

ATTACHMENT #2

Funding Application Staff Analysis

Project/Program Name: Mountain Brook Development

Site Location: South of Rogers Rd. and East of S. Anderson St.

Applicant: Habitat for Humanity of the St. Vrain Valley for Humanity Community Housing Development, Inc.

Funding Request: \$120,000

Project Description: The applicant will build four duplexes that will have eight units that will be sold to households at or below 60% AMI. The homes will be built on land donated to Habitat by Mountain Brook Partners (MBP), master developer of the Mountain Brook development. This donation, which also includes financing for infrastructure, was approved by City Council in October 2019 for fulfilling MBP’s compliance with the Inclusionary Housing code.

The applicant is Habitat for Humanity of the St. Vrain Valley Community Housing Development, Inc., which is a separate nonprofit from Habitat for Humanity of the St. Vrain Valley, Inc. The federal HOME Program has a designation for nonprofits that meets certain qualifications (e.g., low-income representation on the Board) to be considered a Community Housing Development Organization (CHDO). A CHDO is eligible to receive specific set-aside HOME funds.

The City of Boulder as the lead agency of the Boulder Broomfield HOME Consortium will certify that the Community Housing Development organization meets the CHDO requirements. If funding is awarded, the Consortium will work with the applicant to ensure that any requirements not already completed are done prior to entering into a written agreement.

Affordability			
Type of Units:	For-sale duplexes		
Number of Units	Bedrooms	Income served	Period of Affordability
4	2	60%	Permanent
2	3	60%	Permanent
2	4	60%	Permanent
8			

Accessibility			
Type of Units:	For-sale duplexes		
Number of Accessible Units	Bedrooms	Income served	Period of Affordability
4	Unknown	60%	Permanent
4			

Funding Request: \$120,000 is requested from the Boulder Broomfield HOME Consortium’s (the Consortium) CHDO set-aside. The proposed funding will be used for the new construction of permanently affordable for-sale duplexes that meet the terms of the City’s Inclusionary Housing Code.

If the request is awarded, the funds will come from the 2021 HOME allocation. This set-aside does not affect the 2021 allocation of HOME funds that have been awarded to BCHA for the Coffman St. Apartments project as each

year the Consortium automatically subtracts the requisite 15% for CHDOs from the HOME allocation when determining the funding available for regular HOME-eligible projects.

Sources	Total	Per Unit	Status
First Mortgage/Sales proceeds *	\$1,159,802	\$144,975	Committed
MBP Donation	\$795,295	\$99,412	Committed
City of Longmont – CHDO funds	\$120,000	\$15,000	Pending
In-Kind donations	\$201,572	\$25,197	Committed
City of Longmont – Fee Waivers - estimated	\$93,000	\$11,625	Pending
Colorado Division of Housing**	\$62,000	\$7,750	Committed/Pending
Total	\$2,431,669	\$303,959	

*With each sale of a home, the loan to the homeowner is closed by St. Vrain Habitat. FirstBank purchases the loan from Habitat at a discounted rate and will then service the loan. This allows Habitat to recover its investment quickly and to build more homes. Habitat fronts the construction costs through its current capital and fundraising and a line of credit. Habitat has used this program over the last 4-5 years to increase production. The "First Mortgage" figure is the funding expected from sales proceeds.

**Habitat for Humanity of Colorado receives a 3-year allocation from CDOH that is distributed yearly to affiliates. St. Vrain Habitat has been allocated \$15,500 for this project. The remaining \$46,500 is expected to be allocated in September.

Use of Funds	Estimated Cost	Per Affordable Unit Cost
Acquisition Costs	\$596,471	\$74,559
Site Improvements	\$284,424	35,553
Construction	\$1,374,132	\$171,767
Professional Fees	\$43,200	\$5,400
Construction Finance	\$37,343	\$4,668
Permanent Financing	\$52,000	\$6,500
Soft costs	\$44,100	\$5,513
TOTAL	\$2,431,670	\$303,960

Project Financial Assessment	
Criteria	Project Data
<i>Project Info:</i>	
Total Construction Costs	\$2,431,669
Total Cost/Unit	\$303,959
Total Cost/SF	\$191.00
<i>Cost Effectiveness:</i>	
City Subsidy/Unit	\$26,625 (\$120,000 – CHDO; \$93,000 AHF [fee waivers & offsets])
Other Sources/Unit	\$265,964
City Subsidy vs Total Development Cost	8.8%
<i>Financial Commitments:</i>	
Other Sources Committed	Colo Div. of Housing, in-kind donations, land donation, portion of site improvements donation.
Pending	City of Longmont
<i>Compliance:</i>	
Boulder/Broomfield Consortium Consolidated Plan	Goal 3 (draft 2020 – 2024 Plan): New homebuyer opportunities.
City Council Work Plan	Goal B1.1: Have a diverse housing stock.
12% Goal Contribution	Increase the permanent for-sale housing stock by 8 units.

Budget and Financing:

Benefits:

- CHDO funding may be provided as a grant, which would reduce the project’s debt.

Considerations:

- Homes will be priced to be affordable for households with incomes of no more than 60% AMI.
- A grant would require a variation from the City’s current loan/grant guidelines:

General Guidelines	Request
51% - 80% AMI – Low interest loan	Grant. CHDO funds may be granted
31% - 50% AMI – deferred pmt or forgivable loan	
<30% AMI – grant, forgivable loan or deferred pmt loan	

Management Capacity:

Benefits:

- Consultants to the CHDO are long-time employees of Habitat for Humanity of the St. Vrain Valley, LLC who have successfully completed other projects in Longmont.

Considerations:

- This will be the first project by the CHDO.

Public/Private Commitment:

Benefits:

- Land donation valued over half a million dollars.
- Additional in-kind donations are 16% of the total project costs.

Considerations: N/A

Readiness to Proceed:

Benefits:

- Applicant is ready to begin the project once funding is in place and City development services approval is granted.
- Applicant has indicated that this project will be its priority.

Considerations:

- N/A

Overall Project Assessment:

- Project will provided additional affordable for-sale housing opportunities.
- Half of units will be accessible