDIX**

1. **Income Guidelines**

|  |  |  |
| --- | --- | --- |
| **Household**  **Size** | **30% Median Income** | **80% Median Income** |
| 1 | $20,950 | $55,850 |
| 2 | $23,950 | $63,800 |
| 3 | $26,950 | $71,800 |
| 4 | $29,900 | $79,750 |
| 5 | $32,300 | $86,150 |
| 6 | $35,580 | $92,550 |
| 7 | $40,120 | $98,900 |
| 8 | $44,660 | $105,300 |

Effective April 2021

1. **HTFJC Board of Directors Funding Schedule\***

(\*Decision date **subject to change**; refer to the application for timeline)

***Winter Spring Summer Fall***

|  |  |  |  |
| --- | --- | --- | --- |
| **November**  Determination of funds | **February**  Determination of Funds | **May**  Determination of funds | **August**  Determination of funds |
| **December**  Applications due | **March**  Applications due | **June**  Applications due | **September**  Applications due |
| **January**  Meeting with Dist. Committee  Funding decision | **April**  Meeting with Dist. Committee  Funding decision | **July**  Meeting with Dist.  Committee  Funding decision | **October**  Meeting with Dist. Committee  Funding decision |

1. **General Guidelines**

As described in the instructions, HTFJC funding is very flexible and applicants are invited to propose the funding level, timing and terms that best suit their project. The Board of Directors will consider a variety of factors but proposals must be financially feasible and serve the mission of the Housing Trust Fund.

In order to provide applicants with guidance about what factors may be considered, the following guidelines provide a description of some of the factors that will be considered. Applicants should be prepared to explain proposals that deviate from these guidelines.

* 1. ***Term of affordability/sustainability***

The mission of HTFJC is to address the housing needs of people with low incomes. Therefore, a major consideration will be how long the funded project is expected to remain affordable and subject to ensuring new owner or renter meet the income levels identified in the application. “Affordable” will be defined as “housing costs that are no more than 30% of the household’ gross income. For home owners housing costs include principal, interest, taxes and insurance. For renters, housing costs include rent and utilities. The nature of the HTFJC investment proposed will affect the term of affordability expected. HTFJC may ensure affordability guidelines through liens on the funded project. The specifics of managing and enforcing the term of affordability, however, will be negotiated between HTFJC and award recipients at time of award.

* 1. ***Per-unit Funding Amounts***

In general, applicants constructing new units for rental and transitional housing should apply for no more than $50,000 per unit. Applicants seeking funding for rehabilitation of rental or transitional housing may apply for up to $25,000 per unit ($50,000 per unit for rehabilitation that includes lead paint abatement). Per-unit costs which exceed these amounts should be explained.

* 1. ***Timing of funding***

Applicants should propose a realistic timeline by which they anticipate securing all other funding commitments and beginning to draw down funds. All other committed funding sources, either public or private, must be closed prior to or at the same time as the release of any funds by HTFJC. Failure to secure other funding commitments or to begin drawing funds within the agreed timelines will constitute cause of HTFJC to terminate the agreement and commit the funds to other projects.

* 1. ***Applicant’s Track Record and Administrative Capacity***

Successful applicants will show sufficient administrative capacity to administer the proposed project as well as comply with all reporting requirements of HTFJC and other funders. In order to show such capacity, applicants must submit organizational financial statements. Applicants should also provide a narrative which identifies the participants in the project, relevant experience and any other information which indicates that the applicant is qualified to administer the project. Projects that rely on donations for support should demonstrate that they have a track record of raising the funds to support the project.

* 1. ***Financial Feasibility of Project***

Applicants must supply sufficient information to allow HTFJC to determine the financial feasibility of the project to be funded. If HTFJC determines that the project is not financially feasible or is not supported by a market analysis of demand and need for the proposed housing type, the application will not be scored.

Applicants must show the financial feasibility of each project by including the following information with each application for funds:

* + - Identification of each member of the project ownership and management team.
    - A detailed description of the project to be funded including, where applicable, a development pro forma and a project development timeline*.*
    - A Sources and Uses statement with status of all funding sources (projected and committed) and the priority of claims among funders. All funding sources must be committed and closed prior to or at the same time of any release of funds by HTFJC.
    - For applicable projects*,* sufficient evidence of the applicant’s ability to obtain title to subject property. Prior to disbursement of any funds, recipients will be required to show evidence of site control.
    - For rental projects, estimated annual income and expenses including a 10-year cash flow projection.

Sufficient information must be submitted to support all projections. Applications with unsubstantiated projections or projections with negative balances will not be funded. HTFJC will generally accept a project’s development budget if approved by other funders such as private lenders, IFA, USDA, HUD or FHA. In reviewing budgets and projections, HTFJC will consider the following guidelines:

Applicants must show that a project can service its debt. In order to meet this requirement, a debt coverage ratio of at least 1:15 will be expected. If an applicant’s debt coverage ratio deviates from this, the applicant should provide an explanation to justify the deviation.

Projects may include a developer’s fee no greater than 15% calculated as follows: developer’s fee divided by (total development cost – developer’s fee – capitalized reserves). If the developer’s fee is higher than 15%, applicants must provide a narrative explaining this deviation. One factor to consider in allowing a higher fee is whether the fee has previously been approved by any other funding source.

The contingency budget for a project is generally expected to be between 5 percent and 10 percent of the construction budget, unless the applicant can demonstrate that costs are unlikely to change from those proposed.

* 1. ***Building Standards***

Applicants must show proof of meeting applicable building codes for all projects. For projects located in jurisdictions without a building code, applicants must meet all requirements of Johnson County’s building codes and amendments. Applicants for remodeling should at a minimum meet Section 8 housing quality standards. All projects must comply with HUD’s Lead Safe Housing regulations for all residential property that was constructed prior to January 1, 1978.

* 1. ***Income Verification of Assisted Households***

Applicants will be required to submit income verifications of targeted populations for the designated number of affordable units in The Agreement.

* 1. ***Monitoring and Reporting Requirements***

An authorized representative of the recipient will be required to sign an Agreement with HTFJC. The Agreement will set forth all terms, conditions and understandings obligations upon which the project is funded by HTFJC, including a detailed project timeline. As part of the Agreement, recipients will be required to provide quarterly reports to HTFJC until the project is complete and all household incomes are submitted. Quarterly reports will include the following information:

* A narrative summary of progress made since the last reporting period. Any deviations from the Agreement must have prior approval from HTFJC.
* An update of any occupancy changes during the reporting period and new income levels.
* A description of activities needed for completion of the project and plans for implementing those activities.

Annually, HTFJC requires applicants to submit any changes in occupancy, to include an updated income eligibility form for the new household, for the duration of the agreed period of affordability.