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**City of Fort Collins**

**Office of Social Sustainability**

**Affordable Housing Program**  
**Underwriting Guidelines**

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## MISSION STATEMENT

The mission of the Social Sustainability Department is to attain an equitable and diverse community that successfully meets the basic needs of all residents. A housing market is considered to be socially sustainable if it is characterized by both equity and diversity – that is, if it provides opportunities for all residents and offers housing options that accommodate a diverse set of incomes, preferences, and life stages. Access to affordable housing that meets their needs provides opportunities for citizens to be self-sufficient and to live, work and travel within the community. It also allows them to more fully participate in the social fabric of the community in which they live and work.

## INTRODUCTION

The City of Fort Collins Office of Social Sustainability (“City”) administers federal funds received from the US Department of Housing and Urban Development (HUD), supplemented by locally-generated financial resources. Through HUD the City receives funding under the Community Development Block Grant Program (CDBG) and the HOME Investment Partnerships Program (HOME). Through the City’s General Fund, the Affordable Housing Fund (AHF) may be available as resources allow. The City utilizes the funds to preserve neighborhoods, create and preserve affordable housing and stimulate economic revitalization in accordance with its 5-year Consolidated Plan.

### Purpose

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The purpose of the *Affordable Housing Program & Underwriting Guidelines* is to identify the City’s affordable housing policy objectives, describe the activities available to advance the objectives and the manner in which the activities will be evaluated, selected for funding and underwritten. The guidelines are intended to achieve compliance with federal, state and local regulations and set the standards for all affordable housing projects funded by the City, regardless of funding source.

The City strives to provide excellent customer service and support to non-profit, for-profit and quasi-public entities to identify housing needs within the community, deliver critical resources that promote vibrant and diverse economic conditions, and evaluate the effectiveness of public investment in residential development that targets extremely low to low-income households.

## Policy Objectives

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The City's 2020-2024 Consolidated Housing & Community Development Plan, Affordable Housing Plan, and associated Annual Action Plans establish the policy objectives for the Housing Program. To receive federal funding under the abovementioned programs, HUD requires the City submit a five-year Consolidated Plan, which describes the City's priorities and objectives for each funding source. Additionally, the City must submit an Annual Action Plan for each year of the Consolidated Plan. The Annual Action Plan identifies the activities that will be funded during each fiscal year and the amount of funding allocated to each activity.

As further described within the 2020-2024 Consolidated Plan, City's housing policy objectives include:

1. Increase the supply of affordable housing, including rental and homeownership units
2. Expand housing opportunities for persons experiencing homelessness
3. Preserve existing affordable housing

## BASIS FOR FUNDING DECISIONS

The City of Fort Collins reserves the right to fund projects at a lower amount than requested, and the right to deny applications that do not coincide with prevailing Annual Plan goals and policy direction. The City is under no obligation to consider or fund any proposed project that does not demonstrate compliance with national objectives and eligible activities, local program requirements and assist in meeting the City's affordable housing policy goals and/or objectives.

The City reserves the right to determine project eligibility and fund the project source to be used for any proposed project. Funding decisions will be based on a variety of factors, not just application scores. Other factors considered are:

1. Operational and management capacity of the applicant
2. Financial capacity
3. The projects potential for transformative impact on the residents and surrounding community
4. Ability to repay funds borrowed from the City
5. Performance on past awards from the City
6. Whether the request for funding is for a project that has been previously awarded City funds
7. Leveraging of other public and private investment
8. Maximizing the effect of available funding

The *Affordable Rental Housing Program and Underwriting Guidelines* are not intended to address every circumstance that may be encountered in the development process, nor are they a verbatim restatement of all regulatory requirements. Omission of any federal or local regulatory requirements does not relieve the City or the applicant of program funds from their respective obligations that may be required by the funding source.

Once a funding agreement has been executed between the City and applicant, any conflict between the program guidelines and the funding agreement, the terms of the funding agreement shall prevail.

Program guideline changes as a result of federal, state or local regulatory or legal requirements may be implemented immediately by the Department.

Revision of the program guidelines usually takes place annually; however, additional revisions can be initiated by the Department Manager at any time. Such revisions may occur without notice and are applicable to all pending and future applications. Applicants are responsible for complying with any changes.

## FEDERAL AND OTHER REGULATIONS

Applicants must comply with all federal regulations below. The regulations include, but are not limited to:

### **Community Development Block Grant – CDBG**

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(24 CFR Part 570)

The CDBG Program funds the development of viable communities by providing decent housing, a suitable living environment and opportunities to expand economic opportunities, primarily for low- and moderate-income persons. A project must meet one of the following national objectives to be eligible for CDBG funding:

1. Benefit to LMI persons or households – in structures with 3 or more units at least 51% of the units must be occupied by LMI households.
2. Elimination of slums and blight
3. Urgent Need (not applicable for housing)

CDBG funds can be used for acquisition and/or rehabilitation of physical structures, installation and/or upgrade of public utilities, and off-site infrastructure improvements. New construction is not eligible.

## **Home Investment Partnerships Program – HOME**

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(24 CFR Part 92)

The HOME Program is designed to create affordable housing for low-income households through public-private partnerships. The City is required to match 25 cents of every dollar received through the HOME Program. The City is required to set aside 15% of its annual HOME allocation for CHDO housing development.

HOME funds can be used for new construction, acquisition (for the purpose of rehabilitation or new construction) and/or rehabilitation.

### **Accessibility Regulations**

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These regulations prohibit disability discrimination in programs receiving HUD funds. All properties receiving City funds must be in compliance with the regulations in this section.

### **Title III of the Americans with Disabilities Act (ADA) of 1990**

(42 U.S.C. 12181–89) (28 CFR part 36)

ADA generally does not apply to residential housing. However, it does cover public and common areas of a housing development that are open to the general public or made available to the general public. ADA regulations must be applied to a rental office, day care center or community room if it is made available to the general public.

### **Section 504 of the Rehabilitation Act of 1973**

(29 U.S.C. Section 794) (24 CFR parts 8-9)

Section 504 requires that for new construction of 5 or more units or substantial alterations (cost of alterations is 75% or more of replacement cost of completed structure):

- 5% of the units (or at least one unit) must be accessible for mobility impairments
- An additional 2% of units (at least one) must be accessible for hearing/vision impairment
- Entrance/exit routes and public/common areas must be accessible

Other alternations, not considered substantial:

- Must be accessible to the maximum extent feasible
- Make the entire unit accessible if
  - Kitchen renovated/cabinets replaced
  - Bathroom – replacing tub/shower or toilet
  - Replacing entrance door jams
  - Up to 5%/2% requirement
  - Make routes and common areas accessible

- Use UFAS standards for rehabbed elements

The accessibility improvements must meet Uniform Federal Accessibility Standards (UFAS).

