

Housing New Construction Project

INSTRUCTIONS FOR COMPLETING ACTIVITY FORMS

Note: If more than one project is being proposed, then submit a separate Activity Form for each project.

A. ACTIVITY DESCRIPTION:

1. Please indicate all “eligible” uses of funds for the proposed new construction activity. Proposed Housing New Construction project activities typically consist of land acquisition, infrastructure in support of new construction payment of fees.

Important Notes and/or Clarifications:

Eligible Costs: CDBG funds are not able to pay for on-site construction costs. CDBG can assist in development of new construction projects by funding off-site infrastructure required for the project. Specifically, funds cannot be used for onsite construction costs (unless the development is done by an eligible non-profit). Typically, CDBG funds are used for land acquisition costs, soft costs and off-site infrastructure associated with supporting the actual project. Please contact your CDBG Representative if you have any questions about the eligible support items listed below.

Project Costs:

- **Land Acquisition Costs:**
Costs for acquiring the land or easements needed for the project’s development.
- **Infrastructure in Support of the Project:**
Any off-site infrastructure needed to support the project. Typical off-sites include, extending streets, water or sewer services to the site. Installing sidewalks or other infrastructure required by the local jurisdiction as a condition of its approval.
- **Soft costs--applications for funding of project:**
Under certain conditions, applicants may use CDBG General Administration funds to pay for the costs associated with applying for other funding commitments for this project. Any applicant who intends to apply for other funds for the proposed project will be subject to special conditions in the State contract regarding the timeframes for obtaining these other commitments.

Housing New Construction Project

- **Soft costs--processing fees:**

Under certain conditions, applicants may use CDBG General Administration funds to pay processing fees. The Federal Regulations describe these as fees associated with processing of applications for mortgage or insured loan commitments under programs including those administered by HUD, U. S. Department of Agriculture, Federal National Mortgage Association (FNMA), and the Government National Mortgage Association (GNMA).

- **Construction Costs:** CDBG funds may be used for on-site construction costs of new housing only under the following limited circumstances:
 - a. Construction of “last resort housing” when a jurisdiction is providing a displaced person with a comparable replacement dwelling unit, and this can only be accomplished by new construction. Last resort housing provisions are set forth in Federal Regulations 24 CFR Part 42, Subpart I. A plan documenting all efforts to relocate individuals must be submitted with the application if last resort housing or displacement is part of a new construction proposal *Reference: 24 CFR 570.207(b)(3)(i); or*
 - b. Housing construction, which is part of a “neighborhood revitalization project” *Reference 24 CFR 570.204(a)(1)*, carried out by a “Community Based Development Organization” *Reference: 24 CFR 570.204(c); or*
 - c. A housing construction project that is assistance to a neighborhood-based nonprofit organization, local development corporation, or nonprofit organization serving the development needs of a community in a non-entitlement area. *Reference: Section 105(a)(15) of Title 1 of the HCD Act of 1974; or*
 - d. A housing construction project that has received funding through a Housing Development Grant (a HODAG) *Reference: 24 CFR 570.201(m).*

- **Other Eligible Costs:** The following eligible uses of CDBG funds are evaluated as housing new construction activities:
 - a. Acquisition of permanent rental housing, the majority of which is unoccupied, including rehabilitation *Reference: 24 CFR 570.201(a); and*
 - b. Conversion of a non-residential structure to residential (adaptive reuse) is not generally considered to constitute new construction and is eligible under housing rehabilitation. However, if the conversion involves construction that goes beyond the envelope of the non-residential structure, the project may be considered a new construction activity. If this is the case, please consult with your CDBG Representative. *Reference: 24 CFR 570.202(e).*

Housing New Construction Project

2. **Project Description.** Please provide a brief narrative description of the proposed project. Give information about:
- the exact eligible costs that CDBG funds will pay for,
 - the total project development budget with onsite and off site and soft costs,
 - the total number of units and number of low income restricted units (TIG and LTIG)

If you are proposing to pay for a **combination different uses**:

- explain all aspects of these combinations, and
- break out costs of each separate activity funded with CDBG.

If the proposed activity is **part of a larger project**:

- describe the whole project, and
- describe why the CDBG are required and what activities are funded with CDBG and how the CDBG funded portion fits into that project.

Describe the timeline for project development and when you anticipate using CDBG funds.

Note: Remember that CDBG has special grant contract language for new construction activities that allows for 60 month contracts in order to obtain TIG benefit. Grantees must have all funds spent for the CDBG activity with in 24 months of grant contract execution. Grantees have up to 60 months from grant contract execution to have the housing project completed and occupied by TIG families, thus achieving necessary benefit.

EXAMPLES

Single-Family Project:

The City of XYZ will use the \$500,000 to increase the capacity of water and wastewater mains in support of the development of 22 self-help homes for 15 TIG and 7 LTIG households. The CDBG funds will be used as part of a \$3.5 million, 50-unit, self-help subdivision being constructed in the northwest portion of the City. Other funds are being provided by USDA-RD and the ABC Bank Community Reinvestment fund.

Multi-Family Project:

The City of UVW will use the \$300,000 to assist the NP Housing Development Corporation (NPHDC) to purchase a site on which it will develop 30 units of senior citizen rental housing for 10 LTIG and 20 TIG households. The balance of funding for this \$2,500,000 project will be provided by a HUD 202 grant (\$2,000,000), FHLB Affordable Housing Program (\$150,000) and NPHDC's developer equity (\$50,000).

Housing New Construction Project

3. **Indicate If Activity will Allow for Infrastructure State Objective:**

Please indicated whether you qualify for public works bonus points.

- **Public Works In Support of New Construction:**

Proposals that include the use of CDBG funds to pay for public infrastructure in support of housing projects.

4. **Description of NEPA level of review required for activity:**

Please check the environmental assessment box for the environmental clearance under the National Environmental Policy Act (NEPA). Housing new construction **always** requires an environmental assessment at the very minimum.

Notes: CDBG staff recommends completing the project's Environmental Review Record (ERR) up to publishing public notice of findings prior to submitting the application in order to receive additional readiness points. Scheduling and budgeting should allow for sufficient time and funds to complete environmental clearances prior to commencement of activities. If any "choice limiting actions" are taken prior to completing the environmental review and obtaining release of CDBG funds then the state will not allow any CDBG funds to be used on the project. Call your representative with any questions on what constitutes a choice limiting action.

B. NEED FOR ACTIVITY:

1. **Overpayment:**

Please enter the percentage of all renter households, **jurisdiction wide**, who are paying more than 25% of their income for housing.

Notes: You **must** use 2000 Census data for this number. Overpayment data is available in the 2000 Census Summary File 3, Table DP-4 (see sample of this table in Appendices of this application document). If you are unable to obtain this Table, please ask your CDBG Representative for a copy.

(Remember to include a copy of the 2000 Census table in your application and show your calculations for determining overpayment.)

2. **Overcrowding:**

Please enter the percentage of households, **jurisdiction wide**, who are overcrowded.

Notes: Overcrowding means 1.01 or more persons per room.

Housing New Construction Project

You **must** use 2000 Census data for this number. Overcrowding data are available in the 2000 Census Summary File 3, Table DP-4 (see sample of this table in Appendices). If you are unable to obtain this Table, please ask your CDBG Representative for a copy.

(Remember to include a copy of the 2000 Census table in your application and show your calculations for determining overcrowding.)

3. **Need for New Units**. Recent surveys (less than 5 years) or 2000 Census data are acceptable documentation. The data requested must be for the **entire jurisdiction**.

Exception: For this activity, CDBG will allow the designation of a Target Area only for County applicants where the proposed project is in a geographically isolated area of the county.

a. Please:

- enter the percent(s) of **owner-occupied** units that are vacant in the entire jurisdiction,
- check the appropriate box that specifies the data source (2000 Census or local survey), and
- include a copy of the Census table with your calculations and/or the methodology and results of the local survey (as applicable) in your application.

b. Please

- enter the percent(s) of **rental** units that are vacant in the entire jurisdiction,
- check the appropriate box that specifies the data source (2000 Census or local survey), and
- include a copy of the Census table with your calculations and/or the methodology and results of the local survey (as applicable) in your application.

Notes: If you use 2000 Census data, refer to the Census Summary File 1, Table DP-1 (see sample of this table in Appendices) for the jurisdiction-wide vacancy rates by tenure type. If you wish to use Census data but are unable to obtain the required Table, please ask your CDBG Representative for a copy.

(If you use local survey data, be sure to include a copy of the results and methodology of that survey with pertinent information highlighted.)

4. **Project Waiting List or Market Study showing need:**

Please check whether there is a project-specific waiting list or market study. If yes, be sure to attach a copy.

Housing New Construction Project

5. **Supplemental Information:** If the Census data for Overpayment or Overcrowding do not accurately depict your community's need in those categories, please:
- Check which category(ies) are being rebutted,
 - describe your community's worsened needs in either of those categories,
 - complete chart and attach third-party documentation, if available, and identify the page number in the application where documentation can be found .

Notes: Such supplemental information **may not be older than five years** from this year's application filing date and **must be specific to the community.**

Vacancy rate data cannot be supplemented, as recent surveys are already allowed as noted above under "Need for New Units."

C. TARGETED INCOME GROUP (TIG) BENEFIT

1. Enter the percentage of total CDBG assisted units that would be TIG.
 - If you are proposing assistance for development of individual-ownership housing, you **must** have 100% TIG benefit. (Skip to Section C. Sources and Uses Form).
 - If you are proposing assistance for the development of rental housing, answer the questions that follow.
2. If your answer to question #1 is 51% or greater, skip to Section C. Sources and Uses Form.

If your answer to question # 1 is between 20% and 50%, continue with question #3.

If your answer to question #1 is less than 20%, **STOP HERE**. Your project **does not** meet the TIG National Objective and is **ineligible**.

3. State whether you propose to assist a senior housing project.

If you answered "Yes," **STOP HERE**. Your project **does not** meet the TIG National Objective and is **ineligible**.

If you answered "No," continue with next questions.

4. a. Enter the **total** development costs for this project (as shown on sources and uses).

Housing New Construction Project

- 4. b. Enter the dollar amount of CDBG funds requested for this project.
- 4. c. Divide the CDBG funds by the total development costs. Indicate this number as a percentage. (This is the percentage of CDBG dollars relevant to the total development costs.)
- 4. d. Is the percentage of TIG dollars **equal to or less than** the percentage of TIG households in the project shown in question number one above?

If you answered “Yes,” your project **meets** the TIG National Objective for this activity.

If you answered “No,” **STOP HERE**. Your project **does not** meet the TIG National Objective and is **ineligible**.

EXAMPLE

For example, a potential \$1,000,000 project may be designed to set aside 40 percent of the finished project for TIG households. If the applicant is requesting \$400,000 of CDBG funds, which is 40 percent of the total development costs (TDC), then the application meets the test that the percent benefit to TIG households is **equal to or greater** than the percent of TDC that CDBG dollars represent.

Total development Costs:	CDBG Funds Requested:	% of CDBG Funds (relative to TDC)	% or TIG Households:
\$1,000,000	\$400,000	40%	40%

E. SOURCES AND USES FORM

Sources. The major funding sources are printed on the form.

The amounts and sources for local and private funding contributions should match the information provided on the leverage charts in the application summary. In addition, make entries here for any State, Federal, or other sources, that you will be using to finance the **entire project.**

For "other State" funds, if any are from another HCD program, please identify that program on this chart.

Uses. Identify the cost categories applicable to your proposed project and enter the amounts you plan to use. Allocate the amounts across the table to the funds you expect to receive from all the sources listed. This chart should include costs for the **entire project** (not just the CDBG portion). Your cost estimates can assist you in calculating these entries.

- For the Construction lines, include a factor for Davis-Bacon wages when applicable. All construction costs should include a contingency established in the line item.
- The Equipment category could include items such as outdoor playground equipment.
- Examples of fees that should be listed are commissions to brokers or closing costs for the acquisition of land or a building.

NOTE: Please double-check the totals, in all rows and columns, for accuracy.

D. PROGRAM READINESS CHART – Housing New Construction

The purpose of the Program Readiness Chart is to document this activity's level of readiness for implementation, if awarded. **Of central importance to New Construction Projects is the level of secured financing. Higher points will be awarded to applicants that clearly document a higher level of secured financing. Lower points will be awarded to applicants that do not demonstrate a high level of secured financing.**

Program Operator/Administrator:

- Identify grant administrator (applicant staff or consultant/Subrecipient) and provide copies of resumes and duty statements for applicant staff or provide proof that jurisdiction has selected the consultant or Subrecipient to do work.
- Identify who will be the project over sight agent, coordinating the bidding and prevailing wage compliance for the project. As with above, provide documentation of applicant staff's capacity to do this work or evidence that jurisdiction has chosen an outside agency to do this work.
- List documentation that you are submitting to evidence readiness in this category.
- Indicated the page number in this application where the supporting documentation can be found.

Regardless of who is operating and administering the project, you must include proper documentation (copies of resumes and duty statements for applicant staff and/or governing body approval of contracts or sub-recipient agreements) in order to receive points in this category.

Environmental Clearance Level:

- It is necessary to submit a finished environmental review record (ERR). An incomplete ERR will **NOT** get partial points. In addition, applicants who submit an inaccurate ERR that does not meet NEPA procedural requirements will not get any points. Make sure you do the appropriate process in completing the ERR up to the point of publication of the jurisdiction's findings.

Note: Most Housing New Construction Projects involve an Environmental Assessment (with a Finding of No Significant Impact). *Please refer to the CDBG 2003 Grant Management Manual, Chapter 3, for guidance on this issue.*

Housing New Construction Project

Site Control:

- Identify all forms of site control that are required for this project and attach the proper documentation (deed of trust, option to purchase, documentation of easements or right of ways) to evidence readiness in this category.

Special Conditions:

- Identify all items that you are submitting in order to evidence that the jurisdiction has complied with special conditions (identified in the executed contract, if awarded) that are typically associated with this type of project (section 504 compliance, approved program income reuse plan, etc.).
Please contact the CDBG Program Representative for your area if you need further guidance on this issue.

Project Financing:

- Identify all items that you are submitting in order to evidence that the jurisdiction has secured all financing commitments needed (except CDBG funds requested) to complete the entire project.

Project Readiness:

- Identify all items that you are submitting in order to evidence that the jurisdiction is ready to implement the project upon CDBG contract award and clearance. You must have the parts of the Readiness criteria fully completed to receive points. A partially completed NEPA will not garner any points under Environmental Review.

Such items may include:

- Local Government Approvals
- Completed Plans and Specifications (just submit letter from engineer or architect certifying that final plans are done)
- Completed Bid Package (certification letter as shown above)
- Detailed Project Budget/performance of current costs
- List of pre-approved Qualified Homebuyers, if single family project.

Housing New Construction Project

A. ACTIVITY DESCRIPTION

1. **Use of Funds:** Check one or more boxes below to indicate what the requested CDBG dollars be used for.

a. Activity Support Costs:

- Hard Costs:

- Acquisition of site(s)
- Site Clearance
- Site Improvements to publicly owned land*
- Off-Site Improvements (the improvements must be required as a condition of project approval. Attach documentation.)
- Actual Construction Costs or Site Improvements*

- Soft Costs:

- Site and utility plans, etc.
- Application(s) to obtain other necessary funding for this project*
- Mortgage/loan commitment application processing fees*

b. Construction Costs:

- Last Resort Housing
- A Community-Based Development Organization's (CBDO) neighborhood revitalization project
 - A Housing Construction Project which is assistance to a neighborhood-based nonprofit organization, local development corporation, or nonprofit organization serving the development needs of a community in an non-entitlement area
 - A Housing Development Grant (HODAG) New Construction Project
 - Soft Costs (those costs listed under Support/Soft Costs above may be considered activity costs when carried out in conjunction with any of the other four activities listed under Construction Costs.)

c. Other - Evaluated as Housing New Construction:

- Acquisition of Rental Housing (including rehabilitation), the majority of which is unoccupied
 - Conversion of building(s) to housing units (adaptive re-use) when it will go outside of existing footprint or building envelope - (see housing rehabilitation for conversion to housing with no expansion)

Housing New Construction Project

2. Project Description (see *instructions*):

Housing New Construction Project

3. State Objective:

Public Works -

Eligibility Requirements:

- This activity must include using CDBG funds to pay for public infrastructure in support of housing.

Do you meet the requirements and want to apply for Infrastructure State Objective points?

NO

YES

(If yes, include the amount as "Construction off-site" on the *Sources and Uses Form*)

4. Environmental Clearance. Please check the box for the anticipated level of environmental clearance under the National Environmental Policy Act (NEPA).

- Environmental Assessment

Note: New Construction Projects require an Environmental Assessment under the National Environmental Policy Act (NEPA).

B. NEED FOR ACTIVITY:

Data Type	Instructions:	%	Data Source
1. <u>Overpayment</u>	Enter the percentage of all renter households who are paying more than 25% of income for housing. <i>Please show calculations on your attached Census table.</i>	____%	2000 Census Data Jurisdiction Wide
2. <u>Overcrowding</u>	Enter the percentage of total households who are overcrowded. <i>Please show calculations on your attached Census table.</i>	____%	2000 Census Data Jurisdiction Wide

Housing New Construction Project

3. Need for New Units By Census Data or Survey:

Data Type	Instructions:	%	Data Source
	Below, enter the vacancy rate for the tenancy type(s) proposed (homeowner and/or rental).		Below, specify if data is from 2000 Census OR local survey.
a. <u>Homeowner Vacancy Rate</u>	Enter the percent(s) of <u>owner-occupied</u> units that are vacant in the entire jurisdiction. <i>Attach the Census tables and/or the results of the local survey, if applicable.</i>	____%	<input type="checkbox"/> 2000 Census <input type="checkbox"/> Local Survey
b. <u>Rental Vacancy Rate</u>	Enter the percent(s) of <u>rental</u> units that are vacant in the entire jurisdiction. <i>Attach the Census tables and/or the results of the local survey, if applicable.</i>	____%	<input type="checkbox"/> 2000 Census <input type="checkbox"/> Local Survey

Note: The Council of Governments' (COGs) needs figures for new low- and very low-income units will be analyzed as a percentage of current number of units in the community. The data for this factor has been independently obtained by the Department. If you would like a list of eligible jurisdictions and their COG needs factors, please contact CDBG at the telephone number on the cover of this application.

Housing New Construction Project

4. Documentation of Specific Local Need for Project:

Waiting List?

OR

Market Study?

Yes. