

# Bucks County Housing Program



**Bucks County**  
**Department of Community & Business Development**  
1260 Almshouse Road  
Doylestown, Pennsylvania 18901  
(215) 345-3840  
Vitor A. Vicente, Director

**Fiscal Year 2010 Application**



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# GENERAL INFORMATION

## APPLICATION COMPONENTS

Applicants have the option of submitting a concept application or a technical submission.

- The Concept Application Approach  
The concept application is intended for applicants that have a basic idea about a project but do not have all of the details worked out yet. This allows applicants the opportunity to present and discuss their project concept with staff and the Housing Finance Board. Upon approval, applicants will be directed to prepare a Project Technical Submission and have it submitted to the Department of Community and Business by the last Friday in April.
- The Direct Technical Submission Approach  
This application should be used by applicants who are ready to proceed with their project or who have their Concept Application approved. Applicants who choose to submit the technical submission as their initial application will have their projects move on a faster tract.

**Note:** In the case of projects also submitting an application to the Pennsylvania Housing Finance Agency, the Department will accept such application in lieu of the pre-application and/or Technical Submission. Department staff will provide technical assistance upon request.

## TECHNICAL ASSISTANCE

### Meeting with Staff

It is recommended that applicants meet with the Department Director to discuss their project and applicable program requirements. Technical assistance will be made available to all applicants upon request.

### Workshop

A workshop has been scheduled for 9:00 AM, on Friday, August 31, 2009, at the offices (4<sup>th</sup> Floor Conference Room) of the Department of Community and Business Development to discuss new application approach, priorities, and answer any questions from potential applicants.

## APPROVAL PROCESS

- Presentation to Housing Finance Board  
Applicants will be requested to make a presentation to the Housing Finance Board at its meeting scheduled for the third Monday in October. Presentations will be typically limited to 15 minutes. The contact person for each application will receive additional information about the presentation sometime in early October.
- Housing Finance Board Meeting  
The Housing Finance Board will meet in November and make a determination on the applications received and allocation amounts. Afterwards, the Board will issue a recommendation to the County Commissioners for adoption and inclusion in the County's annual Action Plan to HUD.
- Application Approval and Notification  
All applicants will be notified in writing by the Department as to the recommendations of the Housing Finance Board to the County Commissioners. The intent of this notification is to provide all applicants with the opportunity to submit comments on the recommendations.
- Commissioners' Approval  
The Housing Finance Board recommendations, along with any comments received, will be forwarded to the County Commissioners for preliminary approval and inclusion the Annual Action Plan. **Note:** The Commissioners' preliminary approval does not guarantee specific project approval. Final project approval



will be based on the Technical Submission and subsequent approval of a contract by the Commissioners with the applicant.

### **ANTICIPATED AMOUNT OF FUNDING**

The County anticipates having up to \$1.5 million available to fund the development of affordable units. The source of the funding will be the County's HOME funding allocation received from HUD and its own Housing Trust Fund. The program intends to use both sources in a manner that will help it fulfill its funding match obligations toward HUD.

### **FUNDING AVAILABILITY**

Funding will only become available once a contract is fully executed between the applicant and the County. The County will not reimburse applicants for any costs incurred prior to contract execution.

### **ELIGIBLE PROJECTS/ACTIVITIES**

All funding must target the increase of affordable housing units for the benefit of eligible lower income groups. These include rental, ownership, or special needs housing (e.g., physical or mental disabilities, drug and alcohol dependencies, the elderly, and persons with HIV/AIDS). Principal types of activities are:

- **Acquisition/Rehab**  
This activity involves the acquisition of existing units and their rehabilitation to bring them up to code for lease or sale to qualified lower income persons.
- **Construction of New Units**  
This activity involves the development of new units for lease or sale to qualified lower income persons.

### **ELIGIBLE ACTIVITIES**

Eligible activities shall include those associated with project soft and hard costs, as per HUD definition for the development of units benefiting low/moderate income persons.

### **INELIGIBLE PROJECTS/ACTIVITIES**

All projects must result in development of affordable units and increase in the overall affordable housing stock within the County. Under this application, no funding will be awarded to support the following:

- Acquisition of land for purposes of land-banking.
- Rehab of existing affordable units.
- Funding to support administration and/or operations of an organization.
- Funding to support public services, whether as a separate project, or in combination with proposed development.
- Payment of rents or mortgages.
- Development or acquisition/rehab of affordable units located outside Bucks County.

### **ELIGIBLE PROJECT LOCATIONS**

Projects should be in line with the County's standing policies relating to focusing development in already established areas, the preservation of open space, and prevention of sprawl. It is expected that proposed projects will be located in areas that are served by public infrastructure, transit, job centers, and in proximity to services likely needed by target population. **Note:** Bristol Township is outside of the County's Consortium area. Therefore, the use of program funds may not be eligible for projects located in the Township.



## SUMMARY OF KEY EVENTS

Target Period	Key Event
June	<ul style="list-style-type: none"> <li>• Meeting of Bucks County Housing Finance Board</li> <li>• Bucks County Performance Report Public Hearing</li> <li>• Submission of Annual Performance Report to HUD</li> </ul>
August to September	<ul style="list-style-type: none"> <li>• Application period</li> <li>• Workshop</li> <li>• Technical assistance</li> <li>• Last Friday in September: Applications due at Department office by 3:00 PM</li> </ul>
October to December	<ul style="list-style-type: none"> <li>• Project Presentation by applicants to Housing Finance Board</li> <li>• Application review and evaluation period</li> <li>• Applicant notification as to Housing Finance Board funding recommendations</li> <li>• Housing Finance Board funding recommendations to County Commissioners</li> </ul>
December/January	<ul style="list-style-type: none"> <li>• 30-Day Public Comment Period on draft Action Plan</li> <li>• Submission of Action Plan and Public Comments to County Commissioners</li> </ul>
January/February	<ul style="list-style-type: none"> <li>• Approval of Action Plan by County Commissioners</li> <li>• Submission of Action Plan to HUD</li> </ul>
April	<ul style="list-style-type: none"> <li>• Beginning of Program Year</li> <li>• Last Friday in April: Technical Submissions from applicants who had submitted Concept Applications due at Department office by 3:00 PM.</li> </ul>
May	<ul style="list-style-type: none"> <li>• Preparation of Performance Report for submission to HUD</li> <li>• Staff review of Technical Submissions received</li> </ul>

### FUNDING CONSIDERATIONS

The amount of funding allocated will be based on the number of proposed affordable units, the specific needs of the target population and income group. Some of the factors that will be considered include

- **Target income:** Distribution of units by target income, particularly the number of units (and percentage of project total) targeting incomes below 50 percent and 30 percent of Median Family Income.
- **Unit Sizes:** Distribution of units by size (e.g., 2 bedrooms), particularly larger units (i.e., 3 and 4 bedrooms).



- **Leverage Ratio:** The ratio between program assistance and total project funding will be considered, particularly for projects involving program requests greater than 25 percent of total project cost.
- **Maximum Project Funding:** There is no predetermined maximum funding amount per project. However, it is anticipated that the amount of program assistance will not likely exceed more than one-third of the project cost.
- **Project Location:** The location of the project in relation to physical and social infrastructure, and job centers. Projects located in older established areas will be given preference.

### **PROJECT IMPLEMENTATION TIMELINE**

Based on HUD's timeliness performance requirements, all applicants must complete their projects within the two years of the contract approval date. If the project is not completed within two years, the remaining funds will be returned to the program and reallocated to other projects. In addition, the County will require the applicant to reimburse/return any program expended funding. Past performance in implementing projects in a timely fashion will be considered, when reviewing funding requests.

### **CHANGES IN PROJECT SCOPE**

All project funding will be approved for a specific purpose. Any changes in project scope will require a resubmission of a new application and review by the Housing Finance Board and approval by the County Commissioners.

### **EVALUATION CRITERIA**

All applications for funding will be evaluated on the following basis:

1. **Applicant Eligibility:** The applicant must be an eligible funding recipient at the time the application is being made and throughout the implementation process.
2. **Completeness of Application:** The application will be reviewed initially to ascertain completeness for all of the required sections of the application. Note: No application will be accepted in installments and partial applications will be disqualified and returned.
3. **Compliance with HOME Program Rules:** All projects must be eligible under HOME program rules for housing development.
5. **Compliance with the Bucks County 2005-2009 Consolidated Plan:** Projects must be in compliance with the objectives and priority needs outlined in the five-year Bucks County Consolidated Plan, and demonstrate
  - a. The extent to which the proposal addresses affordable housing needs, particularly those of individuals, families, and person with special needs who qualify as very low or low income under HUD's guidelines.
  - b. A comprehensive and coordinated approach in addressing non-housing needs of lower income persons (e.g., provision of services, proximity to jobs).
  - c. The extent to which multi-sector or jurisdictional cooperation will be achieved.
  - d. The extent to which project will help revitalize a dilapidated area and provide opportunity to historically disadvantaged groups, including women and minorities.
  - e. The extent to which the applicant will affirmatively market the project, particularly to historically hard to reach groups.
6. **Project Readiness:** Each application will be reviewed to determine the readiness of the applicant to implement the project.
7. **Scope of Work and Cost:** The review will also consider the reasonableness of the proposed scope of work or services. In addition, the program will consider the reasonableness of the project cost and any provided documentation (e.g., contractor estimates, engineering estimates) in support of the same.