### **Architectural Barriers Act of 1968 – ABA**

(42 U.S.C. 4151-4157) (24 CFR Part 570.614)

The ABA requires that covered buildings comply with the Uniform Federal Accessibility Standards (UFAS) when financed in part or in whole with federal parts. Buildings constructed to meet Section 504 and Title II of the ADA will conform to the requirements of ABA.

### **Fair Housing Act**

(24 CFR Part 100.201-205)

The Fair Housing Act prohibits discrimination in housing practices on the basis of race, color, religion, sex nation origin, familial status and disability. The Act requires that housing providers make reasonable accommodations in rules, policies, practices or services when such accommodations may be necessary to afford such person(s) equal opportunity to use and enjoy a dwelling. Additionally, the Act requires that housing providers allow tenants to make reasonable modifications to units and common spaces in a dwelling. The Fair Housing Act applies to nearly all private and publically funded housing.

(24 CFR Parts 100-115)

In addition to the requirements stated above under the *Accessibility Regulations*, a developer is required to affirmatively further fair housing as well as conduct and administer its project in conformity with the equal opportunity requirements of Title VI of the Civil Rights Act of 1964.

### **Davis-Bacon and Related Acts**

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(40 U.S.C 276(a)-7) (24 CFR Part 92 (92.354)) (24 CFR Part 5)

The Davis-Bacon and Related Acts require that prevailing wage rates are paid to all construction laborers and mechanics under the following circumstances:

- Construction of 12 or more units with HOME funds
- Rehabilitation of 8 or more units with CDBG funds

### **Copeland Anti-Kickback Act of 1934**

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(40 U.S.C. 276 (c))

The Act generally prohibits contractors or subcontractors engaged in building construction or repair of federally-financed or federally assisted projects from inducing an employee to

give up any part of the compensation to which he or she is entitled under his or her employment contract and requires contractors and subcontractors to submit weekly statements of compliance.

### **Conflict of Interest Requirements**

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(24 CFR 570.611) (24 CFR 92.356(f))

CDBG and HOME regulations provide that no owner, developer, or sponsor of a project (or officer, employee, agent, elected or appointed official, or consultant of the owner, developer, or sponsor or immediate family member or immediate family member of an officer, employee, agent, elected or appointed official, or consultant of the owner, developer or sponsor) whether private, for-profit or nonprofit (including a community housing development organization (CHDO) when acting as an owner, developer or sponsor) that are receiving CDBG or HOME funds and (1) who exercises or has exercised any functions or responsibilities with respect to activities assisted with CDBG funds or (2) who is in a position to participate in a decision-making process or gain inside information with regard to these activities, may obtain a financial interest from a CDBG or HOME assisted project, or have any interest in any contract, subcontract or agreement with respect thereto, or the proceeds there under, either for themselves or those with whom they have family or business ties during their tenure or one (1) year after. Any such conflicted individual also may not occupy a HOME-assisted affordable housing unit in a project during the required period of affordability. This provision does not apply to an employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker. Exceptions may apply on a case-by-case basis.

### **Identity of Interest Transactions**

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Identity of interest refers to situations where the owner, developer or project sponsor control or own the services to be provided in a project, including, but not limited to the general contractor, subcontractor, property manager or other service provider. A declaration of subcontractors or suppliers for which there is an identity of interest through joint ownership with the owner or developer must be declared in the application for funding to the City. Failure to declare an identity of interest situation may deem a project ineligible.

### **Environmental Requirements**

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(24 CFR Part 58)

Projects that utilize any federal funding must undergo an environmental review per the National Environmental Policy Act of 1969 (NEPA). Funds will not be legally obligated to any project or activity until the City has completed the required environmental review. The City is responsible for the environmental review of the project; however, the applicant is



required to assemble and make available all information required for the City to complete the review. The NEPA required environmental review is extensive and different than a Phase I Environmental Site Assessment (ESA); however, a Phase I ESA is utilized to complete the environmental review. A Phase I ESA should be included with all applications. Additional information required to complete the environmental review is listed in the application.

The environmental review process can take from 60 to 120 days to complete. The City will identify the environmental review process required and the approximate time frame for completion. The applicant will be notified within 60 days of any environmental concerns. Unfortunately, we cannot guarantee that new issues will not arise while the project is undergoing a formal environmental review and cause delays.

Rehabilitation of any buildings built prior to 1978 must comply with the lead-based paint laws described below.

If a contaminant/hazardous substance is suspected, testing must be conducted by a certified inspector for that contaminant/hazardous substance. This includes, but is not limited to lead, methamphetamine, mold and asbestos. If a contaminant/hazardous substance is identified, the approved mitigation or abatement procedures required by local, state or federal regulations must be followed.

**PLEASE BE AWARE: Once an application has been received by the Department, the project must be in compliance with all federal environmental regulations. During the review period, neither an applicant nor any participant in the development process, including public or private non-profit or for-profit entities or any of their contractors may commit or expend any funds, including non-HUD funds, or undertake any activities having either an adverse environmental impact or limitation on the choice of reasonable alternative. If any funds (public or private) are spent or committed to a development prior to the completion of the environmental process, the City cannot provide federal funding for the project.**

**DO NOT MOVE ANY DIRT ON THE SITE OR BEGIN ANY CONSTRUCTION UNTIL YOU HAVE RECEIVED AN OFFICIAL AWARD LETTER!**

### **The Lead-Based Paint Poisoning Prevention Act and Lead Safe Housing Rule**

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(42 U.S.C. 4821) (24 CFR Part 92(92.355) (24 CFR Part 35 982, 401(j), except paragraph 982.401(j)(1)(i))

All units rehabilitated with federal funds are subject to compliance under the Lead Safe Housing Rule. City staff will use the Lead Rule Compliance Advisor on the HUD website to determine Lead Based Paint compliance requirements.

<https://portalapps.hud.gov/CORVID/HUDLBPAdvisor/welcome.html>

## OMB Circulars

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OMB Circulars A-87, A-102, A-133

The Office of Management and Budget issues circulars for managing grants that apply to all HUD programs. Many times these directives become HUD regulation. The circulars include administrative requirements, cost principles and audits. Applicable OMB circulars include A-87, A-102 and A-133.

## Section 3 - Economic Opportunities for Low and Very Low Income Persons

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(12 U.S.C. 1701 (u) as amended) (24 CFR Part 135)

Section 3 states that to the greatest extent feasible, opportunities for training and employment that arise through projects receiving HUD assistance, will be directed to low or very-low income persons of the project area and that contracts be awarded to Section 3 businesses located in the project area. The Section 3 status of all contracts must be certified and the Section 3 clause must be included in all applicable project contracts.

## Uniform Relocation Act - URA

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(42 U.S.C. 4201-4665) (49 CFR Part 24) (24 CFR Part 42 (subpart B) and Section 140(d) "Barney Frank Amendments") (24 CFR 92.353)

URA provides for uniform and equitable treatment of persons displaced from their homes, businesses, or farms by federal or federally –assisted programs and establishes uniform and equitable land acquisition policies for federally assisted programs. Requirements include bona fide land appraisals as a basis for land acquisition, specific procedures for selecting contract appraisers and contract negotiations, furnishing to owners of property to be acquired a written summary of the acquisition price offer based on the fair market price, and specified procedures connected with condemnation.

If developers are acquiring property, acquiring and rehabilitating property, demolishing property or only rehabilitating a property, compliance with URA regulations is required. The URA requires that the owner of the property receiving federal funding provide notices and assistance to impacted tenants. Department staff will provide assistance with this requirement.

**PLEASE BE AWARE: Any applicant requesting CDBG/HOME funds for the acquisition of housing or public facilities must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). It is a violation of the URA for a property owner to displace residents in order to propose a vacant building for HUD assistance.**

## ELIGIBILITY

### Eligible Activities & Costs (vary by funding sources)

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- Acquisition\*
- New construction\*
- Rehabilitation
  - To include essential repairs or improvements to meet local code and Uniform Physical Conditions Standards, major systems repair or replacement, accessibility improvements (ADA, Section 504), abatement of hazardous materials, energy efficiency improvements. *Homeless shelters are not eligible.*
- Soft Costs: architectural and engineering fees, financing costs, credit reports, title insurance, recording costs, transaction taxes, appraisals, environmental reviews and builder or developer fees. Project-related soft costs may be awarded on a limited basis and will be at the recommendation of staff and based on need determined during the underwriting review.
- Operating deficit reserve, up to 18-month, for rental and new construction projects for the initial rent-up period. The reserve may be used to pay for project operating expenses, scheduled payments to a replacement reserve and debt service.

*\*One for One Replacement – If the applicant proposes to demolish units that are assisted with either HOME or CDBG funds, these units must be replaced at the development site or at another Department- approved site.*

### Eligible Applicants

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- Non-profit and quasi-public developers with a documented capacity to construct (or rehabilitate) and operate multifamily housing that benefit extremely low to low-income households; or, construct (or rehabilitate) owner-occupied housing that benefit LMI households.
- For profit developers\*
- Applicants and applicant's team members must be in good standing with the City on all previous grants, loans or loan commitments
- Applicants must affirm that there are no defaults or negative collection actions relating to any financial obligation, either to the City of Fort Collins or to any other public agency or private lender
- Applicant cannot be on any local, state or federal debarment list
- No applicant, developer or contractor with compliance issues outstanding with the City or other public agencies can participate

- The applicant cannot have any outstanding tax liens on any properties on properties owned and operated by the applicant

The City may seek references from other lenders, partners, or public agencies with which the applicant has done business.

*\*For profit developers are eligible to receiver HOME and Affordable Housing Funds only*

### Minimum Project Requirements

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- ✓ Located within the jurisdictional boundary of City of Fort Collins
- ✓ Project must consist of 1 or more residential units
- ✓ New Development Projects must
  - Comply with all City building code requirements
  - Comply with the Uniform Federal Accessibility Standards (UFAS)
- ✓ Acquisition, Acquisition and rehabilitation, or rehabilitation only projects must
  - Meet prevailing City building code standards.
  - Have amenities that will allow it to compete effectively in the local market area as determined by the Department
  - Pass the Uniform Physical Conditions Standards upon completion
  - Complete a third party Capital Needs Assessment (CNA)\*
- ✓ Project must meet HUD environmental review requirements

*\*Capital Needs Assessments are mandatory for projects receiving HOME funds. Although considered best practices, projects without a CNA can still be considered for CDBG & AHF funds. Applicants who have not performed CNA's for acquisition/rehabilitation projects must be able to address the long term capital needs and strategic plans for meeting those needs.*

### Ineligible Costs

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Project components may be deemed non-essential elements by the Department and therefore removed from the total project cost. Such items may include, but limited to:

- Carpeting for kitchens, bathrooms or patios; window treatments; dumbwaiters; greenhouses, hot tubs or whirlpool baths; mobile homes; outdoor fireplaces or hearths; swimming pools or swimming pool decks (except repair of existing); television antennae; tennis courts; or items deemed to be a luxury.

## GENERAL PROJECT REQUIREMENTS

The following are general project requirements for all applicants seeking funding from the City for housing related projects.

## Site Control

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Project applicants must have control of any site that will receive City funding for acquisition, rehabilitation and new construction activities. Site control must be documented at the time of application. To document site control one of the following must be submitted: a deed or other proof of ownership; an executed lease agreement; or an executed option to purchase or lease. Sales contracts cannot be executed until after the project has complied with URA and received Environmental Clearance from HUD. Please keep in mind URA regulations apply and must be followed or applications cannot be considered for funding. Please refer to the City's Redevelopment Displacement Mitigation Strategy (<http://www.fcgov.com/socialsustainability/documents.php>)

## Appraisal

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A property appraisal is required for projects that will receive City funding for acquisition, rehabilitation and new construction. The appraisal must be provided during the application process, *preferably at the time of application submittal, though must be provided prior to release of funds if the project is so awarded*. An appraisal cannot be more than 6 months old. The appraiser must be a Colorado Certified General Appraiser. The Department reserves the right to require an appraisal on completed activities.

## Reasonable Costs

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The City is responsible for ensuring that the costs are reasonable by examining the sources and uses for each project. Assessment may include comparison to similar projects within the local market, market trend analysis, survey of industry participants, Department experience and other third-party sources, including cost ranges published by the Colorado Dept. of Local Affairs, Division of Housing.

## Cost Estimate

For acquisition of existing buildings (not slated for demolition) and rehabilitation, the Department must review written cost estimates to ensure that the costs are reasonable. The project cannot be bid and work cannot begin until approval from the City is received.

## Procurement

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Applicants must comply with all applicable federal, state and City procurement requirements. The Department requires that applicants selected to receive federal funds comply with the award of the construction contract to the lowest and most responsive proposal that incorporates all essential project elements. The developer shall ensure that all contracts let in the performance of an agreement are awarded in a fair, open and competitive manner. Executed copies of all contracts shall be forwarded to the Department

along with documentation concerning the selection process. If the lowest, responsive bidder is not selected, an explanation must be provided to the Department in writing to substantiate the decision.

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### **Debarment and Suspension**

Developers, contractors or subcontractors working on a City funded project cannot be located on a federal, state or local debarment or suspended list. Prior to awarding a contract, the developer must secure approval from the Department to ensure that the proposed contractor is eligible.

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### **Davis Bacon Weekly Payrolls**

If applicable, Davis Bacon payrolls must be submitted weekly on the most current Department of Labor form.

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### **Affirmative Marketing**

Developers must create an affirmative market plan to further the City's commitment to non-discrimination and equal opportunity housing. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, gender, religion, familial status, disability, sexual orientation, gender identity, or marital status. Records should be maintained describing actions taken by the developer to affirmatively market units. Documentation is required by the Fair Housing Act and the City will review the documentation at each monitoring visit, but may request to review the documentation annually. Applicants are required to use the most current version of HUD form 935.2a – *Affirmative Fair Housing Market Plan – Multifamily Housing*.

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### **Compliance with City of Fort Collins Land Use Code**

All projects presented for assistance must be for an eligible use under the existing Land Use Code. The Department acknowledges that each project may face unique site challenges which would require a modification of standard. It is expected that such constraints are identified during the planning/design process and that the applicant is currently working with Planning & Zoning to request a modification or waiver to specific standards and requirements.

Applications for projects that are not compatible with the Land Use Code, and for which the applicant has not initiated the waiver process with Planning and Zoning, will not be considered for funding.

## AFFORDABILITY REQUIREMENTS

### Assisted Units

Projects may have a mix of City-assisted units and non-City assisted units. Assisted units may be fixed or floating. Assisted units shall not be isolated within a specific area or areas of the development. Assisted units shall be scattered throughout the development and be of the same quality and have the same proportional mix of square footage and bedroom size as non-assisted units.

### Affordability Period

Income and rent restrictions are required for all City-assisted units for period of time known as the “affordability period.” The affordability period is enforced using a legally binding restrictive covenant that assures that a specified number of units meet certain affordability restrictions for the specified period of affordability. All debt on the property must be subordinate to the City’s Agreement of Restrictive Covenant

<b>CDBG &amp; HOME Required Affordability Periods for the City of Fort Collins</b>		
<b>Activity</b>	<b>Average Per Unit</b>	<b>Minimum Affordability Period</b>
<b>Rehabilitation</b>	\$1,000 - \$15,000	5 Years
	\$15,000 - \$40,000	10 Years
	> \$40,000	15 years
<b>New Construction, Acquisition of Existing Housing</b>	Any \$ amount	20 years
<b>Down Payment Assistance</b>	<= \$15,000	5 years

The affordability period begins at the date the project is reported as completed to HUD.,

The affordability period will remain in effect per the grant agreement, term of the loan or affordability period, whichever is greater.

### Income Determination Method

An applicant must determine income eligibility of each household using 24 CFR Part 5, commonly referred to as the “Section 8” method or “Part 5” method. Please contact the Department for questions concerning income calculations.

## Income Recertification Schedule

- The applicant must adopt a schedule for annual recertification of income and a copy must be provided to the Department. Income can be recertified on the anniversary of the original income evaluation, at lease renewal or on an annual schedule whereby all tenants are recertified during the same month.
- Recertification of income eligibility must be conducted by collecting source documentation annually or by obtaining a completed Tenant Information and Income Certification form approved by the Department.

## Occupancy & Rent Restrictions

### General Restrictions:

Income limits for housing projects are calculated according to the actual number of household members as residents are identified. To impute the income level served, applicants may estimate household size based upon the number of bedrooms within a dwelling unit according to the following chart.

Unit Type	Studio	1-bedroom	2-bedroom	3-bedroom	4-bedroom
Income Threshold	1 Person	1.5 Person (1-Person + 2-Person) / 2	3 Person	3.5 Person (3-Person + 4-Person) / 2	6 Person

- Rent restrictions are strictly enforced during the affordability period
- All new tenants must meet the income limits established by the Department
- At least 20% of the City-assisted units must be reserved for households whose income does not exceed 50% AMI
- The remaining City-assisted units must be served for households whose income does not exceed 80% AMI
- If a tenant pays utilities, the maximum allowable rents must be reduced by the amount of the applicable utility allowance established by HUD

### HOME Assisted Units:

- For households at 50% AMI or less, tenant rent must be the lowest of 30% of adjusted income, Low HOME rent or Fair Market Rent (FMR)
- For households between 51% and 60% AMI, tenant rent must be the lowest of 30% adjusted income, High Home rent or FMR.

### CDBG Assisted Property and Units:



- 51% of all units on the **property** must be restricted to households at 60% AMI or less, of which 20% must be restricted to households at 50% AMI or less
- The maximum rent charged must be the lowest of High HOME rents or FMR for CDBG restricted units.

### **Temporary Exceptions to Rent Limitations**

The following are exceptions to the rent restrictions stated above:

- If the project is occupied at the time City assistance is awarded to the project, existing tenants who earn more than the income limits stated above must pay no more than 30% of their adjusted income in rent and utilities
- If a tenant is residing in a designated City-assisted unit and the tenant's income increases to more than the unit's income restriction (50% or 60% AMI) during the term of the lease, the tenant must pay no more than 30% of their adjusted gross income in rent and utilities. The rent must be adjusted at the annual recertification. Only when the tenant chooses to leave or not renew the lease, the unit must then be rented to a new tenant who meets the income limits. City policy is that tenants should not be displaced if their income increases to a level higher than the eligible household income during the lease term.

## **UNDERWRITING GUIDELINES**

### **Policy Statement**

The intention of these Underwriting Criteria is to ensure that projects are underwritten to the amount of subsidy required to ensure sustainability throughout the affordability period and to avoid repeated funding requests for ongoing project support.

### **General**

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- Applicants must demonstrate that rent proceeds or other funding sources will allow for adequate reserves to meet capital needs for the length of the affordability period.
- Project pro forma projections must demonstrate likelihood of financial sustainability for a period not less than 20 years utilizing prudent assumptions, as determined by the Department.

### **Types of Development and Limits**

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#### **Acquisition Only**

- Acquisition can include existing units or vacant land.

- If the property does not meet Uniform Physical Condition Standards (UPCS) it cannot be acquired unless it is rehabilitated to meet the UPCS. A property inspection must be completed no earlier than 90 days before the contract is signed. Once the rehabilitation is complete, the Department must conduct an inspection of the property to ensure compliance with rehabilitation standards. Non-compliance will be deemed a violation of the loan agreement.
- Acquisition of land must be for the purpose of new construction that will begin within 6 months
- The acquisition must be equal to or less than the fair market value of the property
- The project maximum is limited to funding availability, and the amount of funding necessary to make the project feasible

#### **Acquisition and Rehabilitation**

- Property acquisition is described above
- Minimum rehabilitation cost is \$1,000 per unit
- The project maximum is limited to funding availability, and the amount of funding necessary to make the project feasible

#### **New Construction**

- The project maximum is limited to funding availability, and the amount of funding necessary to make the project feasible

### **Financing**

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The City reserves the right to determine the form of financial assistance according to demonstrated need and reasonable capacity of the proposed project.

#### **Deferred Payment Loans (New Construction and Acquisition)**

- Loan terms: due upon the sale or transfer of the property
- Interest rate of 5% simple interest at the time of sale or transfer
- A Deed of Trust will be secured against the property for the length of the affordability period or the term of the loan, whichever is longer

#### **Grants**

- Provided with no requirement or expectation for repayment
- Most commonly used for projects serving special needs populations.
- A Deed of Trust will be secured against the property for the length of the affordability period or as specified in the grant agreement

## **Market Analysis**

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A market analysis or study is required for projects that will receive City funding for acquisition, rehabilitation and new construction. A market analysis is an evaluation of the economic conditions of supply, demand and rental rates for the type of low-income housing development being proposed as well as the rent levels proposed for the project. The analysis must determine the feasibility of the subject property rental rates and state conclusions as to the impact of the property with respect to the determined housing needs. All data presented should reflect the most current information available and the report must provide source data. All steps leading to the calculated figures must be presented in the report. A professional market analyst with demonstrated professional experience with the type of housing proposed must prepare the analysis and have no affiliation with the applicant, developer, lender and/or syndicator. The qualifications of the individual or company providing the analysis must be provided.

