Questions and Responses – AHDF-Haywood County

THE FOLLOWING QUESTIONS HAVE BEEN RECEIVED DURING THE LETTER OF INTEREST PERIOD. RESPONSES ARE LISTED WITH EACH QUESTION. THIS DOCUMENT MAY BE UPDATED AS ADDITIONAL QUESTIONS ARE RECEIVED.

Questions	Responses
1. Does the Letter of Interest (LOI) need to be site specific?	Give as much information about the site location as you can. This will be part of the criteria in the selection process. However, even if you do not have a site selected yet, you can still submit a LOI.
2. Can the structure of the awards differ depending on the use of the funds? I would like clarity on the structure of awards as outlined in section 7.4 on page 13 of the Program Manual. Are we taking the amount that we ask for, even if we're using that for infrastructure, dividing that, and then factoring that into the loan?	**We would need to make sure we are assigning what proportion of each unit would have CDBG dollars in it. The cost per unit will be calculated based upon all funding sources identified to complete all aspects of the project. Due to the competitive nature of the process, the more units created during the grant period, the stronger the application for that particular metric. Additionally, if you're planning to do infrastructure for home building as well, would need to make sure it can be built within the grant period.**
3. Could you walk us through an example of what it looks like for a homeowner when they get into a house that used over $40,000 in CDBG-DR funds to construct?	When the homebuyer purchases that house, there will be an affordability period, in this case a 15-year affordability period. There will be restrictions for the homeowner after they purchase the property. Additionally, if homebuyer sells the house during the affordability period, the homebuyer will need to pay the dollars invested in the house back to the program so it could be invested in another house. Or the proposal could say that the homebuilder or developer will have an agreement with the homebuyer to first right of refusal to buy the house back. Or your proposal could say that the homebuyer would have to limit future buyers of the house to 80% AMI or below. Most households don't want to do that, but any way that those dollars or that house can be preserved for the remainder of the affordability period may be considered. The best practice is to get the money back because it's the easiest and cleanest way to do it. Finally, the per-unit cost is what determines the affordability period. If the application requests $500,000 to build 10 units, then there's 50k of NCORR dollars in each unit.

Questions	Responses
4. Does this funding work with USDA Mutual Self Help housing program, which has a sweat-equity component?	**It is up to the applicant to work with other outside funding sources. Our program does not prohibit working with such programs as Self-help or Habitat.**
5. Would we be able to use this funding for the site development (purchase land and infrastructure build out) then use private funds for vertical building?	It would depend on your sources of other funding and timeline. There is some flexibility in the sources and uses. At the end of the project period, we need to have units that meet affordability constructed.
6. If this funding was granted, when would you require part 58 to be done? We just really don't want to impact the other HUD funding we'll be applying for.	**There is reciprocity across HUD programs where they are required to accept other Part 58 determinations as long as it's within a year or so of original Authority to Use Grant Funds (AUGF). That would be a HUD determination. We understand the need for layered funding to scale projects.**
7. How will our project budget work with staff time and developer fees?	Fees for staff would be included in maximum percentage for developer, which is capped at 15%. Additionally, supportive services are an ineligible cost, so we'd just need to know what kind of services staff will be providing to know if it would be an allowable cost.
8. How will the developer know how much affordability gap needed by the homebuyer before the homebuyers are identified?	**It will be an estimation. The Homebuyer Mortgage Projection Model is uploaded on the program resources webpage and it will help you run those numbers.**
9. Is the down payment assistance a soft second mortgage?	The Affordability gap is structured as a second mortgage with promissory note. The funds would be recaptured if the house is sold within 15 years if the $40k per unit was requested; the funds would be repaid in this example.
10. Is there a maximum loan amount on the construction financing side of things, per unit?	**There is a $300,000 ceiling per unit for both affordability and downpayment assistance. There is no stated per unit maximum for construction financing.**