



City of St. Louis' Affordable Housing Commission

Frequently Asked Questions

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September 2019

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The Affordable Housing Trust Fund Frequently Asked Questions

General Information

1. How many funding rounds does the Affordable Housing Commission (AHC) present every year?

The Affordable Housing Commission holds a single funding round every year. AHC endeavors to schedule its funding round to work with other allied funder's schedules (the City's Community Development Administration (CDA) and the Missouri Housing Development Commission (MHDC)). The Commission's funding round typically opens in mid-September with applications due in early November. The Commission makes its annual funding awards at the January Commission meeting, which is usually scheduled to take place within the first 2 weeks of January.

2. How much money will be awarded during the Fall 2019 Funding Round?

The Commission will vote to award \$6,000,000 in January 2020 to non-profit organizations, faith-based agencies, and developers creating affordable housing and providing affordable housing services in the City of St. Louis.

3. Are Trust Fund dollars available for projects outside of the City of St. Louis?

No. The City of St. Louis' Affordable Housing Commission will only be awarded for projects within the City limits. All of the people served by the Trust Fund must live in the City of St. Louis.

4. What City licenses and documents must be filed to receive AHC funding?

While some non-profits may be exempt, all recipients of Trust Fund dollars must be in good standing with the City's Business License Collector: 314-622-4528 and the City's Collector of Revenue (Earnings Tax): 314-622-3291. Refer to the last page of the FAQs for AHC's typical Due Diligence Checklist required of all development projects.

License Collector

City Hall Room 102-104
1200 Market Street
St. Louis, Missouri 63103
Phone: 314-622-4528
Fax: 314-622-3275
Monday - Friday 8:00am - 5:00 pm

Earnings Tax Department

City Hall Room 410
1200 Market Street
St. Louis, MO 63103-2895
Phone: 314-622-3291
Fax: 314-622-4847
Email: collectorinfo@stlouis-mo.gov
Hours: Monday Friday 8:00 AM 5:00 PM

Grant Funding for Programs & Services

5. Does the Affordable Housing Commission award Grants or Loans?

A) Grant Funding – for Affordable Housing Programs & Services

AHC offers grant funding for the following affordable housing programs and services:

Education/Training/Database	Transitional Housing
Disability Modification	Rent/Mortgage/Utility Subsidy
Home Repair	Homeless Prevention/Shelter
Lead Abatement	

B) Loan Funding – for Construction of Affordable Housing

AHC offers long-term, low interest loans for developments that create and preserve affordable rental and for sale housing. All Trust Fund loans will be secured by a lien on the property. Refer to Loan Funding for Construction Projects page 4-12.

6. Can my agency submit more than one grant proposal to help fund different affordable housing programs or services during the 2019 Fall Funding Round?

Yes. Non-profit and faith-based organizations may submit more than one application to help cover costs associated with an affordable housing program or service. Because Trust Funding is competitive, all applications received will compete against each other. It is recommended that you concentrate your effort into putting together the highest quality application possible.

7. What are the income restrictions on Trust Fund-assisted programs, services, and projects?

The Affordable Housing Trust Fund is required to serve individuals and households earning at or below 80% of the Area Median Income. Use the table below to determine household eligibility by family size. AHC gives priority consideration to projects that provide housing and services to individuals and households earning at or below 20% of the Area Median Income.

2019 Income Guidelines
City of St. Louis Income Limits for Applicable Programs

Family Size	1	2	3	4	5	6	7	8
20%	\$11,382	\$13,008	\$14,634	\$16,260	\$17,561	\$18,862	\$20,162	\$21,476
30%	\$17,100	\$19,550	\$22,000	\$24,400	\$26,400	\$28,350	\$30,300	\$32,250
40%	\$22,764	\$26,016	\$29,268	\$32,520	\$35,122	\$37,723	\$40,325	\$42,952
50%	\$28,500	\$32,550	\$36,600	\$40,650	\$43,950	\$47,200	\$50,450	\$53,700
60%	\$34,146	\$39,024	\$43,902	\$48,780	\$52,682	\$56,585	\$60,487	\$64,392
70%	\$39,837	\$45,528	\$51,219	\$56,910	\$61,463	\$66,016	\$70,568	\$75,167
80%	\$45,550	\$52,050	\$58,550	\$65,050	\$70,300	\$75,500	\$80,700	\$85,900

St. Louis Area (MO-IL) Median Family Income (AMI) for year 2019 is \$81,300.

Source: HUD April 2019, Effective April 2019.

8. Can AHTF dollars pay for salaries?

Yes. The Affordable Housing Commission prefers to have a minimum percentage of funds spent on salaries in comparison to dollars spent on direct client services.

9. Is there a cap on the amount of funds an applicant can request?

No. However, the Trust Fund is limited by the amount of funding available relative to the strong need for affordable housing and affordable housing services in the City of St. Louis. The Commission prefers to fund programs, services, and projects that prove they are committed. This is often done by securing and effectively leveraging internal funds, private dollars, charitable contributions, donations, and other funding sources.

10. Can a program provide services across wards and neighborhood boundaries?

Yes. Please clearly state the areas that will be served when completing the application.

11. If an agency is approved for funding during this funding round can the agency reapply the following year?

Yes. The Affordable Housing Commission regularly funds a number of affordable housing programs and services year after year. The AHC keeps track of effective grantees whose programs and services improve the state of affordable housing in the City of St. Louis.

12. Will the Affordable Housing Commission give feedback to unsuccessful applicants whose applications are not funded?

Yes. After the funding round, the applicant should contact the Commission by phone, or email and request feedback.

13. What is the difference between the two questions: H. and I. on page 3 of the grant application?

H. Requested amount reflects: _____% of the program/project budget of \$ _____.

This should be the **Total Program Cost (or budget)** of the **Program/Project** you are requesting funding assistance for and the **percentage (%)** of the **Total Program Cost** relative to the **Request to the Trust Fund**.

Example:

If the Program Cost = \$50,000 and you request \$20,000, you would state:

H. Requested amount reflects: 40% of the program/project budget of \$50,000.

I. Requested amount reflects: _____% of the total agency budget of \$ _____.

This should be the **Agency's Total Operating Budget** and the **percentage (%)** of the **Request to the Trust Fund** for the specific program relative to the **Total Agency Budget**.

Example:

If the Agency's Total Operating Budget = \$200,000 and you request \$20,000, you would state:

I. Requested amount reflects: 10% of the total agency budget of \$200,000.

Loan Funding for Construction Projects

14. Describe Trust Fund loans for construction projects.

Trust Fund awards for development projects are provided as loans. Development loans that create housing for people earning at or below 20% of the Area Median Income will be offered as Forgivable Loans. If the Commission awards a forgivable loan, it will contain income restrictions that match the term of the forgivable loan. For instance, a 30-year forgivable loan will be forgiven 1/30 per year over a term of 30 years. It will have an Agreement for Covenants & Restrictions (LURA) restricting the income of the tenants for 30 years.

Trust Fund Loans for rental housing are secured by a Deed of Trust and an Agreement for Covenants & Restrictions (also called a LURA Land Use Restriction Agreement). AHC matches the term of the loan to the term of the income restriction.

15. Will the Affordable Housing Commission award forgivable loans?

Yes. The Commission will award forgivable loans to developers that create or preserve housing for individuals and households who earn at or below 20% of the Area Median Income (AMI).

AHC gives priority consideration to projects that serve people in this very low income group.

16. Can developers submit more than one application for affordable housing construction projects in the City of St. Louis?

Yes. Because Trust Funding is competitive and only the very best projects are funded, all construction applications received will compete against each other. If you have two projects, you may wish to apply strategically. Since the Commission prefers to fund projects that will start and end within 16 months, and the Commission favors projects with secured primary funding, it might be to your advantage to stagger your proposals across different funding rounds and concentrate your effort into assembling the highest quality application possible. If your project will not commence until the Spring of 2021, you are advised to wait until AHC's next funding round (Fall of 2020). If you are a developer and you intend to seek Trust Fund dollars to build rental and for-sale affordable housing, you must submit your rental housing proposal on the Rental Housing Production Application and your for-sale proposal on the For-Sale Housing Production Application.

17. Can I apply for funding from the City's Affordable Housing Commission if I am also applying for funding from other sources such as: the Missouri Housing Development Commission (MHDC), the City's Community Development Administration (CDA), and the Federal Home Loan Bank (FHLB)?

Yes. Commitments from other financial parties bring strength to affordable housing construction projects. AHC funding is considered gap financing. The Commission expects all projects to secure and effectively leverage primary funding so that the least amount of Trust Fund dollars necessary will be needed to bridge the gap between the secured sources and the cost to build the affordable housing.

Rental Housing Projects

18. If an applicant applies for 9% Low Income Housing Tax Credits (LIHTC) and AHTF dollars, how is the application viewed if the project is not awarded the LIHTC?

The Commission is interested in funding projects that are ready to be built but just lack gap financing. For this reason, applicants are expected to have primary financing. If a project is not awarded the necessary tax credits, the applicant will need to demonstrate how the proposal remains feasible without the Tax Credits. Corollary, projects that receive 9% tax credits and rely on Trust Fund dollars stand a very good chance of also being awarded AHTF dollars.

19. Is there a limit to the amount of funding that rental housing applicants can request?

Yes, the maximum sum the Trust Fund will contribute to rental housing is 30% of the project's Total Development Cost.

20. How are rental loans structured?

Affordable rental housing projects are expected to provide affordable rental housing for the life of the facility, either 15 or 30 years, or longer. Page 2 of the application (Tab 1) asks applicants to state the loan terms desired. AHC recommends the term of the loan match the term of the rental housing income restriction.

Example

A \$200,000 30-year, 0% interest loan typically has a 30-year income restriction. The developer would request: a \$200,000 30-year, 0% interest loan to construct 10 AHC-assisted homes that will be rented to ten (10) households earning $\leq 80\%$ AMI for 30 years.

21. How are forgivable rental loans are structured?

A developer requests \$200,000 from AHC to construct a 10-unit facility for 10 households earning 20% AMI.

AHC would likely structure a \$200,000, 30-year, 0% interest forgivable loan. The loan will be forgiven 1/30 per year over thirty (30) years. The 10-unit facility would be required to serve households at or below 20% of the Area Median Income for 30 years.

22. What does the Commission require from rental housing owner/developers during the life of the Trust Fund loan?

- Insurance policy with Commission named as additionally insured
- Annual Repayment on AHC Loan, if Cash Flow is available
- Audited Financial Statements
- Tenant Income Certifications
- The owner/developer must ensure that the property remains leased, in good repair and financially solvent for the length of AHC's loan (30 years or longer).

23. I want to rehabilitate occupied rental units. Is that allowed?

Yes. AHC allows developers to rehabilitate units that are currently occupied. You will need to submit a detailed plan explaining how you will respectfully work around tenants or relocate tenants at no expense (to the tenant).

24. Will the Commission consider funding the rehabilitation of a 2-family property in which one unit will be sold to an income-eligible household and the attached unit will be rented to a low or moderate-income household?

Yes, with conditions. The income-eligible purchaser must occupy the home. The renting tenant will need to prove his or her income is at or below 80% AMI, and the owner must provide annual documentation that rent charged does not exceed 30% of household income. AHC has not funded a project like this to date. AHC is open to suggestions regarding the length of time the rent should be maintained as “affordable” and how long the owner must provide documentation. AHC would structure a forgivable developer subsidy to cover construction and a repayable buyer subsidy to be repaid to after the 1st mortgage is paid off.

For-Sale Housing Projects

25. Is there a limit to the amount of funding that for-sale housing applicants can request?

Yes, the maximum sum the Trust Fund will contribute to for-sale housing is 25% of the project’s Total Development Cost.

26. How are loan terms structured for for-sale projects?

Page 2 of the application (Tab 1) asks applicants to state the loan terms desired. When the Commission provides funding for for-sale developments, the Commission will provide a forgivable construction loan to the developer and a repayable loan in the sum of approximately \$8,000 - \$10,000 to each eligible homebuyer. For-sale developers may request up to 25% of the Total Project Cost.

27. How do I determine the Amount to Request for a For-Sale development if the Total Development Cost (TDC) for constructing 4 new construction homes = \$600,000

$$\$600,000 \times .25 = \$150,000 \text{ Maximum request to AHC}$$

Developer Funds	\$450,000
AHC Funding	\$150,000
Total Development Cost	\$600,000

Forgivable Loan to Developers *AHC loan is forgiven when the homes sell*
+ Repayable Loans to Eligible Homebuyers *Repayable Buyer Subsidy Loans are issued as subordinated deeds of trust. They are repaid when the 1st mortgage is paid off. They are usually \$8,000 - \$10,000.*

28. How do I determine how much Trust Funding is requested per Trust Fund-assisted unit?

$$\frac{\$150,000}{4} \text{ Funding Request} = \$37,500 \text{ Per Unit Units}$$

29. How do I determine the portion to the developer and to the buyers?

Forgivable Loan to Developer \$110,000

Repayable Buyer Subsidies \$ 40,000 4 Repayable Buyer Subsidies of \$10,000 each
\$150,000 Funding Request

30. Will the Commission fund proposals that develop more than one property, such as scattered site developments? Can they be submitted on one proposal?

Yes. The Commission will consider scattered site proposals. The property within each application should be within a single ward and within 4 blocks of each other. Developments that are scattered beyond 4 blocks, or which straddle different wards should be separated into different proposals. Also, the housing included in each proposal should be similar. For instance, a proposal for rehabilitation of single family homes should be separate from a rehabilitation of 2-family buildings.

31. Can I apply for funding for the moderate rehabilitation of affordable rental or for-sale housing?

Yes. The Commission will even give priority consideration to moderate rehabilitation projects that, at completion undergo an energy audit and attain a HERS rating of 85 or less.

32. Can I apply for funding for the gut rehabilitation of affordable rental or for-sale housing?

Yes. The Commission will even give priority consideration to moderate rehabilitation projects that, at completion undergo an energy audit and attain a HERS rating of 85 or less.

33. What are the allowed Contractor Fees?

Contractor fees are limited for general requirements, overhead, and builder's profit and cannot exceed 14% of the total construction costs less the sum of general requirements, overhead, and builder's profit. Bonding costs and permit costs are not included in the calculation fee limits for general requirements, overhead, and builder's profit.

Builder's Profit maximum 6% of construction costs;

Builder's Overhead 2% of construction costs

General Requirements 6% of construction costs.

For more information about Contractor Profit and Developer Fees, refer to: MHDC 2019 Qualified Allocation Plan for MHDC Multifamily Programs found at:
http://www.mhdc.com/rental_production/2019-fy-items/FY2019-QAP.pdf

34. How much profit will AHC allow the developer to earn?

The Commission believes developers must be compensated for their work and rewarded for their risk. While AHC will allow a developer fee of 10-15% of eligible development costs, an analysis of developer fees over the last 2 years shows an average developer fee of 7.4% of Total Development Costs (TDC). During this same 2-year period, developer fees ranged from 4.4% - 10% of Total Development Costs (TDC).

35. What is included in General Conditions (or Direct Overhead)?

General Conditions (or Direct Overhead) refers to the cost for General Contractor responsibilities that are directly related to the supervision and maintenance of the project site. These items can include (but are not limited to): temporary utilities, alarm service monitoring during construction, portable toilets, tool rental & storage, dumpster fees, and clean-up.

36. What is covered by Indirect Overhead?

Indirect Overhead refers to the general contracting costs related to the operations of a general contracting business. These items can include (but are not limited to): general office expenses (such as rent, utilities, or supplies), salaries, professional fees, and marketing.

37. Do Davis-Bacon prevailing wage provisions apply to contractors and subcontractors working on Trust Fund-assisted construction projects?

No. Davis-Bacon wage rates do not apply to Trust Fund-assisted projects unless the project also receives federal dollars. If a Trust Fund-assisted project also receive federal funds then Davis-Bacon prevailing wage provisions will apply.

38. Does AHC require development applicants to have a hard construction bid when applying for funding?

No. A bid is not required at the time of application but is strongly encouraged as it informs the project's Total Development Cost. An accurate bid by a reputable contractor that itemizes the project's construction budget is the best way to put an accurate development budget together. Applicants are not allowed to increase their funding request after the NOFA deadline.

39. Does AHC require development applicants to have architectural plans when applying for funding?

No. Photographs or other representations of elevations and designs will suffice.

40. Is an appraisal required for development projects?

Yes. All rental and for-sale projects are required to have an appraisal, **but not before the NOFA closing date**. Rental projects with twelve or more units should also have a professionally prepared market analysis. All applicants must explain how proposed rent and home sale prices were established, how the homes will be swiftly sold and/or leased, and how the market demand for the project was determined.

41. Is there a list of City-approved energy auditors?

No. All new construction projects must be designed and built to a green energy standard (certification is not required). Because energy efficiency is so important, AHC will give priority consideration to construction projects that comprehensively retrofit or rehabilitate affordable housing units to a national green building standard (LEED, Enterprise Green, NGBS, etc.), or have an energy audit with a HERS of 85 or less. The City of St. Louis does not maintain a list of approved energy auditors. Any RESNET energy auditor would be appropriate for energy audit and ratings.

42. Will mixed-use new construction be considered for funding?

Yes. The Commission will consider funding affordable housing units within a development that includes mixed-use purposes. AHC financing will be limited to the housing portion of the application. If awarded funding, Trust Fund dollars will only be invested in the AHC-assisted affordable housing units.

43. Will the Commission consider funding mixed-income developments?

Yes. The Commission regularly funds mixed-income developments. Trust Fund dollars will only be invested in units that provide housing for individuals earning 80% AMI. This means that Trust Fund-assisted units may be a subset of the housing produced. The developer should decide how many units and which units he or she is seeking Trust Fund assistance. Often, a developer may decide to seek Trust Fund assistance for new construction ground floor units (for example), because AHC-assisted new construction homes must be Universally Designed.

44. I already started constructing housing that I now plan to rent or sell to low and moderate-income households, is it too late to apply for AHC funding?

Yes. The Trust Fund dollars cannot be used to reimburse expenditures that incurred prior to the date of the Commission’s legal documents (contract), which is well after funds are awarded. After the Commission votes on funding awards, AHC’s legal counsel drafts project legal documents (loan agreement, subordinated deed of trust, promissory note and, in the case of rental projects, an agreement for covenants & restrictions). The developer must submit construction due diligence (refer to FAQ page 12), before AHC will sign the contract. The Commission will not reimburse construction costs that incurred prior to the date the contract(s) are executed.

45. Can changes be made to the application after the deadline?

You may not change the amount of funding that you are seeking. If the project has changed, Commission staff have discretion regarding acceptance and inclusion of materials and changes that are received after the NOFA deadline.

46. Where can I get a copy of AHC’s Universal Design Requirements?

<https://www.stlouis-mo.gov/government/departments/affordable-housing/documents/universal-design-requirements.cfm>

47. Make sure you also download: 1) UD Design Checklist and, 2) the UD Construction Checklist:

<https://www.stlouis-mo.gov/government/departments/affordable-housing/documents/ud-checklist-construction.cfm>

48. How are Trust Fund Decisions Made?

- 1) The Commission staff perform a thorough review & analysis of each proposal.
- 2) Staff make recommendations to the Commission.
- 3) The Affordable Housing Commission votes on funding awards and terms.

49. What is Included in AHC's Development Project Review & Analysis?

- Projects are evaluated for eligibility and completeness.
- Project costs are calculated and compared against competing applications and across industry averages.
- The project's cohesiveness and impact in the neighborhood is assessed.
- The project's financial leverage, financial strength and neighborhood and political support are reviewed.
- The project's feasibility is assessed.
- The Commission evaluates the need for the proposed project.
- The developer's track record, reputation and capacity are weighed.
- AHC reviews and considers the project's ability to achieve AHC priorities.
- AHC considers the developer and sponsor's history of working with the Trust Fund and compliance of past projects.