## **Subsidy Layering**

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HUD establishes limits on the amount of HOME funds that may be invested in affordable housing on a per-unit basis. Before committing funds to a project that combines any other sources of financing (local, state, federal, private, etc.), The Department must evaluate the project to ensure that the City does not invest any more funds than necessary to provide affordable housing. Applicants must demonstrate that they have structured projects to maximize other available financing sources thereby limiting City funding to the lowest amount necessary to assure project feasibility.

## **Developer Capacity**

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The developer must have the organizational capacity to implement the project. Developer capacity will be evaluated on information demonstrating experience and skills as provided in the funding application.

1. Experience: Considerations include, but may not be limited to, the following skills of the developer and development team.
  - Recent, similar, successful experience
  - Similar project location, size and scope
  - Years of experience developing affordable housing
  - Managing affordable rental projects
  - Using multiple funding sources
  - Staffing
  - Previous working history with the Department

2. Skills: Considerations include, but may not be limited to, the following skills of a developer and the development team:
  - Project management
  - Market analysis
  - Site selection and control
  - Property management
  - Planning and construction
  - Design, architecture, engineering
  - Legal and accounting
  - Federal funding rules
  - Other funding source rules
3. Fiscal Soundness: The applicant will be asked to provide evidence of financial ability to implement the project. Applicants will be required to provide proof of commitments from other funding sources, current financial statements and proof of sufficient reserves or a line of credit available, if necessary, to complete the project.

### **Developer Fee**

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A developer fee is compensation to the developer for the time and risk involved to develop the project. The fee is based on the size of the project, the total development cost and the risk associated with the project. Developer fees include all amounts received by the applicant whether characterized as project management, overhead or developer fee. Consultants are commonly utilized to assist the developer/owner by providing specific expertise in completing the project. The maximum aggregate allowable developer and consultant fees are calculated as a percentage of Total Project Costs, less land, project reserves, other cost category adjustments, and the Developer/Consultant Fee category.

- 12.0% for projects consisting of 51 units or more
- 15.0% for projects consisting of 50 units or less

Developer fees that are not deferred may be distributed as follows, subject to the approval of other project lenders, tax credit equity investor, etc.:

- 1/3 at the close of all construction loans
- 1/3 in progress payments during construction
- 1/3 at 90% occupancy and receipt of all tenant certifications for restricted units.

### **Reserves and Operating Expenses**

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The amount of required reserves must be specifically approved by the Department in the final funding agreement or through the annual budget review and approval process and will typically match reserve requirements by the state housing programs when those programs are utilized. Operating expenses shall be determined on a Generally Accepted Accounting

Principles (GAAP) accounting basis and shall not include any payments to parties affiliated with the borrower, to the extent that such payment exceeds the typical cost of procuring equivalent services from an unrelated third party.

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**Loan Position: Subordination to Senior Debt**

The City's loan may be subordinated to another lender's mortgage lien if subordination is required as a condition of that lender's loan approval; however all debt on the property must be subordinate to the City's Agreement of Restrictive Covenant. Senior debt must be provided on a fully amortizing basis, without a balloon payment, for at least 20 years.

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**Loan-to-Value Limits**

The loan amount awarded by the City, plus the principal amount of all loans with a senior claim to the subject property shall not exceed 100% of the acquisition cost or appraised value, whichever is lower.

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**Debt Service Coverage Ratio (DSCR)**

The minimum debt service coverage ratio shall not be less than 1.15:1, including all amortized project debt, throughout the initial 15-year pro forma period. Projects with a ratio that exceeds 1.50:1 may be subject to lower subsidy limitations.

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**Inter-Creditor Agreement**

Within thirty (30) days of the execution of an funding agreement, the developer shall secure the execution, by creditors with a senior claim to the subject property, of an Inter-Creditor Agreement or Declaration which at a minimum shall: (1) require the senior lender(s) to notify the Department in the event the lender learns of a default under their loan to the project and (2) requires the senior lender(s) to give the Department written notice of and reasonable opportunity to cure any default by the developer under the affected loan (provided, however, the Department shall have no obligation to cure any such default). Following execution, the Inter-Creditor Agreement shall be attached to the final agreement.

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**Funding Conditions - Pre-Development Phase:**

Funds are not available for pre-development loans. However, the City may allow reimbursement of certain pre-development expense items from an award of funds under certain conditions.

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**Funding Conditions - Acquisition Phase**

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Loans for site acquisition will not be funded unless all pre-conditions of the construction phase funding have also been achieved. Acquisition loans must be recorded in first lien position.

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### **Funding Conditions - Construction Phase**

Prior to or concurrently with construction phase funding, the borrower must provide evidence that all other necessary construction funding sources have been committed and closed, that binding commitments are in place for all sources of permanent financing.

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### **Assignment**

Loans or loan commitments are not assignable without the prior written approval of the Department. If the assignment is approved, the assignee must assume all funding obligations including, but not limited to, the affordability requirements.

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### **Material Changes**

Any material changes to the project during underwriting or construction must be reporting in writing to the Department. Failure to do so may constitute an event of default under terms and conditions of the funding agreement.

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### **Recourse**

Acquisition, construction and permanent loans are provided on a non-recourse basis and are secured by collateral as noted above. Loans may be cross-collateralized against properties included in the same financing transaction.

## **SITE SELECTION AND NEIGHBORHOOD COMPATIBILITY**

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### **Site Design Principles**

The determination of the site location is a very important part of the project preparation process and should not be overlooked. A well-chosen site location can significantly increase the success of the project. Issues to consider include orientation, storm-water management, access to transit, and proximity to community amenities (commercial, social services, education, parks, and healthcare facilities).

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### **Affordable Multi-Unit Family and Senior Housing Concentration Policy**

Affordable housing opportunities should be available to residents across the City of Fort Collins. The City strongly discourages the concentration of LMI populations within neighborhoods and promotes housing choice throughout the City.

### **Proximity to Site Amenities**

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Developments must be located on sites within a 2-mile radius of social, recreational, commercial, educational and health facilities and services.

A map identifying the development site and the location of supporting services is required. The service must be identified by name on the map. All services must exist or be under construction.