8. **Funding Leverage:** The leveraging of other public and private sources of funding is an important factor in ensuring cost effectiveness and the effective implementation Of program funding. The program will take into consideration the amount of leverage in making allocation decisions. Therefore, all claims of a match or funding leverage must be accompanied by a copy of the “Funding Match Contribution Certification,” at the end of the application, along with supporting documents (e.g., local government resolution, letters of commitment from other local entities, state/federal agency contract award letter).
9. **Applicant Capacity:** Each applicant will be asked to demonstrate the ability to implement the project in a professional, timely, and efficient manner. This will be ascertained by the overall information provided by the applicant on the project, including supporting documentation.
10. **Applicant’s Track Record:** The applicant’s track record in the implementation of funded projects will be considered. Part of the review will consider the total amount of funding previously allocated and still remaining unexpended.
11. **Performance Measures:** HUD requires the provision of specific beneficiary information to help it determine the merit and validity of projects funded in addressing the needs of low/moderate income persons. The measurements have two phases: application and completion. During the application phase, applicants are to provide an estimate of beneficiary information. Applications that fail to provide this information will not be considered for funding. As each unit is completed and occupied, funding recipients are required to provide information about each occupant.kj

## **POST-FUNDING AWARD REQUIREMENTS**

Applicants should be aware that all projects have to comply with a variety of federal and state regulations that can have scheduling or cost implications. The principal ones include:

1. **Compliance with Program Rules and Regulations:** Projects must comply with all of the applicable program rules and regulations and county policies governing the provision of funding and stipulated in project contract between the County and the funding recipient, including, but not limited to, the following:
  - a) Title VI of the Civil Rights Act of 1964 (Pub. 88-352), and implementing regulations issued at 24 CFR Part 1.
  - b) Fair Housing Amendments Act of 1988, as amended, administering all programs and activities relating to housing and community development in a manner to affirmatively further fair housing.
  - c) Section 109 of the Housing and Community Development Act of 1974, as amended, and the regulations issued pursuant thereto (24 CFR Section 570.602).
  - d) Section 3 of the HUD Act of 1968, as amended, and implementing regulations issued at 24 CFR Part 135.
  - e) Executive Order 11246, as amended by Executive Orders 11375 and 12086, and implementing regulations issued at 41 CFR Chapter 60.
  - f) Executive Order 11063, as amended by Executive Order 12259, and implementing regulations at 24 CFR Part 107.
  - g) Section 504 of the Rehabilitation Act of 1973 (Pub. L. 93-112), as amended, and implementing regulations.
  - h) The Age Discrimination Act of 1975 (Pub. L. 94-135), as amended, and implementing regulations.
  - i) Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, including the relocation requirements of Title II and the acquisition requirements of Title III, as amended, and the implementing regulations at 24 CFR 570-488.
  - j) Anti-displacement and relocation plan requirements of Section 104(d) and payment requirements of Section 105(a)(11) of Title I, Housing and Community Development Act of 1974, as amended.
  - k) The labor standards provisions as set forth in 24 DVT 570.603 and HUD implementation regulations.
  - l) Executive Order 11988 relating to the evaluation of flood hazards and Executive Order 11288 relating to the prevention, control, and abatement of water pollution.
  - m) The regulations, policies, guidelines, and requirements of OMB Circular Nos. A-87, A-110, and A-122 as they relate to the acceptance and use of federal funds under this federally assisted program.
  - n) The Americans with Disabilities Act (ADA) (P.L. 101-336: 42 U.S.C. 12101) providing disabled people access to employment, public accommodations, public services, transportation and telecommunications.



- o) The Conflict of Interest Provisions of 24 CFR 570.489 applying to any employee, agent, consultant, officer, or elected official or appointed official of the state, local governments, public agencies, or subrecipients.
  - p) The Provisions of the Hatch Act which limits the political activity of public employees.
  - q) HUD and the Comptroller General or any authorized representative shall have access to and the right to examine all records, books, papers, or documents related to the grant.
  - r) The Lead-Base Paint Requirements of 24 CFR Part 35 Subpart B issued pursuant to the Lead-Based Paint Hazard Elimination Act (42 U.S.C. 4801 et seq.).
2. **Records:** All project records must be maintained for the entire period of affordability.
  3. **Audits:** Applicants must agree to make records available upon request to the staff of the Department. This may involve a site visit by staff to examine project records and/or by a HUD auditor as part of program monitoring activities.
  4. **Environmental Review:** The Department must conduct an environmental review for all funded projects. Upon completion, the Department will issue a Notice to Proceed. All projects requiring an Environmental Assessment (EA) or an Environmental Impact Statement (EIS) will be required to conduct the required work at the Department's direction.
  5. **Procurement:** All projects must follow the County's procurement requirements as outlined in the "Grantee Handbook." The requirements include the solicitation of project specs, advertising soliciting bids, and contract award to the lowest qualified bidder..
  6. **Prevailing Wages:** Projects encompassing 12 units or more have to comply with the prevailing wage requirements, as outlined by the Davis-Bacon Act.
  7. **Recording of Mortgage:** All program assistance is the form of a loan, with a zero percent interest and a term of up to 30 years. A mortgage must be recorded by the recipient, reflecting the full amount of the County's financial assistance to the project.

## APPLICATION COPIES

Copies of the Concept or Technical Submission applications can be obtained by contacting Deborah Robison (215/345-3841) or by downloading it from the County's website ([www.buckscounty.org](http://www.buckscounty.org)) under the Department's page.

## APPLICATION SUBMISSION REQUIREMENTS

All applications must be submitted in a manner that allows for clear and easy reading of all of the information. In addition, applications must include:

1. a cover letter from the organization's executive;
2. a resolution from the organization's board; and,
3. any other parts of the application pertinent to the project (see application instructions below).
4. include a set of originals and ten (10) copies.

Although applications need to be submitted in the form provided and in good condition, applicants are strongly discouraged from submitting applications in fancy binders or using other glossy mechanisms, which are costly and unnecessary. The focus of the application review will be on content, particularly how the project will benefit the target group in need of the facility or service. All applications should be submitted by the deadline to:

Vitor A. Vicente, Director  
 Bucks County Department of Community and Business Development  
 1260 Almshouse Road, Neshaminy Manor Center  
 Doylestown, PA 18901



# LINE BY LINE INSTRUCTIONS

The part of the guidelines, provides line-by-line instructions for both the Concept Application and the Technical Submission for Rental and Ownership units.

## I. CONCEPT APPLICATION

### A. GENERAL INFORMATION

- 1. Date of Application Submission:** Date application is being submitted to the County.
- 2. Developer's Name:** Applicant's name. The applicant must be a nonprofit organization. If the applicant is not the developer, or if the project involves a partnership between the applicant and another organization, information about both organizations must be attached to the application, including a description of the relationship, roles, responsibilities, and lead entity; along with any legal documents formalizing the same.
- 3. Developer's Address:** Applicant's address. If the applicant is not the developer or if the project involves a partnership, the address for each entity must be attached.
- 4. Contact Person:** The person that would be able to answer questions about the project and act as a liaison between the applicant and the County.
- 5. Developer EIN:** Applicant's Employer Identification Number.
- 6. Developer DUNS Number:** Applicant's DUNS number. A DUNS number can be obtained by going to the following website (<http://fedgov.dnb.com/webform>) or calling 866/705-5711. There is no charge for obtaining a DUNS number (it will take approximately 10 minutes).
- 7. Project Name:** The name selected by the applicant for the project.
- 8. Project Address:** Project street address. If a property has not yet been selected, and/or the project involves multiple sites, attach a general description of target area(s).
- 9. Project Tax Parcel Number(s):** The project identification number in the County's property tax roll.

### B. PROJECT INFORMATION

#### 1. Project Description

The project description should be specific in terms of the type of development being proposed and its relationship to the housing needs outlined in the County's Consolidated Plan.

#### 2. Site Description

Provide a brief, written site description of:

- a. Physiography:** site conditions: soils, drainage, topography, wetlands, streams, vegetation, wildlife, and other site conditions



- b. Land Use: current land use activities, zoning, and type of land uses permitted, and description of surrounding land uses
- c. Infrastructure: roadways, water, sewer, park facilities
- d. Transportation: traffic patterns, bus service, rail service, walkways.
- e. Community Facilities: proximity to schools, community centers, hospitals, service centers.
- f. Employment: proximity to job centers

**3. Property Control**

Applicant should describe the type of control it has over the property for development or acquisition/rehab. If the applicant does not have current control, the applicant must describe process by which it will obtain control of the property.

**4. Unit Size by Target Income**

Applicants need to provide a listing in tabular form of the estimated number of units that will be developed by bedroom size for each target income group. Please note the following requirements:

- Ownership Units: all units have to be affordable to persons earning less than 80 percent of Median Family Income as published by HUD annually for the Philadelphia region.
- Rental Units: HUD requires the following for projects of 5 or more units:
  - 90 percent of the units must target persons earning less than 60 percent of Median Family Income; and,
  - 20 percent of the units must target persons earning less than 50 percent of Median Family Income.

**5. Proposed Rents/Sale Price**

- a. Rental Units: This part should be filled if the proposed project involves the development of rental units, or units for persons with special needs.

Column (1): Enter target rent for each unit size that will be developed. **Note:** The rents need to include utilities to be in compliance with HOME program requirements.

Column (2): Enter the number of rental units that will be produced by bedroom size.

Column (3): For each unit size, multiply the number in column (1) by the corresponding number in column (2) and enter result.

Column (4): Provided: Number of months in the year.

Column (5): For each unit size, multiply the number in column (3) by the number in column (4) and enter result.

Add the numbers in column (5) and enter the result as a “Total Estimated Annual Gross Revenue.”

- b. Ownership Units: This part should be completed if the project proposes the development of units for purchase by first-time homebuyers.

Column (1): Enter the estimated sale price for each unit being proposed for development.

Column (2): Enter the number of units being proposed by bedroom size.

Column (3): For each unit size, multiply the number in column (1) by the corresponding number in column (2) and enter result.

Add the numbers in column (3) and enter the result as the “Total Estimated Gross Revenue.”



## 6. Estimated Costs

*Note: Applicants should do some preliminary research to develop a picture of potential costs and ascertain project feasibility. Although it will be understood that the numbers will be “soft,” they should still be reasonable and realistic. Applicants will have the opportunity to submit refined numbers with the Technical Submission. Applicants must also indicate the source of information they used in deriving the preliminary numbers. Examples include developer’s experience, engineer, contractor, or industry standards.*

a. Proposed Development Costs

Identify the major project categories and estimate the cost for each. Examples of categories include: financing, engineering, project management, acquisition, construction, to name a few.

b. Operating Costs

Identify the major activities associated with managing the rental project and outline a cost of annual estimates for each.

## 7. Program Funding Being Requested

a. Estimated Project Financial Gap: Compare the results listed for Proposed Rents/Sale Price (Question 5), those listed for Estimated Costs (Question 6), and the anticipated project development funding anticipated from public and private sources.

b. Amount of Assistance Requested: List the amount of assistance being requested from the County’s Housing program to address the financial gap. Also, identify the principal activities the funding would be used for (e.g., engineering, construction).

c. Funding Sources: List other funding sources that will be used to help address the financial gap and make the units affordable to the target groups identified, and compliment the County’s funding. As part of the Technical Submission, applicants will be requested to provide documentation on each funding commitment.

## 8. Timeline

Applicants must provide a preliminary timeline outlining the implementation of the principal phases of the project. All timelines should start with the date of application submission to the County.

## C. OTHER ATTACHMENTS

### 1. Required to be submitted with Concept Application

Applicants must provide basic information about their organizations’ legal standing, composition, experience, and capacity to implement the proposed project. Please note that only one set of Organization documents is required to be submitted with signed original of application.

### 2. Attachments (as Available)

The listed attachments should be included with the application. If they are not available, the applicant should note anticipated date of availability and have them submitted at such time.



## II. TECHNICAL SUBMISSION

Applicants requesting funding for the development of rental units, including transitional housing should complete the technical submission, entitled “Rental Units Technical Submission Template” and follow the instructions in Section A below. Applicants requesting funding for the development of ownership units should complete the “Ownership Housing Technical Submission Template” and the instructions in Section B below.

### A. RENTAL PROJECTS

#### **TAB: INTRODUCTION**

This worksheet provides basic information and instructions, along with a checklist encompassing all of the tabs in the document.

#### **TAB: APPLICANT INFORMATION**

This worksheet requests information about the applicant and its organizational structure for developing the project.

#### **TAB: PROJECT INFORMATION**

The spreadsheet requests basic information about the project and its stage of progress.

#### **Project Location**

This requests basic information about the project location. Applicants can obtain the Census information by visiting the U.S. Website at [www.census.gov](http://www.census.gov).

#### **Project Description**

- **Requirements**: Applicants are being requested to describe their project, including its development characteristics, whether it is allowed at the proposed location, any variances required (e.g., use, bulk requirements), and legal restrictions (e.g., easements) that would hamper the project in any way.
- **Site Plan**: Municipalities require the preparation and approval of a site plan for most development and/or conversion from one use to another.
- **Permits**: Any project involving construction or rehab will be required to secure a variety of permits from the municipality where the project is located. Due to the location or characteristics of the site, some applicants may also have to secure state or federal permits.
- **Existing Structure**: If the proposed site involves an existing structure which will be adapted to the proposed new use, applicants need to fill out this section.
- **Environmental**: HUD requires an environmental review be conducted for all projects receiving program assistance. The information provided will assist staff in determining the appropriate level of environmental review. **Note**: some federal regulations prohibit the location of lower income projects in areas presenting severe environmental conditions.

#### **Marketing Analysis**

All projects will be required to prepare and supply a marketing study for the project. The analysis must be consistent with the HUD requirements and provide sufficient justification of need for the project.

#### **Affirmative Marketing**

All projects will be required to prepare and provide a copy of the affirmative marketing plan that will be used to market the project and select buyers or renters. The plan must be in agreement with the County’s Affirmative Marketing Policy and HUD’s requirements.



**Prevailing Wages**

Projects involving the development of 12 or more units may be required to comply with the provisions of the federal Davis-Bacon (prevailing wage) Act. In addition, applicants need to ensure that the project development costs appropriately reflect Davis-Bacon.

**TAB: PROPOSED UNITS BY INCOME AND SIZE**

This spreadsheet requests information about the population that will be served by the proposed units, along with unit design, by Median Family Income (MFI). The MFI is established by HUD annually for the Philadelphia Region and is adjusted by family size. A copy of the most recent schedule is attached as EXHIBIT – 1.

**Project Target Population**

Applicants should note the following definitions

- Small Families: this group is defined as families encompassing 4 persons or less.
- Large Families: this encompasses families with 5 or more members.
- Elderly: This encompasses persons that are 55 years or older, including frail elderly.
- Special Needs: This includes groups such as persons with disabilities, mental or physical disabilities, or persons suffering from HIV/AIDS, alcohol or drug substance abuse, or victims of domestic abuse.

Income Target

Applicants must identify the number of units by target income. Under HUD requirements, the total number of proposed rental units must comply with the following schedule:

Percent of Units	Income Requirement
90%	≤60% of Median Family Income
20%	≤50% of Median Family Income

**Project Design**

This part requests information about the income targets by unit type. If the proposed unit type is not shown, enter the proposed number of units on the closest one on the list and attach a description on the proposed unit type.

**TAB: REQUIREMENTS**

The County’s Housing Program is designed to provide funding for housing development and to ensure that use of public funds results in increased affordable housing. To this end, projects are subject to the following requirements:

**Investment Limits**

HUD publishes maximum investment limits which are listed by bedroom size. Projects proposing 0 bedroom size or units with more than 5 bedrooms should contact and discuss their projects with the Department.

**Rent Limits**

Please refer to EXHIBIT – 2 for the HUD rent limits. The rents are inclusive of utility allowances.

**Utility Allowances**

Applicants should contact the Bucks County Housing Authority (215/348-9469) to obtain a schedule of utility allowances.

**Affordability Period**

HUD requires that units remain affordable for a defined period of time. The requirements varies with the amount of funding assistance and type of activity. New construction requires a minimum of 20 years as the affordability period. Other activities have the following dollar-based requirements:



	Amount of Program Assistance	Minimum Period of Affordability
<b>Acquisition Rehab</b>	<\$15,000	5 Years
	\$15,000-to-\$40,000	10 Years
	>\$40,000	15 Years
<b>New Construction</b>	Any Amount	20 Years

### Other Affordability Requirements

This should be filled for projects which will use funding from sources which have their own affordability requirements that exceed those of the HOME program.

## **TAB: RENTS AND INCOME**

The Spreadsheet requires information about rent projections and other revenue.

### Unit Characteristics

This spreadsheet requires entry of information about the rental units being proposed, including number of proposed units, size, and rent. **Note:** The information about rent units should be based on a market analysis conducted by the applicant. A copy of the market analysis needs to be provided, and it should identify among other things: need for the project; attractiveness of proposed site for development of rental units; ascertain whether proposed rents are achievable; estimate project absorption rate (how quickly units will be filled up), turnover rate, and vacancy level; and, capitalization rates.

- **High HOME units:** These are units that target income of less than 60 percent of the Median Family Income (MFI).
- **Low HOME units:** These are units that target income of less than 50 percent of MFI.
- **Other Affordable Units:** These are units being proposed that would have to meet a target income stricter than what is required by the HOME program.
- **Market Rate Units:** These units would not be income restricted and could be leased at the maximum price supported by the market.
- **Column – Number of Units:** enter number of units being proposed for each by number of bedrooms.
- **Column – Square Footage Per Unit:** The total of the common areas should be allocated on a per unit basis to establish the unit size.
- **Column – Gross Rent:** Enter information on a per unit basis. The rent should include utilities (except for market rate units).
- **Automatic Calculation Columns:** The model automatically calculates whether the proposed rent is within the maximum rent limits allowed by HUD. A “Yes” answer indicates compliance. A “No” answer indicates that the project cannot be funded.

### Rent Projections

- **Rent Increase Per Year:** Enter estimated yearly rent increase as a percent (e.g., 2%). Please note that annual rent increases should not be assumed to be greater than 3 percent.
- **Vacancy Year 1 (Lease-up):** Enter the estimated vacancy rate as a percent (e.g., 2%) for the first year. **Note:** the vacancy during lease-up tends to be higher than normal.
- **Stabilized Vacancy Rate (After Year 1):** Enter the projected annual vacancy rate as percent (e.g., 2%). **Note:** Typically, a 5 percent rate is typically accepted as the standard.



### **Other Revenue**

In addition to rent income, some projects may also generate income from sources such as laundry facilities or vending machines. If income from non-rent sources is anticipated, the amount and projected annual increases should be entered.

## **TAB: DEVELOPMENT COSTS**

This spreadsheet helps outline the project costs. The spreadsheet will automatically pull data from other spreadsheets for the information generated for the last three columns (cost per unit, cost per square foot, and other information). The information entered into this spreadsheet will be used to help generate the information in the Operating Proforma Tab.

### **Acquisition Costs**

This group of costs are typically associated with land acquisition and/or the acquisition of existing structures (e.g., buildings, infrastructure, other assets located on the land). If property acquisition has already occurred, please leave blank.

### **Site Work Costs**

The costs listed under this category should include only those that are not related to actual construction of proposed development. Note: cost relating to surveys and soil boring should be entered under “Other Owner Costs.”

- Demolition/Clearance and Site Remediation: These should include costs for activities such as:
  - Demolition of existing buildings
  - Removal of soil to off-site location and/or moving soil from off-site for fill or grading
  - Road extensions and off-site utilities
  
- Improvements: This group should include costs associated with:
  - Foundation or utility excavation
  - Site grading
  - On-site utility lines
  - On-site roads, walkways, and parking areas
  
- Other Site Work Costs: These should encompass costs for other site work not falling in any other category. Enter name or description of costs and amount. Otherwise, leave blank.

### **Construction Rehabilitation Costs**

This group includes costs associated with actual construction. Examples include:

- New Construction Costs: this should include the cost of labor and materials.
  
- Rehabilitation: Involves work on existing structures. Activities may include:
  - Installing new plumbing
  - Façade improvements
  - New appliance installation
  - Lead-based paint abatement
  
- General Requirements: This category should encompass costs relating to the contractor’s *on-site* overhead expenses, including:
  - Building permits
  - Site fencing and temporary storage of materials
  - Construction supervision and job trailer
  - Temporary utilities
  
- Builder’s Overhead: This group should include the builder’s *off-site* overhead directly related to project.



- **Builder's Profit:** Builder's are entitled to get a reasonable profit. Such profit can be based on the size of the project, the total development cost.
- **Performance Bond Premium:** Performance bonds are used to protect the organization developing the project. Federal Rules (24 CFR Part 85.36) require a performance bond for 100 percent of contract value for contracts over \$100,000. An estimate of bond premium costs can be obtained from a bonding company.
- **Construction Contingency:** This category is intended to help applicants deal with any unanticipated construction cost overruns. **Note:** If an entry is made, applicants will be required to attach an explanation on the planned disposition of any unused contingency funds.
- **Other Construction/Rehabilitation Costs:** This category should be used in the case there are construction costs that do not easily fall into any of the other categories. Enter name or description of costs and amount. Otherwise, leave blank.

### **Architecture/Engineering Fees**

This group of costs is typically based on a percent of the total project cost or listed as a fixed sum. Examples may include a percent of construction contract, a per dwelling unit fee, or simply a flat fee for services.

- **Architectural Fees:** There are two types of fees: a building design fee and a construction supervision fee. The design fee is associated with the design of the project itself. The construction fee relates to the efforts required from the architect to supervise construction and ensure that the project follows project design.
- **Engineering Fee:** Engineering fees are typically separate from the site plan design fees, and relate to the design of mechanical and structural systems. Note: if there are any costs associated with environmental survey or soil boring, they should be entered under "Other Owner Costs."
- **Other Architectural and Engineering Fees:** This category should be used in the case there are fees that do not easily fall into any of the other categories. Enter name or description of costs and amount. Otherwise, leave blank.

### **Other Owner Costs**

Other owner costs usually encompass those paid to outside entities for organizational, financial, and legal aspects of the project.

- **Project Consulting Fees:** This group includes fees for consulting services to help put the project together.
- **Legal and Organizational Expenses/Syndication Fees:** This group of costs are associated with the corporate side to own and manage the project, particularly those relating to the organization of entities (e.g., partnerships, corporations) to own the project and deal with tax credit issues (if applicable).
- **Market Study/Survey:** This category includes the costs for the preparation of a market study to ascertain the need for the project and market conditions, along with a survey work to establish the physical boundaries of the project. Note: Both the market study and the survey are Program requirements.
- **Appraisal Fees:** The Program requires appraisals for acquisition of any real property, including both "as is" and "where as" estimates of value. This category would account for the costs of such appraisal.
- **Soil Boring/Environmental Review/Lead-Based Paint Evaluation:** This category is intended to account for the costs of conducting specific activities. Soil Boring may be required for projects involving new construction. The program requires the preparation of an environmental review following HUD's requirements. **Note:** The applicant must contract with a qualified entity to conduct the environmental review. Once completed, the staff will make a determination of compliance and acceptability by the County. Also, projects proposing the acquisition and rehab of existing property must obtain clearance for the presence of lead-based paint and plan for the necessary abatement.



- Tap and Impact Fees: New projects will have to request and pay connection/tap fees before connection to a public water or sewer system. In addition, some communities also charge impact fees for indirect costs such as road improvements or park improvements that will have to be conducted as a result of the project. Estimates can be obtained by contacting the local water/sewer company (tap fees) or the municipality (impact fees) where the project is to be located.
- Permitting Fees: These encompass fees associated with site plan review and approval and construction permit fees.
- Real Estate Attorney/Construction Loan Legal Fees: Legal fees may include those associated with incorporation, contract negotiations, property acquisition, and/or fees for obtaining a loan or loan closing.
- Other Owner Costs: This category should be used in the case where are owner costs that do not easily fall into any of the other categories. Enter name or description of costs and amount. Otherwise, leave blank.

### **Interim Finance**

This group of costs are associated with construction phase of project.

- Construction Insurance: This involves costs for obtaining a liability policy during the construction of the project. **Note**: Some lenders have their own requirements as to the minimum coverage.
- Construction Interest: This relates to the amount of interest relating to the construction loan. Construction loans are “taken out” upon construction completion by “permanent financing.” Applicants should go to the bottom of the spreadsheet and enter the following information under “Construction Interest Calculation.”
  - *Construction Loan Amount*: enter the estimated amount of the loan. **Note**: The amount should exclude any permanent financing fees and initial project reserves.
  - *Interest Rate*: Enter construction loan rate.
  - *Months of Construction*: Enter the number of months the project will be under construction from start-up to time when permanent financing will be in place.
  - *Average Outstanding Balance*: Construction loans are typically disbursed according to a schedule and/or actual construction progress. Typically, only a fraction of the loan may be outstanding at any given point during construction. **Note**: If unsure, the full amount of loan can be assumed for the entire period of construction.
- Construction Loan Origination Fee: This fee is a reimbursement to lender for overhead costs. It may include loan fee and points.
- Title and Recording Costs (for the construction loan): These are costs paid to a title company to ensure that the applicant has clear title to the property and for recording the property deed. **Note**: title insurance protects the lender and the recording the deed protects the title.
- Other Interim Financing Costs: This category should be used for interim costs that do not easily fall into any of the other categories. Enter name or description of costs and amount. Otherwise, leave blank.

### **Permanent Financing Fees and Expenses**

This category encompasses the costs associated with securing long-term financing.

- Credit Report: This is typically required by lenders to ascertain the “character” of borrower.
- Permanent Loan Origination Fees (Points): Lenders charge fees to originate and process loan paperwork. Fees vary by loan size and loan type. **Note**: Points for first and second mortgages are calculated under the Financing Sources spreadsheet.
- Mortgage Broker Fees: These are fees required by mortgage broker.



- Title and Recording Costs (for permanent loan): These are the costs paid to a title company to record title and mortgage recording costs. **Note:** there may be a recording fee (per page) for all documents recorded.
- Counsel's Fee: These encompass attorney's fees for the preparation of closing documents, performing title searches (if applicable), and ensuring all proper legal aspects of transaction
- Lender's Counsel Fee: The lender can charge the applicant a fee for having its own counsel review the loan documents to protect its own interests.
- Other Permanent Financing Fees and Expenses: This category should be used for other permanent financing fees and expenses that do not easily fall into any of the other categories. Enter name or description of costs and amount. Otherwise, leave blank.

### **Developer's Fee**

The developer's fee is intended as compensation to the developer for the time and risk involved in putting the project together. The fee can be based on project size, total development cost, or other agreed upon factors. **Note:** Developer's fee is just one way for developer to make money from the project. Others include:

- Construction profit: if the developer is also the general contractor
- Property management fee: if developer is the project manager
- Project Ownership: if the developer will receive a return on equity invested
- Sale of tax credits to investors: for projects receiving low-income tax credits

### **Initial Project Reserves**

These reserves are set aside from permanent financing to cover potential cash flow losses. They should be funded before project begins operations and withdrawn when needed and replaced on ongoing basis.

- Initial Rent-up Reserves: These allow the project to maintain positive cash flow during lease-up.
- Initial Operating Reserves: These protect against short falls in income, such as helping make-up for temporary increase in vacancy.
- Initial Replacement Reserves: These funds cover major replacement of major building components (e.g., roof, parking lot, windows).
- Other Initial Project Reserves Costs: This category should be used for other required reserves that do not easily fall into any of the other categories. Enter name or description of costs and amount. Otherwise, leave blank.

### **Tenant Relocation Costs**

Federal law (HUD Handbook 1378) requires the moving of tenants prior to rehabilitation or construction and the payment of tenant relocation costs. If the project involves relocation costs, the applicant must submit a relocation plan including a budget for payment of any costs. No program funding can be used to pay for relocating costs.

### **Project Administration and Management Costs**

These should only encompass costs incurred while project is under development. **Note:** Ongoing costs should be included under the "Operating Expenses" spreadsheet

- Marketing and Management: Costs may include advertising for potential renters and staff required to operate the rental facility.
- Operating Expenses: operating costs during construction may include utility, maintenance, and insurance costs.
- Real Estate Taxes: Taxes paid on property during construction. For projects with construction greater than 12 months, applicants may want to include 2 years of tax payments.



- Insurance: The insurance costs may include those associated with hazard insurance (building damage), theft, and liability for personal injury insurance.
- Other Project Administration and Management Costs: This category should be used for other administrative/management costs that do not easily fall into any of the other categories. Enter name or description of costs and amount. Otherwise, leave blank.

### **Other Development Costs**

Six fields are provided to accommodate atypical development costs. These should be used only for costs that do not fit in any other category in the spreadsheet. For each cost, enter name or description of costs and amount. If there are no other costs, leave blank

## **TAB: USE OF COUNTY FUNDS**

In this spreadsheet applicants are being requested to provide information on the intended use of County housing program funding.

### **Total Development Costs**

This column provides a summary of the information entered in the “Development Costs” spreadsheet. No entry is required.

### **County Funding**

For each major category enter the amount of cost that will be paid for with County housing program funding.

### **Other Funding**

This column shows the amount of cost for each major category that will be supported by other funding. No entry is required. The spreadsheet automatically subtract the amount entered for county funding from the development costs and list the results in this column.

## **TAB: OPERATING COSTS**

This spreadsheet calls for information on anticipated operating expenses. The information provided is used to prepare projections in the “Operating Proforma” spreadsheet.

### **Management Expenses**

This group of expenses relates to the day-to-day management of the proposed rental project.

- Management Fee: The management fee can be generated by the direct oversight of the rental units by the applicant or by a management company hired for the purpose. The management fee may include salaries and/or legal fees.
- Management/Administrative Payroll Costs: This relates to expenditures associated with the costs of management staff, including desk staff and accountants.
- Legal Fees: This relates to any legal costs for preparing contracts and lease agreements.
- Accounting/Audit Fees: This may include the cost for hiring accountants for maintaining the books, preparing annual reports and audits.
- Advertising/Marketing: This is the cost associated with periodic advertising and other marketing to keep units fully lease-up.
- Telephone/Office Supplies/Other Administrative Expenses: This involves the cost of operating the office responsible for day-to-day administration of the proposed rental units.



- Other Management Expenses: This category should be used for other management expenses that do not easily fall into any of the other categories. Enter name or description of costs and amount. Otherwise, leave blank.

### **Operations and Maintenance Expenses**

There are a certain number of activities that will have to be conducted to ensure that the units are kept in proper working order.

- Security: Examples include security alarm system maintenance or night watchman.
- Operations and Maintenance Administrative Payroll Costs: these are the payroll costs for maintenance personnel.
- Elevator (if any): This should include the estimated costs for maintenance and inspections.
- Other Mechanical Equipment: Enter estimate of annual costs for maintenance and inspection of other mechanical equipment (e.g., heating, air conditioning).
- Interior Painting: Enter annual costs for required painting based on anticipated turnover costs and periodic maintenance painting of overall project.
- Routine Repairs and Supplies: Enter estimate of annual routine repairs and maintenance supplies (e.g., air filters).
- Exterminating/Lawn and Landscaping/Garbage and Snow Removal: Enter annual costs for extermination, lawn mowing, landscaping, garbage and snow removal.
- Resident Services: Enter annual estimated cost of providing resident services. If no services are planned, leave blank.
- Other Maintenance Costs: Enter estimate of minor other annual operations and maintenance costs not already covered. Otherwise, leave blank.
- Other Operations and Maintenance Expenses: Enter major Other Administration or Management costs not falling into any of the other categories. Enter name or description of costs and amount. Otherwise, leave blank.

### **Utilities Paid by the Property**

If there are utilities to be paid by the owner of the project (as opposed to the individual tenants), the costs should be estimated and enter here. Such utility costs could include those associated with in-door lighting (e.g., hallways), outdoor lighting (e.g., along walkways, parking lots), heating, cooling, water, or sewer.

### **Taxes/Insurance/Reserves/Other Expenses**

- Real Estate Taxes and Other Taxes and Licenses: This involve any property taxes that the property will have to pay, based on its assessed value. In addition, the property may be required to pay for annual inspection fees or other assessments relating to fire or emergency service protection.
- Property Insurance: The property will likely have to carry specific types of coverage, based on the lender requirements.
- Reserve for Replacement: Periodically, the property will require major capital improvements to maintain it in good working order. Reserve adequacy is an important factor to the project viability. Project income will need to be set aside to fund both this reserve and its replenishment. **Note**: The spreadsheet will calculate the



reserve for replacement expense on per unit basis. HUD recommends the use of an average of \$720/unit/year.

- **Operating Reserves:** This funding set aside every year to allow the project deal with periodic issues that may come up. The project may use operating reserves whenever expenses are greater than income.
- **Other Operating Expenses:** These are reserves the applicant may want to set aside to accommodate atypical operating expenses. For instance, some projects have major replacement needs in first 5 years. The spreadsheet provides six Other Operating Expense fields. As applicable, enter a label and an amount for each. Otherwise, leave blank.

### **Operating Expense Increase per Year**

Enter as a percent (e.g., 2%) the annual anticipated increase in operating expenses. **Note:** a five percent figure is industry standard. Any deviations should be explained in writing.

### **Rent Increases per Year**

Enter as a percent (e.g., 2%) the annual anticipated increase in rent levels for each type of unit being proposed (e.g., HOME). **Note:** a three percent increase is industry standard. Any deviations should be explained in writing.

### **Tests of the Adequacy of Reserves for Replacement**

The Average Capital Needs Test determines if funding for reserves meets anticipated needs. Enter annual anticipated contribution. The “Average Capital Needs Test” cell will indicate if it is adequate. The \$720 per unit per year test, determines if annual funding will amount to at least \$720/year. Increase contribution if reserves appear insufficient.

## **TAB: FUNDING SOURCES**

The Financing Sources spreadsheet requires the identification of the anticipated sources of funding to build the project.

### **First Mortgage Characteristics**

- This part calls for information on the first mortgage, which will be used to take out the construction loan and to provide funds to help project open for business. **Note:** Applicants should fill the “Custom Loan” Spreadsheet instead, if first mortgage involves complex and/or irregular schedule of payments.
- **Minimum Debt Service Coverage:** This is a ratio used by lenders to assess project ability to meet monthly debt service. The formula to calculate the ratio is as follows: Debt Service Ratio = NOI/Total Debt Service amount. Typically, Debt Service should be greater than 1.10. In other words, the project has to earn a minimum of income greater than 10 percent over what it is required to meet debt service obligations. Enter the minimum debt service coverage ratio for the first lender. **Note:** Model uses Year 2 NOI, as first year may not represent stabilized income.
- **Maximum Loan to Value:** This ratio is used to compare the loan amount to project market value and is intended to evaluate the ability to recover loan funds in case of a default. The ratio formula is as follows: Loan-to-Value = loan amount/appraised value. The acceptable ratio will vary for lender to lender. Enter the maximum loan-to-value required by lender
- **Points:** This encompasses the number of upfront interest costs paid to lender in exchange for a lower interest rate. Each point = 1 percent of principal. Enter the number of points to be paid
- **Interest Rate:** The price that must be paid to borrow the money. Enter interest rate required by the lender.
- **Loan Term:** This refers to the number of years it will take to repay the loan. The term should be entered in years. The spreadsheet will convert it into monthly payments.
- **First Mortgage Source:** Provide the name of the private or public lender that will provide the loan.



### Junior Mortgage Characteristics

Some projects may require additional loans or line of credit. In such instance, the following information should be provided:

- Amortizing Second Mortgage: Enter the amount of amortizing second mortgage.
- Amortizing Second Mortgage Source: Identify the name of lender.
- Points: Enter number of points as a percent (e.g., 2%).
- Interest Rate: Enter annual interest rate for second mortgage
- Loan Term: Refers to the number of years it will take to repay the loan. The loan term should be entered in years. The spreadsheet will convert it into monthly payments.
- Deferred Payment Loan (1 and 2)  
Enter the loan amount up to two loan amounts. Otherwise, leave blank. Deferred loan terms do not amortize.
  - *Source*: Provide name of private or public entity that will provide deferred loan.
  - *Interest Rate*: Enter interest rate (if applicable).
  - *Year of Payout*: For some projects, this could be the year the project will be sold. Spreadsheet assumes that loans will be paid out at the end of a full year. Year of payout must be a whole number.

### Equity

Equity is the amount of investment being made by the developer and equates to a demonstration of commitment to project's success. The figure entered will be used to calculate project return on investment on "Operating Pro Forma" spreadsheet. **Note**: Foregone developer's profit cannot be counted as equity.

### Other Funding Sources

- Tax Credit Equity: This is equity resulting from participation in Pennsylvania's Low-Income Housing Tax Credit program.
- Grant or Donated Land (1 and 2): This includes the value of donated funds or land for which there is no repayment expectation. The amount of donated land could involve an outright donation or the value of no cost leasing arrangement.
- Other Financing: Any other funding not included previously. **Note**: the spreadsheet will assume that any other financing is not an amortizing loan. If other financing involves a complex or irregular payment schedule, fill out "Custom Loans" spreadsheet.

### Project Characteristics

This part calls for information on the financial characteristics of the project.

- Years to Sale: Enter the number of years developer plans to own the project in the form of a whole number. **Note**: if developer sells project prior to the affordability period, the project must continue to remain affordable. Otherwise, the program assistance must be reimbursed.
- Lender's Appraised Value for the Project: Value of the project after Year 1 of operations. Information will be used to calculate loan-to-value ratio. The information should agree with the "where as" value in the appraisal conducted for the project.
- Capitalization Rate: This is the measurement of return on invested capital. It is used to calculate project value. The formula is as follows: Capitalization rate = NOI/Project Sales Price. The value should be consistent with current market rates, as outlined in the project's marketing study. **Note**: if applicant would rather use a specific sale value for project sale, enter value in "Project at Sale" field.



- **Value of Project at Sale:** this is an optional field to determine value of project at sale. If field is left blank, the model will use the capitalization rate to determine the project value at sale. **Note:** even if the developer has no plans to sell the project, for purposes of project evaluation a cap ratio or sale value must be entered.

## **TAB: CUSTOM LOANS**

Many loans do not conform with typical terms and payment schedules. If this is the case, this spreadsheet allows the entry of the specific payment amount for each year. Otherwise, leave blank

### **Custom Loan Name**

- Assign the loan a name to distinguish the loans from each other. Assigned name will show on Operating Pro Forma, Gap Analysis, and Summary.

### **Custom Loan Source**

- Provide name of lender providing the loan.

### **Custom Loan Amount**

- Enter amount of loan or principal.

### **Custom Loan Repayment Schedule**

- Enter each payment as a positive number. **Note:** Must enter payments for years following the sale of the project. The information will be used to help calculate net cash return.

## **TAB: OPERATING PRO FORMA**

This spreadsheet provides a year-by-year projection of a project's expenses and income. The proforma is of interest to investors and lenders as it allows for an assessment of Return on Investment (ROI) and loan repayment feasibility. The Pro Forma gives a picture of annual finances, using information from other tabs: "Rents and Income," "Development Costs," "Funding Sources," and "Operating Expenses." It does not require entry of additional information. If incomplete, applicant should check previous spreadsheets to ensure appropriate information has been entered.

### **Project Timeline**

This is located at the top of the Operating Pro Forma and lists individual years.

### **Gross Potential Rents (GPR) Projections**

This lists projected income for all units (assuming full occupancy).

- **Effective Gross Income (EGI) Projections:** Total income (minus vacancy loss) plus non-rent income.

### **Expenses and Net Operating Income (NOI) Projections**

NOI is project income after expenses (e.g., management, operation and maintenance expenses, utilities paid by the property, taxes, insurance, reserves) related to operating project

- Total Expenses = residential expense + replacement reserve expense + operating reserve expense + project taxes expense
- Net Operating Income (NOI) = EGI – Total Expenses

### **Debt Service**

- Spreadsheet calculates annual debt service and project cash flow and displays the following fields
  - First and Second Mortgage Debt-Service
  - Deferred Payment Loan Payoff (1 and 2)
  - Custom Loan Debt Service (1 and 2)
  - Cash Flow (amount of income remaining after all debt service has been paid)
  - Proceeds from Property Sale (Estimate of project market value in the year it will be sold)



### **Cash Flow**

- This shows the Net Cash Return (sum of the cash flow and proceeds of property sale) and Return on Equity = Net Cash Return + Equity invested

### **Developer Return on Equity**

The spreadsheet includes two measures of profitability: Cash-on-Cash Return and Internal Rate of Return.

- Cash-on-cash Return: The spreadsheet calculates percent return on equity, given the amount invested by the developer (developer equity) and the cash flow at the end of each year. **Note:** The Developer Fee is considered a development cost and not a form of financing or equity.
- Internal Rate of Return (IRR): This measures the return on initial investment across cash flows for multiple years until the property is sold. **Note:** a couple of things to consider. The model assumes that all profit accrues to developer. Furthermore, it does not take into account tax benefits enjoyed by investors.

### **Annual Debt Summary**

The model automatically calculates and summarizes outstanding debt at the end of each year.

- First Mortgage Remaining: lists outstanding balance at the beginning of each year.
- Second Mortgage Remaining: lists outstanding balance at the beginning of each year.
- Deferred Payment Loan Remaining (1 and 2): lists outstanding balance at the beginning of each year.

## **TAB: GAP ANALYSIS**

This spreadsheet is intended to provide a measurement of the gap between the total project costs and the amount of funding available. Out of this comparison, the spreadsheet establishes whether the amount of program assistance being requested is justifiable.

### **Gap Financing**

- Positive Value: This indicates that the project is not feasible. Costs exceed funding availability. The gap can be addressed by either lowering costs (e.g., fewer units, lower financing costs) or by accessing additional funding (e.g., increase equity, increase grants).
- Negative Value: This indicates that the project is over-subsidized using program funds. One option is to reduce the amount of program funding to eliminate the surplus funding subsidy.

## **TAB: SUMMARY TEMPLATE**

This spreadsheet summarizes information from other spreadsheets. It outlines the project fundamentals. No additional data entry is required.

## **TAB: TIMELINE**

This spreadsheet is intended to provide an overview of the timeline for completion of the project and its various phases. It should be assumed that month 1 is the month after a contract has been executed between the County and the applicant. For each activity, applicants should identify the anticipated starting and completion months and shade their boxes and those in between.

## **TAB: RELOCATION**

If there is no displacement or relocation of persons or businesses anticipated, applicants should enter “Not Applicable” on the very first line. Otherwise, applicants should fill the form and provide the information being requested.



## **TAB: CERTIFICATIONS**

There are six certifications included which must be signed by the Chairman/President of the Board of the applying organization. If the project is approved for program funding, the certifications will become part of the contract between the applicant and the County. The certifications are as follows:

- General Certification
- Other Project Assistance Provided/Requested Certification
- Disclosure of Interest and Lobbying for Contracts, Grants, and Loans Certification
- Displacement/Relocation Certification
- Compliance with Civil Rights Act, Fair Housing Act, and Americans with Disability Act Certification
- Section 3 Certification

## **TAB: RESOLUTION**

All applicants must submit a resolution signed by the chairman of the board of their organizations, acknowledging and authorizing the submission of the project.

## **TAB: DOCUMENTATION**

Applicants need to attach a copy of the information listed or indicate when the information would become available.



## B. OWNERSHIP PROJECTS

### **TAB: INTRODUCTION**

This worksheet provides basic information and instructions, along with a checklist encompassing all of the tabs in the document.

### **TAB: APPLICANT INFORMATION**

This worksheet requests information about the applicant and its organizational structure for developing the project.

### **TAB: PROJECT INFORMATION**

The spreadsheet requests basic information about the project and its stage of progress.

#### **Project Location**

This requests basic information about the project location. Applicants can obtain the Census information by visiting the U.S. Website at [www.census.gov](http://www.census.gov).

#### **Project Description**

- **Requirements:** Applicants are being requested to describe their project, including its development characteristics, whether it is allowed at the proposed location, any variances required (e.g., use, bulk requirements) and legal restrictions (e.g., easements) that would restrict allowed activities in any way.
- **Site Plan:** Municipalities require the preparation and approval of a site plan for most development and/or conversion from one use to another.
- **Permits:** Any project involving construction or rehab will be required to secure a variety of permits from the municipality where the project is located. Due to the location or characteristics of the site, some applicants may also have to secure state or federal permits.
- **Existing Structure:** If the proposed site involves an existing structure which will be adapted to the proposed new use, applicants need to fill out this section.
- **Environmental:** HUD requires an environmental review be conducted for all projects receiving program assistance. The information provided will assist staff in determining the appropriate level of environmental review. **Note:** some federal regulations prohibit the location of lower income projects in areas presenting severe environmental conditions.

#### **Marketing Analysis**

All projects will be required to prepare and supply a marketing study for the project. The analysis must be consistent with the HUD requirements and provide sufficient justification of need for the project.

#### **Affirmative Marketing**

All projects will be required to prepare and provide a copy of the affirmative marketing plan that will be used to market the project and select buyers or renters. The plan must be in agreement with the County's Affirmative Marketing Policy and HUD's requirements.

#### **Prevailing Wages**

Projects involving the development of 12 or more units may be required to comply with the provisions of the federal Davis-Bacon (prevailing wage) Act. In addition, applicants need to ensure that the project development costs appropriately reflect Davis-Bacon.



## **TAB: PROPOSED UNITS BY INCOME AND SIZE**

This spreadsheet requests information about the population that will be served by the proposed units, along with unit design, by Median Family Income (MFI). The MFI is established by HUD annually for the Philadelphia Region and is adjusted by family size. A copy of the most recent schedule is attached as EXHIBIT – 1.

### **Project Target Population**

Applicants should note the following definitions

- i. **Small Families:** this group is defined as families encompassing 4 persons or less.
- ii. **Large Families:** this encompasses families with 5 or more members.
- iii. **Elderly:** This encompasses persons that are 55 years or older, including frail elderly.
- iv. **Special Needs:** This includes groups such as persons with disabilities, mental or physical disabilities, or persons suffering from HIV/AIDS, alcohol or drug substance abuse, or victims of domestic abuse.
- v. **Income Target:** Applicants must identify the number of units by target income. Under HUD requirements, the total number of proposed rental units must target those earning less than 80 percent of Median Family Income (MFI).

### **Project Design**

This part requests information about the income targets by unit type. If the proposed unit type is not shown, enter the proposed number of units on the closest one on the list and attach a description on the proposed unit type.

### **Units by Bedroom Size**

This part requests information about the number of units, in terms of income targets by unit bedroom size.

### **Units by Bedroom and Square Feet**

Enter the approximate size in square feet for each unit size by target income.

### **Total Square Footage of Development**

This table requires no additional entries. It shows the results of calculations based on entries into the other tables in the spreadsheet.

## **TAB: REQUIREMENTS**

The County's Housing Program is designed to provide funding for housing development and to ensure that use of public funds results in increased affordable housing. To this end, projects are subject to the following requirements:

### **Investment 221(d)(3) Limits**

HUD publishes maximum investment limits which are listed by bedroom size. Projects proposing 0 bedroom size or units with more than 5 bedrooms should contact and discuss their projects with the Department.

### **Income Limits**

Please refer to EXHIBIT – 1 for the HUD Income limits.

### **Affordability Period**

HUD requires that units remain affordable for a defined period of time. All owner-occupied units will be required to record and carry a second mortgage equal to the amount of program assistance being provided to each unit. The mortgage will carry no interest and will be due and payable prior to the property being sold, title transferred, or the owner incurring additional debt.

### **Other Affordability Requirements**

This should be filled for projects which will use funding from sources which have their own affordability requirements that exceed those of the HOME program.



## **TAB: AFFORDABILITY**

The purpose of this spreadsheet is to ascertain whether the potential buyer can afford to buy a project unit.

### **Sale Price**

Appraised value from appraisal “where as” value and individual unit sale price for the applicable income target groups(s).

### **Buyer Contribution**

Identify the amounts each potential buyer will be expected to contribute on average.

### **Deferred Amount**

Identify any amounts that will be deferred or forgiven from all sources.

### **Financing Required**

This box requires no entry. It provides the results of information entered for the other boxes and calculations. The amount of financing required will be the mortgage amount prospective buyers in each income group will be anticipated to secure.

### **Mortgage Calculation**

This box requires information on the anticipated term of the first-time homebuyer mortgage and interest rate. The model calculates the monthly payment (principal and interest).

### **Taxes, Insurance, and Fees**

Enter estimates for PMI, taxes, condo fees, and insurance.

### **Monthly Housing Payment**

This shows the total anticipated monthly payment (inclusive of mortgage, tax, and insurance payments) first-time homeowner within a specific income group.

### **Income**

Identify the target family size and income based on HUD criteria (see Exhibit 1)

### **Maximum Housing Expenditure**

No information entry is required. It shows the maximum income that can be used for housing (30 percent) and the corresponding dollar value (based on the income).

### **Affordability**

Provides a comparison of the maximum income that can be used for housing versus the required payment.

## **TAB: DEVELOPMENT COSTS**

This spreadsheet helps outline the project costs. The spreadsheet will automatically pull data from other spreadsheets for the information generated for the last three columns (cost per unit, cost per square foot, and other information). The information entered into this spreadsheet will be used to help generate the information in the Operating Proforma Tab.

### **Acquisition Costs**

This group of costs are typically associated with land acquisition and/or the acquisition of existing structures (e.g., buildings, infrastructure, other assets located on the land). If property acquisition has already occurred, please leave blank.

### **Site Work Costs**

The costs listed under this category should include only those that are not related to actual construction of proposed development. Note: cost relating to surveys and soil boring should be entered under “Other Owner Costs.”



- Demolition/Clearance and Site Remediation: These should include costs for activities such as:
  - Demolition of existing buildings
  - Removal of soil to off-site location and/or moving soil from off-site for fill or grading
  - Road extensions and off-site utilities
- Improvements: This group should include costs associated with:
  - Foundation or utility excavation
  - Site grading
  - On-site utility lines
  - On-site roads, walkways, and parking areas
- Other Site Work Costs: These should encompass costs for other site work not falling in any other category. Enter name or description of costs and amount. Otherwise, leave blank.

### **Construction Rehabilitation Costs**

This group includes costs associated with actual construction. Examples include:

- New Construction Costs: this should include the cost of labor and materials.
- Rehabilitation: Involves work on existing structures. Activities may include:
  - Installing new plumbing
  - Façade improvements
  - New appliance installation
  - Lead-based paint abatement
- General Requirements: This category should encompass costs relating to the contractor's *on-site* overhead expenses, including:
  - Building permits
  - Site fencing and temporary storage of materials
  - Construction supervision and job trailer
  - Temporary utilities
- Builder's Overhead: This group should include the builder's *off-site* overhead directly related to project.
- Builder's Profit: Builder's are entitled to get a reasonable profit. Such profit can be based on the size of the project, the total development cost.
- Performance Bond Premium: Performance bonds are used to protect the organization developing the project. Federal Rules (24 CFR Part 85.36) require a performance bond for 100 percent of contract value for contracts over \$100,000. An estimate of bond premium costs can be obtained from a bonding company.
- Construction Contingency: This category is intended to help applicants deal with any unanticipated construction cost overruns. **Note:** If an entry is made, applicants will be required to attach an explanation on the planned disposition of any unused contingency funds.
- Other Construction/Rehabilitation Costs: This category should be used in the case there are construction costs that do not easily fall into any of the other categories. Enter name or description of costs and amount. Otherwise, leave blank.

### **Architecture/Engineering Fees**

This group of costs is typically based on a percent of the total project cost or as a fixed sum. Examples may include a percent of construction contract, a per dwelling unit fee, or simply a flat fee for services.



- Architectural Fees: There are two types of fees: a building design fee and a construction supervision fee. The design fee is associated with the design of the project itself. The construction fee relates to the efforts required from the architect to supervise construction and ensure that the project follows project design.
- Engineering Fee: Engineering fees are typically separate from the site plan design fees, and relate to the design of mechanical and structural systems. Note: if there are any costs associated with environmental survey or soil boring, they should be entered under “Other Owner Costs.”
- Other Architectural and Engineering Fees: This category should be used in the case there are fees that do not easily fall into any of the other categories. Enter name or description of costs and amount. Otherwise, leave blank.

### **Other Owner Costs**

Other owner costs usually encompass those paid to outside entities for organizational, financial, and legal aspects of the project.

- Project Consulting Fees: This group includes fees for consulting services to help put the project together.
- Legal and Organizational Expenses/Syndication Fees: This group of costs are associated with the corporate side to own and manage the project, particularly those relating to the organization of entities (e.g., partnerships, corporations) to own the project and deal with tax credit issues (if applicable).
- Market Study/Survey: This category includes the costs for the preparation of a market study to ascertain the need for the project and market conditions, along with a survey work to establish the physical boundaries of the project. Note: Both the market study and the survey are Program requirements.
- Appraisal Fees: The Program requires appraisals for acquisition of any real property, including both “as is” and “where as” estimates of value. This category would account for the costs of such appraisal.
- Soil Boring/Environmental Review/Lead-Based Paint Evaluation: This category is intended to account for the costs of conducting specific activities. Soil Boring may be required for projects involving new construction. The program requires the preparation of an environmental review following HUD’s requirements. **Note:** The applicant must contract with a qualified entity to conduct the environmental review. Once completed, the staff will make a determination of compliance and acceptability by the County. Also, projects involving the acquisition and rehab of existing property must perform the necessary lead paint testing and conduct the applicable abatement.
- Tap and Impact Fees: New projects will have to request and pay connection/tap fees before connection to a public water or sewer system. In addition, some communities also charge impact fees for indirect costs such as road improvements or park improvements that will have to be conducted as a result of the project. Estimates can be obtained by contacting the local water/sewer company (tap fees) or the municipality (impact fees) where the project is to be located.
- Permitting Fees: These encompass fees associated with site plan review and approval and construction permit fees.
- Real Estate Attorney/Construction Loan Legal Fees: Legal fees may include those associated with incorporation, contract negotiations, property acquisition, and/or fees for obtaining a loan or loan closing.
- Other Owner Costs: This category should be used for owner costs that do not easily fall into any of the other categories. Enter name or description of costs and amount. Otherwise, leave blank.



## Interim Finance

This group of costs are associated with construction phase of project.

- Construction Insurance: This involves costs for obtaining a liability policy during the construction of the project. **Note**: Some lenders have their own requirements as to the minimum coverage.
- Construction Interest: This relates to the amount of interest relating to the construction loan. Construction loans are “taken out” upon construction completion by “permanent financing.” Applicants should go to the bottom of the spreadsheet and enter the following information under “Construction Interest Calculation:”
  - *Construction Loan Amount*: enter the estimated amount of the loan. **Note**: The amount should exclude and permanent financing fees and initial project reserves.
  - *Interest Rate*: Enter construction loan rate.
  - *Months of Construction*: Enter the number of months the project will be under construction from start-up to time when permanent financing will be in place.
  - *Average Outstanding Balance*: Construction loans typically disbursed according to a schedule and/or actual construction progress. Typically, only a fraction of the loan may be outstanding at any given point during construction. **Note**: If unsure, the full amount of loan can be assumed for the entire period of construction.
- Construction Loan Origination Fee: This fee is a reimbursement to lender for overhead costs. It may include loan fee and points.
- Title and Recording Costs (for the construction loan): These are costs paid to a title company to ensure that the applicant has clear title to the property and for recording the property deed. **Note**: title insurance protects the lender and the recording the deed protects the title.
- Other Interim Financing Costs: This category should be used for interim costs that do not easily fall into any of the other categories. Enter name or description of costs and amount. Otherwise, leave blank.

## Permanent Financing Fees and Expenses

This category encompasses the costs associated with securing long-term financing.

- Credit Report: This is typically required by lenders to ascertain the “character” of borrower.
- Permanent Loan Origination Fees (Points): Lenders charge fees to originate and process loan paperwork. Fees vary by loan size and loan type. **Note**: Points for first and second mortgages are calculated under the Financing Sources spreadsheet.
- Mortgage Broker Fees: These are fee required by mortgage broker.
- Title and Recording Costs (for permanent loan): These are the costs paid to a title company to record title and mortgage recording costs. **Note**: there may be a recording fee (per page) for all documents recorded.
- Counsel’s Fee: These encompass attorney’s fees for the preparation of closing documents, performing title searches (if applicable), and ensure properly legal aspects of transaction.
- Lender’s Counsel Fee: The lender can charge the applicant a fee for having its own counsel review the loan documents to protect its own interests.
- Other Permanent Financing Fees and Expenses: This category should be used for other permanent financing fees and expenses that do not easily fall into any of the other categories. Enter name or description of costs and amount. Otherwise, leave blank.



### Developer's Fee

The developer's fee is intended as compensation to the developer for the time and risk involved in putting the project together. The fee can be based on project size, total development cost, or other agreed upon factors. **Note:** Developer's fee is just one way for developer to make money from the project. Others include:

- Construction profit: if the developer is also the general contractor
- Property management fee: if developer is the project manager
- Project Ownership: if the developer will receive a return on equity invested
- Sale of tax credits to investors: for projects receiving low-income tax credits

### Initial Project Reserves

These reserves are set aside from permanent financing to cover potential cash flow losses. They should be funded before project begins operations and withdrawn when needed and replaced on ongoing basis.

- Initial Rent-up Reserves: These allow the project to maintain positive cash flow during the unit sale period.
- Initial Operating Reserves: These protect against short falls in income, such as helping make-up for temporary increase in vacancy.
- Initial Replacement Reserves: These fund to cover major replacement of major building components (e.g., roof, parking lot, windows).
- Other Initial Project Reserves Costs: This category should be used for other required reserves that do not easily fall into any of the other categories. Enter name or description of costs and amount. Otherwise, leave blank.

### Tenant Relocation Costs

Federal law (HUD Handbook 1378) requires the moving of tenants prior to rehabilitation or construction and the payment of tenant relocation costs. If the project involves relocation costs, the applicant must submit a relocation plan including a budget for payment of any costs. No program funding can be used to pay for relocating costs.

### Project Administration and Management Costs

These should only encompass costs incurred while project is under development. **Note:** Ongoing costs should be included under the "Operating Expenses" spreadsheet

- Marketing and Management: Costs may include advertising for potential renters and staff required to operate the rental facility.
- Operating Expenses: operating costs during construction may include utility, maintenance, and insurance costs.
- Real Estate Taxes: Taxes paid on property during construction. For projects with construction greater than 12 months, applicants may want to include 2 years of tax payments.
- Insurance: The insurance costs may include those associated with hazard insurance (building damage), theft, and liability for personal injury insurance.
- Other Project Administration and Management Costs: This category should be used for other administrative/management costs that do not easily fall into any of the other categories. Enter name or description of costs and amount. Otherwise, leave blank.

### Other Development Costs

Six fields provided to accommodate atypical development costs. These should be used only for costs that do not fit in any other category in the spreadsheet. For each cost, enter name or description of costs and amount. If there are no other costs, leave blank



## **TAB: FUNDING SOURCES**

The Financing Sources spreadsheet requires information on anticipated sources of funding to build the project.

### **First Mortgage Characteristics**

- This part calls for information on the first mortgage, which will be used to take out the construction loan. **Note:** Applicants should fill the “Custom Loan” Spreadsheet instead, if first mortgage involves complex and/or irregular schedule of payments.
- **Minimum Debt Service Coverage:** This is a ratio used by lenders to assess project ability to meet monthly debt service. The formula to calculate the ratio is as follows: Debt Service Ratio = NOI/Total Debt Service amount. Typically, Debt Service should be greater than 1.10. In other words, the project has to earn a minimum of income greater than 10 percent over what it is required to meet debt service obligations. Enter the minimum debt service coverage ratio for the first lender. **Note:** Model uses Year 2 NOI, as first year may not represent stabilized income.
- **Maximum Loan to Value:** This ratio is used to compare the loan amount to project market value and is intended to evaluate the ability to recover loan funds in case of a default. The ratio formula is as follows: Loan-to-Value = loan amount/appraised value. The acceptable ratio will vary for lender to lender. Enter the maximum loan-to-value required by lender
- **Points:** This encompasses the number of upfront interest costs paid to lender in exchange for a lower interest rate. Each point = 1 percent of principal. Enter the number of points to be paid
- **Interest Rate:** The price that must be paid to borrow the money. Enter interest rate required by the lender.
- **Loan Term:** This refers to the number of years it will take to repay the loan. The term should be entered in years. The spreadsheet will convert it into monthly payments.
- **First Mortgage Source:** Provide the name of the private or public lender that will provide the loan.

### **Junior Mortgage Characteristics**

Some projects may require additional loans. In such instance, the following information should be provided:

- **Amortizing Second Mortgage:** Enter the amount of amortizing second mortgage.
- **Amortizing Second Mortgage Source:** Identify the name of lender.
- **Points:** Enter number of points as a percent (e.g., 2%).
- **Interest Rate:** Enter annual interest rate for second mortgage
- **Loan Term:** Refers to the number of years it will take to repay the loan. The loan term should be entered in years. The spreadsheet will convert it into monthly payments.
- **Deferred Payment Loan (1 and 2)**  
Enter the loan amount up to two loan amounts. Otherwise, leave blank. Deferred loan terms do not amortize.
  - **Source:** Provide name of private or public entity that will provide deferred loan.
  - **Interest Rate:** Enter interest rate (if applicable).
  - **Year of Payout:** For some projects, this could be the year the project will be sold. Spreadsheet assumes that loans will be paid out at the end of a full year. Year of payout must be a whole number.



## Equity

Equity is the amount of investment being made by the developer and equates to a demonstration of commitment to project's success. The figure entered will be used to calculate project return on investment on "Operating Pro Forma" spreadsheet. **Note:** Foregone developer's profit cannot be counted as equity.

## Other Funding Sources

- Tax Credit Equity: This is equity resulting from participation in Pennsylvania's Low-Income Housing Tax Credit program.
- Grant or Donated Land (1 and 2): This includes the value of donated funds or land for which there is no repayment expectation. The amount of donated land could involve an outright donation or the value of no cost leasing arrangement.
- Other Financing: Any other funding not included previously. **Note:** the spreadsheet will assume that any other financing is not an amortizing loan. If other financing involves a complex or irregular payment schedule, fill out "Custom Loans" spreadsheet.

## Project Characteristics

This part calls for information on the financial characteristics of the project.

- Years to Sale: Enter the number of years developer plans to own the project in the form of a whole number. **Note:** if developer sells project prior to the affordability period, the project must continue to remain affordable. Otherwise, the program assistance must be reimbursed.
- Lender's Appraised Value for the Project: Value of the project after Year 1 of operations. Information will be used to calculate loan-to-value ratio. The information should agree with the "where as" value in the appraisal conducted for the project.
- Capitalization Rate: This is the measurement of return on invested capital. It is used to calculate project value. The formula is as follows: Capitalization rate = NOI/Project Sales Price. The value should be consistent with current market rates, as outlined in the project's marketing study. **Note:** if applicant would rather use a specific sale value for project sale, enter value in "Project at Sale" field.
- Value of Project at Sale: this is an optional field to determine value of project at sale. If field is left blank, the model will use the capitalization rate to determine the project value at sale. **Note:** even if the developer has no plans to sell the project, for purposes of project evaluation a cap ratio or sale value must be entered.

## **TAB: CASH FLOW**

The cash flow analysis spreadsheet allows the examination of the financial impacts of different activities on the project. Please refer to the following line instructions before entering the data into the model.

### Total Costs

This requires no entry. The amounts listed are based on those entered in the "Development Costs" Tab.

### A. Cash Flow

Applicants need to ascertain when their projects are going to start and end, along with all of the development and unit sale activities that will need to take place.

#### 1. Number of Housing Starts

Enter the total number of units that will be started under each month. If the activity involves acquisition/rehab, list the date of anticipated unit acquisition.

#### 2. Project Expenses

Break down the total project costs of acquisition, construction, and soft costs. Note: The project costs should track unit development or acquisition/rehab activities.



3. Number of Unit Closings  
Distribute by month the total number of units by the date they are anticipated to go to settlement with homebuyers. Note: if the units are to be sold before they are constructed enter the number of units by the date of anticipated settlement and/or delivery to first-time homebuyers.
4. Cash Flow  
This part requires no entry. The spreadsheet will calculate the cash flow, based on anticipated revenues and expenditures entered earlier.
5. Uses of Cash Flow  
This part requires no entry. Whenever, the Cash Flow is positive, it shows the amount of funding available to repay debt or equity.
6. Project Revenue  
In line 4a), enter the anticipated total combined dollar amount for the units closed under each applicable month. In line 4b), enter the percent sales commission paid to real estate brokers for the sale of the units. Enter as a whole number (e.g., 3) or a number with a decimal (e.g., 2.5).
7. Sources of Cash Flow  
For a given month, if the number in line 7 is negative, adjustments have to be made to balance sources and uses of funding. There are three sources of funding: loans (line 7b), equity (line 7c), and grants (line 7d). Applicants need to enter funding from one of the sources until the red line equals zero. Applicant can use one or more sources to bring the balance to zero. Note: in the last page of the spreadsheet, a Sources and Uses Table shows the total amount of project funding by source, what has been drawn, and the balance.

### **Investment Summary**

This requires no entry. It shows the progression of debt and equity balances.

### **B. Uses of Funding**

This requires no entry. It summarizes the uses of the three major types of funding available for the development of the project. The information is based on the distribution entered by month in Part A of the spreadsheet.

### **C. Profit/Loss Summary**

This table summarizes the major financial components of the project, based on the information entered earlier.

## **TAB: USE OF COUNTY FUNDING**

This spreadsheet requests information on the intended use of County housing program funding.

### **Total Development Costs**

This column provides a summary of the information entered in the “Development Costs” spreadsheet. No entry is required.

### **County Funding**

For each major category enter the amount of cost that will be paid for with County housing program funding.

### **Other Funding**

This column shows the amount of cost for each major category that will be supported by other funding. No entry is required. The spreadsheet automatically subtracts the amount entered for county funding from the development costs and list the results in this column.



## **TAB: GAP ANALYSIS**

This spreadsheet is intended to provide a measurement of the gap between the total project costs and the amount of funding available. Out of this comparison, the spreadsheet establishes whether the amount of program assistance being requested is justifiable.

### **Gap Financing**

- Positive Value: This indicates that the project is not feasible. Costs exceed funding availability. The gap can be addressed by either lowering costs (e.g., fewer units, lower financing costs) or by accessing additional funding (e.g., increase equity, increase grants).
- Negative Value: This indicates that the project is over-subsidized using program funds. One option is to reduce the amount of program funding to eliminate the surplus funding subsidy.

## **TAB: SUMMARY TEMPLATE**

This spreadsheet summarizes information from other spreadsheets. It outlines the project fundamentals. No additional data entry is required.

## **TAB: TIMELINE**

This spreadsheet is intended to provide an overview of the timeline for completion of the project and its various phases. It should be assumed that month 1 is the month after a contract has been executed between the County and the applicant. For each activity, applicants should identify the anticipated starting and completion months and shade their boxes and those in between.

## **TAB: RELOCATION**

If there is no displacement or relocation of persons or businesses anticipated, applicants should enter “Not Applicable” on the very first line. Otherwise, applicants should fill the form and provide the information being requested.

## **TAB: CERTIFICATIONS**

There are six certifications included which must be signed by the Chairman/President of the Board of the applying organization. If the project is approved for program funding, the certifications will become part of the contract between the applicant and the County. The certifications are as follows:

- General Certification
- Other Project Assistance Provided/Requested Certification
- Disclosure of Interest and Lobbying for Contracts, Grants, and Loans Certification
- Displacement/Relocation Certification
- Compliance with Civil Rights Act, Fair Housing Act, and Americans with Disability Act Certification
- Section 3 Certification

## **TAB: RESOLUTION**

All applicants must submit a resolution signed by the chairman of the board of their organizations, acknowledging and authorizing the submission of the project.

## **TAB: DOCUMENTATION**

Applicants need to attach a copy of the information listed or indicate when the information would become available.



# EXHIBIT – 1

## 2009 FAMILY INCOME

The schedule below is based on information published annually by HUD for the Philadelphia Region. Typically, HUD releases the income information during the earlier part of the year. Applicants will have to adhere to the income schedule at the time of unit lease-up.

<b>FAMILY SIZE</b> <b>(Persons per Family)</b>	<b>BELOW</b> <b>30% MFI</b>	<b>BETWEEN</b> <b>30%- 60% MFI</b>	<b>BETWEEN</b> <b>50% - 80% MFI</b>
1	<input type="checkbox"/> \$16,350	<input type="checkbox"/> \$16,351 - \$32,700	<input type="checkbox"/> \$32,701 - \$43,600
2	<input type="checkbox"/> \$18,700	<input type="checkbox"/> \$18,701 - \$37,320	<input type="checkbox"/> \$37,321 - \$49,800
3	<input type="checkbox"/> \$21,000	<input type="checkbox"/> \$21,001 - \$42,000	<input type="checkbox"/> \$42,001 - \$56,050
4	<input type="checkbox"/> \$23,350	<input type="checkbox"/> \$23,351 - \$46,680	<input type="checkbox"/> \$46,681 - \$62,250
5	<input type="checkbox"/> \$25,200	<input type="checkbox"/> \$25,201 - \$50,400	<input type="checkbox"/> \$50,401 - \$67,250
6	<input type="checkbox"/> \$27,100	<input type="checkbox"/> \$27,101 - \$54,120	<input type="checkbox"/> \$54,121 - \$72,200
7	<input type="checkbox"/> \$28,950	<input type="checkbox"/> \$28,951 - \$57,900	<input type="checkbox"/> \$57,901 - \$77,200
8	<input type="checkbox"/> \$30,800	<input type="checkbox"/> \$30,801 - \$61,620	<input type="checkbox"/> \$61,621 - \$82,150



# EXHIBIT – 2

## MAXIMUM HOUSING PROGRAM RENTS

**FY 2009**

The following is a schedule of maximum housing program rents for FY 2008. The rents are published in the earlier part of each year by HUD for the Philadelphia region, of which Bucks County is part.

### **Low Rents (requirement applies to projects involving more than 5 units)**

The Low rents are the rents applicable to units targeting incomes of less than 50 percent of Median Family Income. Based on HUD regulations, a minimum of 20 percent of an assisted project's units must fall within this category.

### **High Rents**

The High Rents are those applicable to units targeting incomes of less than 60 percent of Median Family Income. Based on HUD regulations, a minimum of 90 percent of the units must target this income group.

<b>Maximum Rents by Number of Bedrooms, FY 2008</b>							
	<b>Efficiency</b>	<b>One-Bedroom</b>	<b>Two-Bedroom</b>	<b>Three-Bedroom</b>	<b>Four-Bedroom</b>	<b>Five Bedroom</b>	<b>Six Bedroom</b>
<b>Low HOME Rents</b>	\$681	\$729	\$875	\$1,011	\$1,127	1,245	1,361
<b>High Rents</b>	736	\$842	\$1,005	\$1,203	\$1,409	\$1,536	\$1,663

The schedule should be used by applicants as a guide in putting their applications together. However, applicants will have to comply with the schedule in force at the time of unit lease-up.

### **Utility Costs**

The rents listed are inclusive of individual unit utilities. Applicants should contact the Bucks County Housing Authority (215/348-9469) for information on allowable utility costs.

