

Community Development Block Grant - Disaster Recovery Program for DR-4420

Office Hours: Session 1 – Outreach

**Homeownership
Production Program**

August 25, 2022

Webex Overview



Utilize the chat during the conversation.



You will be **muted** at the beginning of the meeting.
Please **unmute** yourself to ask questions and provide
feedback during the discussion.



We are available via email at ded.cdbgdr@nebraska.gov
for any additional thoughts or feedback.

Introductions

Housing Programs Lead:

Christina Zink
Housing Program Manager

**Nebraska Department of
Economic Development (DED)
CDBG-DR Staff:**

Jenny B. Mason
Disaster Recovery Director

Aaron Boucher
Community Development Specialist

Susan Nickerson
Disaster Recovery Coordinator

Tia Loftin
Infrastructure Match Program Manager

Meeting Objectives

- **Describe** the purpose and structure of DED's Homeownership Production Program.
- **Provide** details regarding how funding selections will be made for the Homeownership Production Program and how to apply for the program.
- **Elicit** feedback, questions, and discussion from potential applicants.
- **Incorporate** focus group questions into a FAQ document.

Brief Point of Context

Of the total CDBG-DR award, federal rules require that:



80%

Most
Impacted and
Distressed

- 80% of ***total*** funds be invested in HUD-defined “Most Impacted and Distressed” counties of **Dodge, Douglas, and Sarpy**.



70%

Low/
Moderate
Income

- 70% of ***total*** funds are to support low/moderate income (LMI) residents.

Brief Point of Context, Continued

- Nebraska's overall CDBG-DR strategy includes funding for:
 - Planning
 - Infrastructure
 - Housing
- To provide flexibility for infrastructure & planning, the Affordable Housing Construction Program is targeted entirely to HUD-identified MID Counties and LMI populations.
 - HPP is a “sub-program” within the broader Affordable Housing Construction Program

Affordable Housing Construction Program

Affordable Housing Construction Program		
Homeownership Production Program	Small Non-LIHTC Rental Production Program	LIHTC Gap Financing Program
All programs provide financing to support production of affordable housing.		
<ul style="list-style-type: none">• Available for affordable for-sale housing targeted primarily to LMI buyers.• Financing includes funding for appraisal gaps and affordability gaps.	<ul style="list-style-type: none">• Available for affordable multifamily rental housing not otherwise seeking LIHTCs.• Financing includes gap or primary financing.	<ul style="list-style-type: none">• Available for affordable multifamily rental housing combined with LIHTC from NIFA• Financing includes gap financing.

Who is Eligible to Apply?

- Non-profit organizations under either 501(c)(3) or 501(c)(4) nonprofit organizations.
 - Will be designated as developers.
- Units of local government (e.g., counties, cities, or villages), PHAs, and Tribal Nations.
 - Will be designated as subrecipients.
- In practice, DED expects most applicants will be nonprofit developers.

Homeownership Production Program Overview

- **The Homeownership Production Program (HPP)** is being implemented to support recovery from the 2019 floods using funds from a Community Development Block Grant - Disaster Recovery (CDBG-DR) grant received from the U.S. Department of Housing and Urban Development (HUD). HPP is available within the counties defined by HUD as the “most impacted and distressed” (MID), which include Dodge, Douglas, and Sarpy counties.
- **Goals of the HPP:**
 - **Increase** opportunities for owner-occupied, **affordable housing** in flood-impacted (i.e., HUD MID) areas; and
 - **Increase** community **resiliency** in the face of future natural disasters.

HPP Overview, Continued

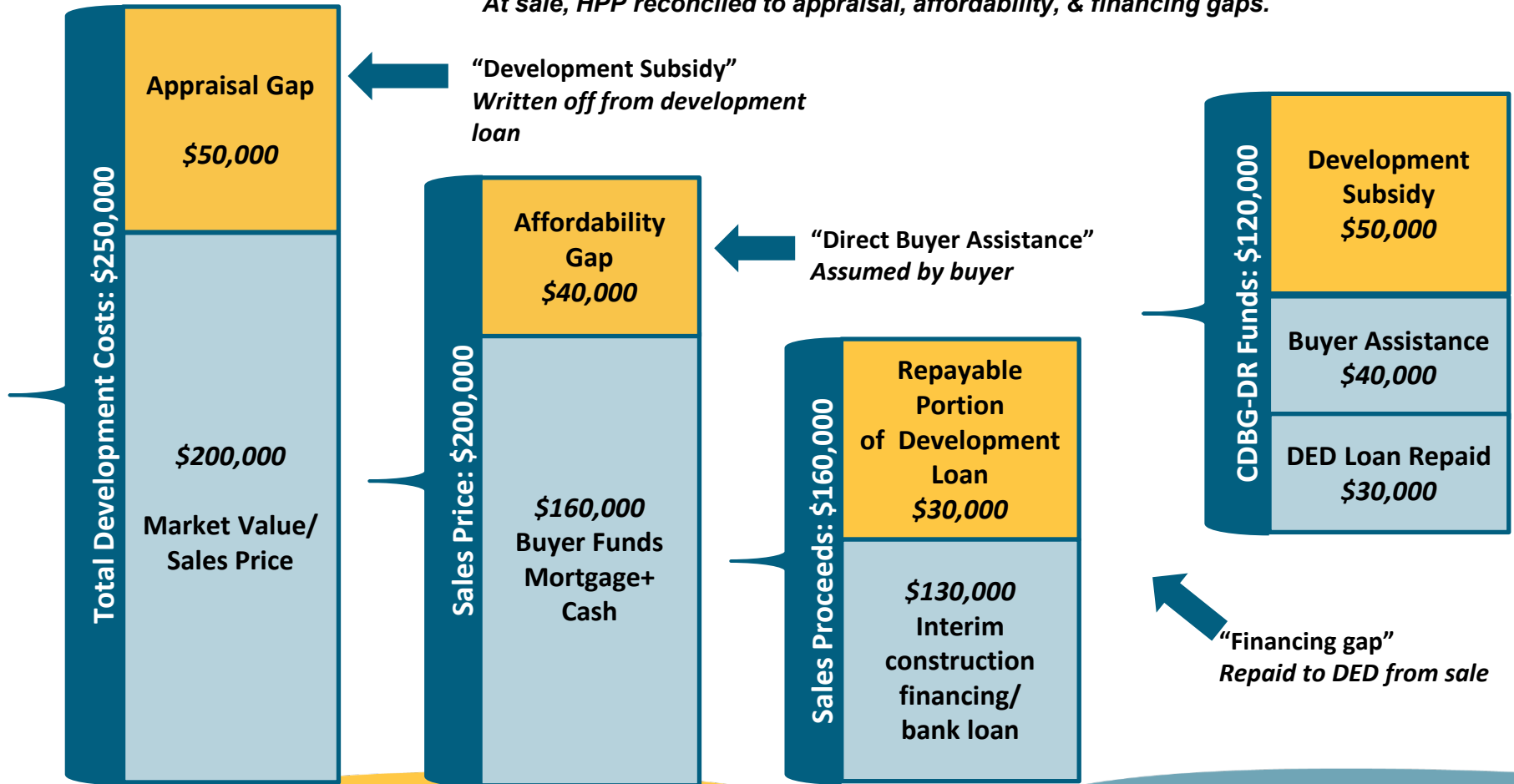
HPP financing may be used to address three types of funding gaps common in the production of affordable homeownership units:

- **Appraisal gap:** It is common for the cost of building a home to exceed its appraised value. This difference is often referred to as the “**appraisal gap**.” Without a development subsidy to address the appraisal gap, units cannot be produced.
- **Affordability gap:** Even if subsidies are identified to cover the appraisal gap, the appraised value of the home often exceeds the purchasing power of low- and moderate-income households. There is an “**affordability gap**” – in other words, the targeted buyers cannot afford to purchase the home outright, but need help with closing costs, prepaid expenses, and reducing their first mortgage to an affordable level. This is commonly provided in the form of second mortgage assistance to eligible buyers.
- **Financing gap:** Even when appraisal and affordability gap subsidies can be identified, developers of affordable homeownership projects often cannot obtain enough interim or construction financing from private sources to fund the development of the home until sale to the end buyer. There is a “**financing gap**.”

Sample Funding Walkthrough

Functional Use

At sale, HPP reconciled to appraisal, affordability, & financing gaps.



But what if we're not sure how a specific project is going to work out?

What if our “gaps” are off?

Application

- Typical cost
- Typical value
- Typical buyer

Commitment

- House-specific costs
- Appraisal (as-complete)
- Updated buyer profile
- Actual other financing

Sale/Closeout

- Final actuals for all critical metrics



Questions?

Cross-Cutting Requirements



**Fair Housing and
Equal Opportunity**



Labor Standards



Property Standards



**Environmental
Review**



**Relocation
Requirements**



**Minority – and
Women- Owned
Business
Enterprises**



Section 3



**Green Building
Standards**



**Duplication of
Benefits**



Procurement*
*If applicant is a
subrecipient*

Environmental Review

Subject to National Environmental Policy Act of 1969 (NEPA), HUD's implementing regulations at 24 CFR Part 58, and other related Federal and State environmental laws.

There are two (2) fundamental aspects of NEPA:

- Public Participation: The public must be informed about the project before it begins.
- Limitation on Activities Before Environmental Clearance: The Responsible Entity (RE) for the project must obtain Environmental Clearance prior to proceeding with the project.
- Taking a Choice Limiting Action after application and prior to completion of ER process will make a project ineligible for federal assistance
 - Includes purchasing property, demolition, site prep/clearance, site work, any rehab/construction work, etc.



Relocation Requirements

The Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally-Assisted Programs (URA) is a federal law that establishes minimum standards for Federally funded programs and projects that **require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms.**

- Applies to:
 - **Acquisition;**
 - **Rehabilitation;**
 - **Demolition; or**
 - **Infrastructure.**
- URA is triggered if the project involves the following:
 - **Real property acquisition;**
 - **Residential displacements; and**
 - **Non-residential displacements.**

Section 104(d) of the Housing and Community Development Act of 1974 contains additional LMI requirements.

Next Steps



Visit the DED CDBG-DR Program Website

On the website you can sign up for the CDBG-DR program newsletter and review programmatic materials.



Provide Feedback Directly to DED

Additional feedback can be provided directly to the DED CDBG-DR team.



Attend Future Focus Group Sessions

The topic of the next focus groups will be on the HPP Application process.

Website: opportunity.nebraska.gov/cdbg-dr

Email: ded.cdbgdr@nebraska.gov

Additional Program Resources

- **Reference the following documents in the Project Toolbox for additional information:**
 - [Homeownership Production Program Factsheet](#) (sent via email)
 - [Homeownership Production Program Guide](#)
 - [Affordable Housing Construction Program Frequently Asked Questions \(FAQS\)](#)
 - [CDBG-DR Green Building Standards](#)
 - [HUD Community Development Block Grant Disaster Recovery Program \(CDBG-DR\)](#)

Contact Information

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NEBRASKA

Good Life. Great Opportunity.