

**STATE OF NEBRASKA**

**Community Development Block Grant - Disaster  
Recovery (CDBG-DR) Program**

**DR-4420 / Winter Storm Ulmer, 2019**

AHCP – Small Rental (Non-LIHTC)  
Funding Opportunity Overview & Outreach

Office Hours | *November 16, 2023*

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# 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](mailto: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*

**Jennifer Grove**  
*Attorney*

**Susan Nickerson**  
*Disaster Recovery Coordinator*

**Tia Loftin**  
*Infrastructure Match Program Manager*

# Meeting Objectives

- **Describe** the purpose and structure of DED's AHCP – Small Rental Production Program (Non-LIHTC).
- **Provide** details regarding how funding selections will be made for the Small Rental 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%

**M**ost  
**I**mpacted and  
**D**istressed

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



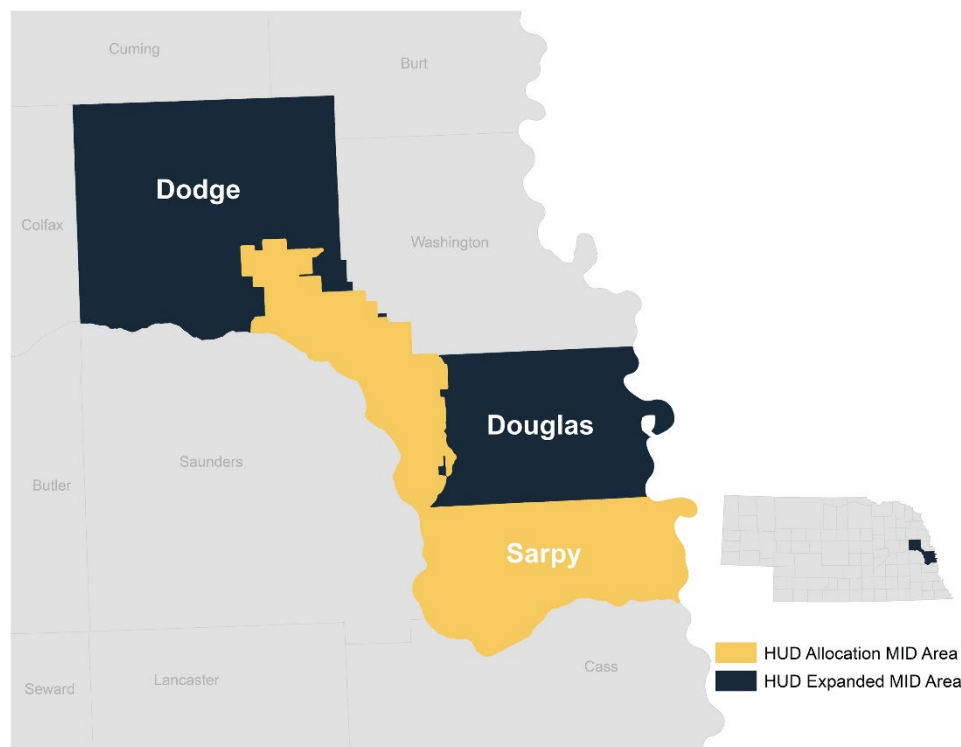
70%

**L**ow/  
**M**oderate  
**I**ncome

- 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 and planning activities, the Affordable Housing Construction Program (AHCP) is targeted entirely to HUD-identified MID Counties and LMI populations.
  - ***Small Rental Production*** is a “sub-program” within the broader AHCP



# Affordable Housing Construction Program

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

# Affordable Housing Construction Program Allocation

Program Allocation Updates (\$) by Amendment				Initial Awards by Funding Program			
Last Revised October 2023				Last Updated: October 2023			
Program	Action Plan & APA1 (Substantial) Allocated Amount	Amendment 2 (Non-Substantial) New Total (\$)	Amendment 3 (Substantial) New Total (\$)	Awarded Projects	Total DR Awarded*	Allocated ADCs	Remaining for Award
Affordable Housing Construction	\$26,000,000	\$30,800,000	\$56,800,000	13	\$24,750,000.00	\$3,712,500.00	\$28,337,500
LIHTC				12	\$24,000,000.00	\$3,600,000.00	
HPP				1	\$750,000.00	\$112,500.00	
Small Rental				0	\$-		
Homeowner Assistance Program	\$11,000,000	\$11,000,000	\$-	Program Discontinued (APA3)			



# Who is Eligible to Apply?

- Developers of affordable rental housing, including:
  - Non-profit organizations, e.g., 501(c)(3) or 501(c)(4);
  - For profits
  - PHAs; and
  - Units of local government
    - Counties;
    - Cities;
    - Villages;
    - Tribal Nations.