50. What development considerations will make my project stronger?

The Affordable Housing Commission endeavors to fund high quality applications that include AHC Priorities. These elements make projects more compelling and will give your project priority consideration.

Affordable Housing Commission Priorities

- Develop housing units for persons and families with incomes at or below 20% of the area median income.
- Develop housing units that prevent homelessness for households or individuals earning at or below 80% AMI.
- Develop affordable housing units while advancing fifteen (15) or more objectives outlined in the City's Sustainability Plan.
- Develop affordable housing within one half-mile of a: 1) light rail station, 2) frequent service bus line (running every 30 minutes), or, 3) Bus Rapid Transit (BRT) station.
- Comprehensively retrofit or rehabilitate affordable housing units to a national green building standard (LEED, Enterprise Green, NGBS, etc.), or have an energy audit with a HERS of 85 or less.

51. Other Helpful Project Considerations

- Properties may be scattered; they do not have to be adjacent properties.
- Keep the properties within 4 blocks of each other.
- Applicants must have site control (ownership, an option, or a sale agreement) at the time of application.
- Keep each proposal within a single ward.
- If a project spans 2 wards, separate it into 2 proposals.
- All proposals must have Aldermanic support in the form of a support letter that is less than 6 months old.
- Get a bid. A bid is not required but projects without a bid are judged to be less reliable.
- Put a budget together.
- Determine how many units will be developed.
- Determine your target market. Who are your renters? Who are your buyers?
- Refer to the last page of the FAQs for AHC's typical Due Diligence Checklist required of all development projects.

Standard Due Diligence

Legal Description – *AHC-assisted properties*

Universal Design Certification - *for new construction, before and after construction*

Certificate of Compliance w/ Lead Based Paint, Lead-Safe Verification and Lead Clearance test results – *for rehab projects*

Disclosure of Lead-Based Paint and/or Lead-Based Paint Hazards

Affordable Rents Schedule – *for rental housing*

Affordable Home Price Schedule – *for-sale housing*

Sustainability Impact Statement – *preconstruction and post construction*

Legal Info Q form - *for creation of project legal documents*

Loan Calculation Sheet

Notice of Approval of Documents - *Due Diligence Checklist*

Minority and Women's Business Enterprise (MWBE) - *anticipated & final forms*

Certificate of Energy Standards Compliance, accompanied by Energy Star Rating/Green/Sustainable Certification - *when applicable*

Certificate of Compliance with the EPA Indoor Radon Level Standard & Radon Clearance Test Results

HUD Form 935 Affirmative Fair Housing Marketing Plan

Construction Sources & Uses of Funds

Construction Cost Breakdown - *showing acquisition, construction, development & soft costs*

Projected Schedule of AHC Disbursements

Proof of Equity - *Commitment letter from lender*

Appraisal

Proof of application for Ameren/Spire Rebate/Incentive Program

Zoning Letter

Building Permit

City Business License

Register w/ Collector of Revenue for the Earnings Tax (E-9)

Evidence of Site Control - *Option/Sales Contract/Warranty Deed*

Spot Foundation Survey, Plans & Specifications - *approved by AHC*

Construction Contract - *fully executed*

Environmental Review - *if required*

Title Policy - *standard exceptions deleted*

Insurance Policy-Fire & Extend. Coverage, Builder's Risk & Compr. Gen.Liability - *AHC named as additional insured*

Notice of Final Approval

Cost Certification/Disbursement Breakdown from Title Company

Project Contractors and Subcontractors Information Sheet

Building Department Occupancy Certificate

Buyers Settlement Statement & Sellers Settlement Statement – *for-sale projects*

AIA Certification of Substantial Completion G704

Rental projects ≤50,000 SF - track energy use www.stlbenchmarking.com/HowToComply/#Gathering-Requesting-Utility-Data