### **Connectivity Requirements and Proximity to Transportation**

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A site should be located within 1/2 mile of a current or proposed transit stop or park and ride lot. A map showing the walkable route to the transit stop is required. The applicant must also identify if the route is accessible (curb ramps at the corners and no sidewalk trip hazards). If the route is not accessible, the City may be able to install the infrastructure improvements. For senior developments, if transportation is provided by the developer, the development may not be required to be located within 1/2 mile of a transit stop or park and ride lot.

### **Proximity to Negative Site Features**

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Sites with the below mentioned negative characteristics will be ineligible. The distances are to be measured from all boundaries of the development site. Applicants must indicate on a map, the location of any negative site features. Negative site features include developments located :

- Adjacent to or within 300 feet of salvage yards
- Adjacent to or within 1,000 feet of an interstate highway including frontage and service roads
- Adjacent to or within 300 feet of heavy industrial uses such as manufacturing plants
- Adjacent to or within 300 feet of a solid waste or sanitary landfill
- Adjacent to or within 100 feet of high voltage transmission power lines

### **Zoning**

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City Zoning and development plan requirements should be the first consideration when finding a suitable location. Contact the City Development Review Center to determine the correct zoning for multi-family, duplex, or single-family homes. Pre-application meeting request forms to set up a meeting to discuss a site are located here on the City website

(<http://www.fcgov.com/developmentreview/>). Questions on land uses can also be answered by calling 970-221-6750.

### **Building Placement**

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There are many considerations to think about when placing a building on the site. The building location allows for spaces in between buildings to become positive space. Consideration for shade and heat gain or loss should be a part of the site planning for sidewalks, open space, and drive lanes.

### **Open Space**

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Public and private open space shall be provided onsite. Private open space can be in the form of patio spaces for each unit. Public open space should be useable and serve the entire complex. A minimum of 200 square feet per bedroom shall be provided. The open space can include play areas for kids, an area without steep grades for outdoor activities (Frisbee, walking dogs, etc.), barbeque spaces, benches, pools, workout rooms, plazas, courtyards, etc. Proximity to a neighborhood park can be used in conjunction with the open space on-site if the park is less than  $\frac{1}{4}$  mile away and is a minimum of  $\frac{3}{4}$  of an acre. Consideration for summer shade, winter sun, and protection from wind should be taken into account when placing outdoor space.

### **Sidewalks & Bike Facilities**

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Pedestrian and bicycle connections on-site and off-site should be a part of the development of the property, compliant with all City Code requirements. Sidewalk circulation should ensure access to all parts of the site as well as nearby trails, transit stops, and parks. Bicycle parking shall be provided that is conveniently accessed by each building.

### **Parking**

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Adequate parking to meet City Code requirements must be included on site. Ensure consideration for household number and the potential number of cars needed, as well as guest parking is considered, in addition to meeting City Code requirements. Accessible parking spaces should be strategically placed to ensure they are able to be used effectively.

### **Landscaping**

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Landscaping requirements within City Code must be met on site. Placement of landscaping should be strategic to ensure the landscaping is benefiting open spaces, protecting from heat gain or loss, and lowering parking lot heat island effect. Minimize the use of turf and



only use turf in active locations. Irrigation systems shall be provided to ensure the landscape thrives in the dry climate.

### **Neighborhood Meetings**

To the extent practical, applicants are encouraged to schedule informational meetings with surrounding neighborhoods to build awareness of community needs to be served while gathering valuable input prior to the formal development review process.

## **DEVELOPMENT REQUIREMENTS**

### **Minimum Units**

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The minimum unit size for a multi-family development is 4 units. Projects that include less than 4 units are considered to be single family developments.

### **Capital Needs Assessment \***

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For the acquisition of existing structures (not slated for demolition) and rehabilitation projects, a Capital Needs Assessment (CNA) per the Uniform Physical Condition Standards (UPCS) must be completed. The CNA must identify the useful life of major systems to include: structural support, roofing, cladding, weatherproofing (windows, doors, siding, gutters), plumbing, electrical, heating, ventilation and air conditioning. If the remaining useful life is less than the affordability period, a replacement reserve is required to ensure the items can be adequately maintained and addressed throughout the affordability period.

*\*Capital Needs Assessments are mandatory for projects receiving HOME funds. Although considered best practices, projects without a CNA can still be considered for CDBG & AHF funds. Applicants who have not performed CNA's for acquisition/rehabilitation projects must be able to address the long term capital needs and strategic plans for meeting those needs.*

### **Property Standards**

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All new construction must comply with 2018 International Building Codes (UBC) as published on the City website. Upon completion of construction the property will receive a Certificate of Occupancy by City building staff.

All housing rehabilitated with HOME funding must ensure the following are brought to current code (or as close as possible) and are expected to last the duration of the affordability period:

- Site, including topography, drainage, pavement, curbing, sidewalks, parking, landscape, water, sewer, storm drainage, gas and electric lines & utilities

- Structural systems, including exterior walls and balconies, exterior doors and windows, roofing systems, and drainage
- Interiors, including unit and common area finishes (carpeting, vinyl tile, plaster walls, condition, etc.), unit kitchen finishes, cabinets and appliances, unit bathroom finishes, fixtures, and common area lobbies and corridors
- Mechanical systems, including plumbing and domestic hot water, HVAC, electrical, light fixtures, fire protection, and elevators (mechanical systems must be inspected by a qualified engineer), and any noncompliant component or issue relative to the applicable accessible guidelines of ADA, Section 504 and/or Fair Housing.

Broadband – for both new construction and substantial rehab of buildings with more than 4 rental units, construction must include installation of broadband infrastructure unless it is demonstrated that the installation of broadband is infeasible, creates an undue financial burden on the project or fundamentally alters the nature of a program/activity.

### **Sustainability and Energy Efficiency**

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Designing and locating affordable housing with sustainable design and green building in mind will ensure efficient land use, reduce energy costs and add to the appeal of the property. It is important to the City that housing positively contributes to environmental health of our residents and neighborhoods by decreasing energy and water usage, reducing operating and maintenance costs and improving the efficiency and longevity of the building system. Construction projects of new and existing buildings must be designed and constructed to be energy and water efficient, reducing tenant costs while improving the structure's sustainability.

- Appliances, mechanical systems, windows, doors, insulation must meet Energy Star standards.
- Toilets, faucets, shower heads must meet the Water Sense low volume standards.
- Rebates may be available from utility service providers and other sources.

### **Accessible and Adaptable Units**

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Assistance may not be provided for the acquisition of multi-family units that will not allow a portion of the units to be made accessible to persons with disabilities. Projects must contribute to increasing the number of accessible and/or adaptable through the following minimum requirements:

#### **Acquisition of Existing Units (not slated for Demolition) and Rehabilitation Projects**

- At least one (1) or 10%, whichever is greater, of all units rehabilitated must be made accessible for persons with mobility disabilities.
- Additionally, at least (1) unit or 2%, whichever is greater, of all units rehabilitated must be made adaptable for persons with hearing and/or visual disabilities

### **New Construction**

- At least one (1) or 10%, whichever is greater, of all new units must be made accessible for persons with mobility disabilities.
- Additionally, at least (1) unit or 2% of all new units must be made accessible to accommodate the needs of persons with hearing and/or visual disabilities.

### **Distribution of Accessible Units**

To the greatest extent possible, accessible dwelling units should be distributed throughout the project and should be available in a sufficient range of sizes and amenities.

- The choice of an individual with a disability should be comparable to that of other prospective tenants
- Accessible dwelling units should not be concentrated in one area of the property.
- An elevator does not have to be installed for the sole purpose of allowing accessible units to be located above the ground flood.

### **Occupancy of Accessible Dwelling Units Policy**

Owners/managers of projects that have accessible units should ensure that information regarding the accessible units reaches individuals with disabilities. Additionally, owners/managers should take non-discriminatory steps to maximize the utilization of accessible units by qualified individuals with disabilities. This can be done by maintaining a waiting list for accessible units and offering vacant accessible units to applicants in the following order:

1. To a current occupant of another unit in the same property or other comparable property within the owner/manager's control, who has a disability requiring the accessibility of the vacant unit and who currently occupies a unit that does not have the accessibility features.
2. To a qualified applicant on the waiting list who has a disability requiring the accessibility features of the vacant unit.
3. To a qualified applicant who does not have a disability requiring the accessibility features of the unit; with the lease provision that the occupant will agree to move to a non-accessible unit when an applicant who requires the accessibility features has been identified.

### **Development in the Floodplain**

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Affordable housing development will not be allowed within any local or federally-designated 100-year floodplain.

## CONSTRUCTION REQUIREMENTS

### Construction Start Approval

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Housing or site construction may only begin upon the issuance and formal acceptance of an award commitment.

### Inspections

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- Department staff will conduct inspections of the property throughout the construction process.
- If applicable, Davis Bacon employee interviews will be conducted through the construction process.
- A final inspection will be conducted to ensure that work has been completed in accordance with the work write-up or plans.
- City building officials will inspect at completion and issue Certificates of Occupancy or Certifications of Completion

### Construction Draws

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Developers will certify that each draw request is for actual costs expended and must provide documentation to support such costs, including sub-contractor invoices. The City will ONLY pay for completed work.

### Change Orders

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Any change in scope during construction must be approved in advance by the Department.

### Retainage

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The Department may withhold 10 percent of each draw until satisfactory completion of the project. Retainage will be held at least thirty (30) days after completion of construction; a final inspection is completed and clearance is issued by the Department; labor standards and final wage compliance report is completed; and certificates of occupancy are issued for new construction.

## MONITORING

Prior to the draw of any funds, City-required legal documents must be executed and the awardee must demonstrate that all funding conditions have been satisfied. During the period

of open project activities, quarterly progress reports must be submitted by the awardee. After a project has been completed and all funds have been drawn, the awardee will submit annual reports in compliance with the funding agreement or loan covenants. Delinquent reporting will result in the suspension of further disbursement of awarded funds.

Periodic site reviews will be conducted by appointment. During the review the general physical condition of any funded property will be inspected along with an analysis of randomly selected client files. A written summary will be sent to the awardee within thirty days of the site review. A determination of noncompliance will be communicated to the awardee in writing with the required corrective actions and the cure period. Non-compliance will result in the suspension of further disbursement of awarded funds and ineligibility for future funding.

## APPLICATION PROCESS

The Department solicits applications through the Competitive Process. The Department will contact those agencies which have shown interest in or are known to do business relevant to the program. In addition, notification to the public is made through advertisement in local print media, and notices on the City website. All interested parties are invited to submit a proposal for consideration.

The most current application forms may be accessed through the Department website. Please refer to the application checklist to ensure that a proposal is complete and please follow the submission requirements. **Note that any commitments entered into by the applicant prior to an award of funds do not constitute a rationale for an award.** Applicants are therefore advised to ensure any and all agreements dependent on an award of city funding contain adequate escape mechanisms to minimize adverse consequences in the event funding is not available or the proposal is not awarded funds.

Please check the Department website (<http://www.fcgov.com/socialsustainability/>) for the most current funds availability and other valuable information.

## APPLICATION REVIEW PROCESS

Funding rounds are very competitive as total requested funds typically exceed the amount available during a given year. Applicants are encouraged to seek guidance from Department staff prior to submittal. Voluntary technical assistance is provided following release of the Competitive Process application but prior to the submission deadline. Upon submission, ineligible applications without further analysis.

1. Initial review. Department staff ensures the application is complete and the basic mandatory evaluation criteria are met. The mandatory criteria are designed to meet local, state and federal compliance requirements and Department mission statement. Incomplete applications and proposals that do not meet the criteria are

not eligible for further consideration. In addition to the funding process, projects seeking Planning Department approvals are subject to the provisions of the land use review process.

2. Staff analysis. Department staff reviews the application, ask clarifying questions of the applicants and prepare a staff analysis.
3. Review. Staff prepares a project summary and analysis and presents relevant material to the City of Fort Collins Affordable Housing Board for further input. Staff will respond to the applicant with any questions or concerns identified by the Board.
4. Presentation. Department staff will update its summary and analysis based upon outcomes of the review process. A staff recommendation will be completed and distributed to the City of Fort Collins CDBG Commission. Staff will coordinate a formal applicant presentation to the Commission. The Commission' role is to make funding recommendations to the Fort Collins City Council. The committee may request additional detail from the applicant, conduct a tour of the subject site or property, obtain additional information from outside sources, and consult with other departments within the City.
5. Preliminary recommendation. Following presentations and tours, if any, the Commission evaluates all proposals to determine the extent to which each fulfills community goals. As part of the deliberation, the respective Commission members discuss the applications and develop funding recommendations. All meetings of the Commission are open to the public, though testimony is not permitted aside from the scheduled applicant presentation. Applicants are notified of the preliminary funding recommendation by electronic means or by telephone.
6. Final decision. Commission recommendations are forwarded to the Fort Collins City Council for final determination. Public testimony is permitted prior to formal action of the Council. Applicants are notified of the funding determination by written notice.

## **APPLICATION SUBMISSION AND REQUIREMENTS**

The most current program information is maintained on the Department website at <http://www.fcgov.com/socialsustainability/competitiveprocess.php>. Please refer to this information early in the planning process and contact Department staff with any questions.

1. Applications that do not follow the submission requirements will not be considered. Applicants will be given a single, time-limited opportunity to rectify any deficiencies in a submitted application.
2. Applications received after the posted deadline will not be considered without prior approval from the Department Manager. Such approval shall be granted only upon demonstration of extraordinary circumstances beyond the control of the applicant. The decision regarding whether to extend the deadline for an application may not be appealed.
3. Applications must be submitted according to the instructions.

### **Construction Timeliness**

All construction projects receiving funding must begin construction within 6 months of the date of contract signing.

### **Additional Items**

Department staff reserves the right to request additional documentation to substantiate the funding request, confirm eligibility and assess capacity to achieve desired outcomes. Applicants will be provided a limited timeframe in which to respond.

Examples of additional documentation that may be requested, include, but are not limited to, the following:

- Environmental Site Assessment, which may include Phase I, Phase II, asbestos, lead, and/or methamphetamine reports
- Construction Plans and Specifications, including site and/or landscape plans and building elevations
- Capital Needs Assessment and Scope of Work
- Relocation Plan
- Planning and Zoning Preliminary Review

## **FUNDING PRIORITIES**

For FY2020-FY2024 the funding priorities include:

1. Increase the supply of affordable housing units
2. Preserve existing affordable housing

## **WAIVER REQUESTS**

The Department acknowledges that there may be occasions when a proposed project meets a critical community need, but does not meet all the underwriting criteria. In these instances, it is possible to consider the use of the City's Affordable Housing Fund dollars even when federal funding requirements are not met. In these circumstances, applicants may be asked to provide additional, supplemental information to verify both the need for the project and the capacity of the applicant. In no case will an application be funded in which the City is unable to verify the financial viability and capacity of the applicant.

## GLOSSARY

The following terms are defined for the purpose of this document:

**Accessible** – as defined by Section 504 of the Rehabilitation Act of 1973, accessible dwelling units or facilities are located on an accessible route and can be approached, entered and used by individuals with physical disabilities.

**Adaptable units** – certain elements of a dwelling unit or facility can be added to, raised, lowered or altered to accommodate the needs of individuals with disabilities, or to accommodate the needs of persons with different types or degrees of disability.

**Adjusted Income** –Gross household income limit that has been modified according to the number of persons residing within a dwelling unit.

**Affordable Housing** – In general, housing for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities.  
[[http://www.huduser.org/portal/glossary/glossary\\_a.html](http://www.huduser.org/portal/glossary/glossary_a.html)]

**AMI** – Area Median Income

**Community Housing and Development Organization (CHDO)** - A type of non-profit, community based service organization that has, as part of its mission, the development of affordable housing for low- and moderate-income households. HUD requires the organization to meet certain requirements to be classified as a CHDO. *See CHDO application for more information.*

**Capital Needs Assessment** – rehabilitation activities required to bring a building(s) up to date with Property Rehabilitation Standards (PRS) or Uniform Physical Condition Standards and other standards as required by HUD.

**CDBG** – Community Development Block Grant



City – City of Fort Collins, Colorado

Debt Coverage Ratio (DCR) – the ratio of net operating income (NOI) to total debt service (DS) during a given time period ( $DCR = NOI \div DS$ ).

Debt Service – Required minimum monthly loan payment of principal and interest.

Department – City of Fort Collins Department of Social Sustainability

Disability – Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment.

Eligible Costs – projects costs that can be paid with program funds. Costs include, but are not limited to, costs or partial costs of acquisition, verifiable hard construction costs, reasonable soft costs, architectural and engineering fees, surveys, market studies, legal fee and materials testing.

Extremely Low Income – Households whose income is less than 30% of the median income for Larimer County, as determined by HUD, with adjustments for smaller or larger families.

Fair Market Rents – Rental rates established by HUD as fair, affordable and appropriate rents for a geographical area. Fair Market Rents apply to CDBG funded projects and are revised periodically.

Generally accepted accounting principles (GAAP)- refer to the standard framework of guidelines for financial accounting used in any given jurisdiction; generally known as accounting standards or standard accounting practice. These include the standards, conventions, and rules that accountants follow in recording and summarizing and in the preparation of financial statements.

HOME – HOME Investment Partnership

HOME Rent – Rental rates established by HUD as fair, affordable and appropriate rents for a geographical area. HOME Rents apply to HOME funded projects and are revised periodically by HUD.

Homeless and Chronically Homeless – as defined in The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act) (24 CFR 578.3).

Household – All persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements (24 CFR 570.3).

HUD – U.S. Department of Housing and Urban Development

Income – All reference to “Income” shall mean the “Part 5” HUD definition of income.

Low Income – Households whose incomes are between 51% and 80% of the median income for Larimer County, as determined by HUD, with adjustments for smaller or larger families..

LMI – Low- and moderate-income. Generally defined as a household whose income does not exceed 80% of the median income for Larimer County, as determined by HUD, with adjustments for smaller or larger families..

Moderate Income –Households whose incomes are between 81% and 95% of the median income for Larimer County, as determined by HUD, with adjustments for smaller or larger families.

Net Operating Income (NOI) – income stream generated by the operation of the property, independent of external factors such as financing and income taxes. A property's yearly gross income less operating expenses. Gross income includes both rental income and other income such as parking fees, laundry and vending receipts, etc. Operating expenses are costs incurred during the operation and maintenance of a property. They include repairs and maintenance, as well as insurance, management fees, utilities, supplies, property taxes, etc. The following are not operating expenses: principal and interest, capital expenditures, depreciation, income taxes, and amortization of loan points.

Non-profit organization – a not-for-profit, non-sectarian organization which is designated by the Internal Revenue Service (IRS) under Section 501(c)(3), as a tax-exempt organization.

Permanent Housing –housing in which the program participant must be the tenant on a lease for a term of at least one year, which is renewable for terms that are a minimum of one month long and is terminable only for cause.

Permanent Supportive Housing – permanent housing in which supportive services are provided to assist special needs populations to live independently.

Program Income – gross income received by the subrecipient directly generated from the use of CDBG or HOME funds with some exceptions. (24 CFR 570.500 and 24 CFR 92.2))

Program – Financial assistance offered by the City utilizing one or more federal or local funding sources

Single Family Housing – a one - to four-family residence, condominium unit, cooperative unit, combination of manufactured housing (including a mobile home) and lot, or manufactured housing lot. (24 CFR 92.2 & Building HOME 4-1)

Special Needs Housing – supportive housing that is designed to meet the housing and service needs of a target special needs population and provides supportive services for residents.

Special Needs Populations – homeless persons, larger families (requiring 3 and 4 bedrooms) victims of domestic violence, persons recovering from mental and/or substance abuse, seniors, veterans, persons with disabilities, and persons with HIV/AIDS and their families.

Supportive Services – services provided to individuals with special needs which enable individuals to achieve a greater level of independence and/or self-sufficiency such as health services, housing counseling, employment counseling and referral and other services as defined at 24 CFR Section 882.802.

Transitional Housing – housing where all program participants have signed a lease or occupancy agreement, the purpose of which is to facilitate the movement of homeless individuals and families into permanent housing within 24 months and includes supportive services. The program participant must have a lease or occupancy agreement for a term of at least one month that ends in 24 months and cannot be extended.

Very Low Income – households whose income is greater than 30% and less than 50% of median income for Larimer County, as determined by HUD, with adjustments for smaller or larger families.

Uniform Federal Accessibility Standards (UFAS) – Minimum accessibility standards for new development as defined by HUD

Uniform Physical Conditions Standard (UPCS) – Minimum property standards for new development as defined by HUD