DED expects to enter into direct funding agreements with single-purpose, single-asset entities (e.g., limited liability companies) established to be the owner of the proposed project.

# Small Rental: Eligible Activities

- Financing is intended to focus on *small* multi-family projects.
- Eligible applications should be multifamily rental projects with **at least 12 units** and **no more than 32 units**.
- DED anticipates receiving proposals for:
  - **New construction.**
  - **Acquisition/rehabilitation**, including adaptive reuse and/or historic preservation.
  - Mixed-use projects may trigger additional requirements.
- Projects may propose to serve:
  - **Seniors** (i.e., age-restricted at 55 or 62+) or
  - **Families** (i.e., without age restriction).
- Priority for projects addressing
  - **Displaced residents from the 2019 Winter Storm Ulmer** and
  - **Vulnerable populations** (e.g., disabled, domestic violence victims, homeless)

# Small Rental: Funding Limits

Consistent with the Action Plan, awards are subject to the following additional restrictions:

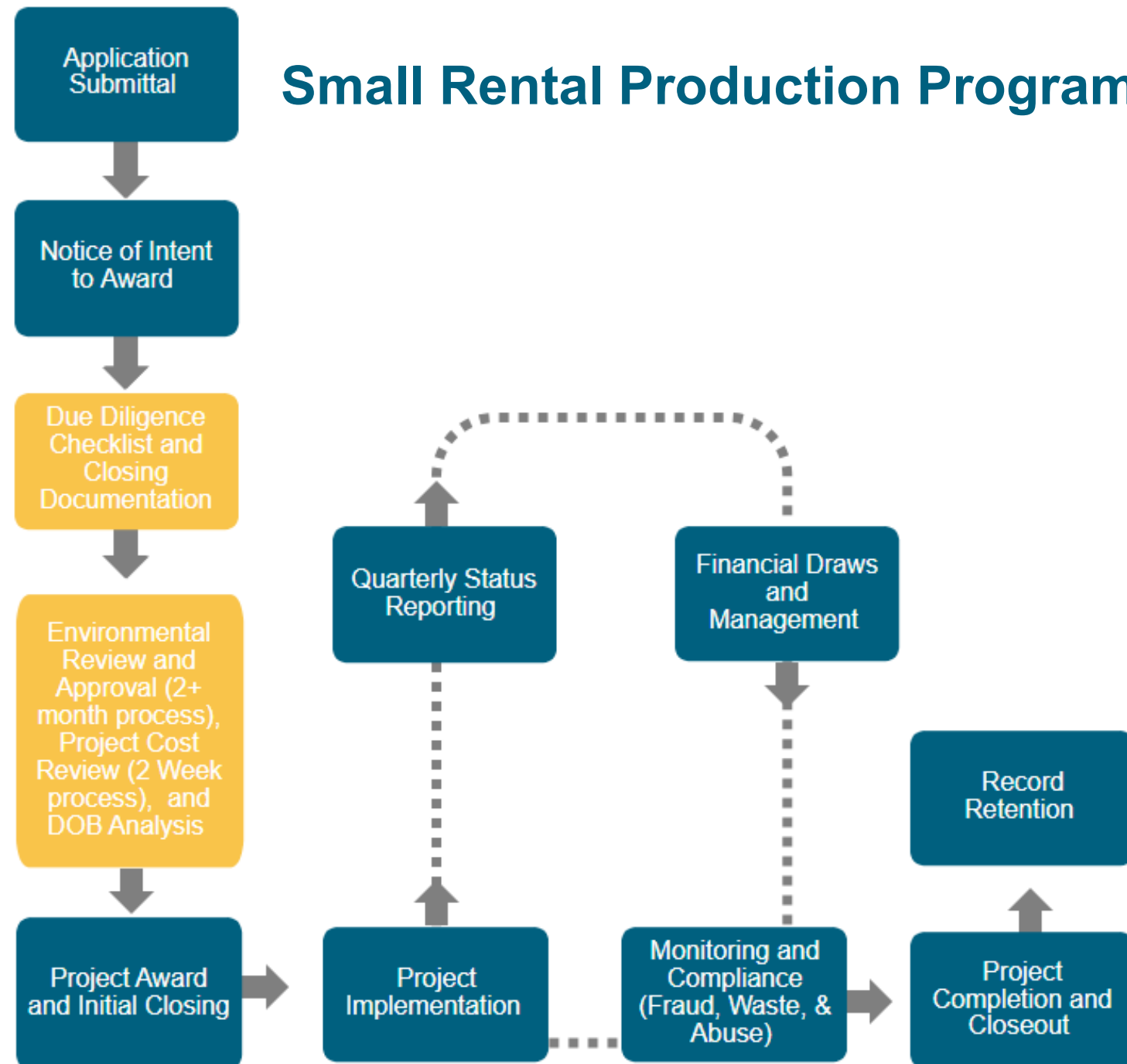
- Not to exceed \$150,000 per housing unit constructed, including all hard and soft construction costs.

Cost Limitations	
Maximum Award	<b>\$2,000,0000</b>
Developer Fee	15% of project costs less the developer fee itself
Contractor Fees (i.e., Profit, Overhead, General Requirements)	18% of construction costs less contractor fees
Acquisition	Capped at the lesser of the actual acquisition purchase price or the current as-is market value
Architectural/Engineering	Not exceed 7% of total hard construction costs (not including any contractor overhead, profit, general requirements or construction contingency)

# Small Rental: Underwriting

Project Underwriting Thresholds	
Vacancy Factor	7% <b><i>minimum</i></b>
Income Inflation	2% minimum
Operating Expenses Inflation	3% maximum
DCR	1.25 for the affordability period or loan term If no hard debt, operating margin of 8%
Replacement Reserve Deposit	\$400 per unit per year – family \$300 per unit per year – senior  Increase 3% annually
Operating Reserve	Eight (8) months of OpEx, reserves, and debt service
Permanent Loan	May not mature prior to expiration of CDBG-DR Affordability Period ( <i>15-years for rehab/20-years for new construction</i> )

# Small Rental Production Program Structure



# 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 related Federal and State environmental laws.

There are two (2) fundamental aspects of NEPA:

- Public Participation: 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.



- **PROCEED WITH CAUTION:** Taking a Choice Limiting Action after application and prior to completion of ER process will make a project ineligible for federal assistance, even if using non-federal funds. CLAs include:
  - **Hard cost** activities like purchasing property, demolition, site prep/clearance, site work, any rehab/construction work, etc.
  - **Soft cost** activities like executing hard commitments of funding, even non-federal.

# 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.

***If considering an occupied property, talk to DED before submitting application!***





Questions?

# 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 Application Overview

The next webinar will focus on the Small Rental Production Program Application process.

**Website:** [opportunity.nebraska.gov/cdbg-dr](https://opportunity.nebraska.gov/cdbg-dr)

**Email:** [ded.cdbgdr@nebraska.gov](mailto:ded.cdbgdr@nebraska.gov)

# Additional Program Resources

**All CDBG-DR related information can be found on the DED website at: <https://opportunity.nebraska.gov/programs/community/cdbg-dr/>**

- Housing Programs > Affordable Housing Construction Program > Project Toolbox
  - Affordable Housing Construction Program Fact Sheet and FAQ
  - CDBG-DR Green Building Standards
  
- HUD Requirements > Program Guidelines & Resource Library
  - Small Rental Program Guide
  - Nebraska CDBG-DR Toolkit
  - CDBG-DR Manual
  - CDBG-DR Technical Assistance

# Contact Information

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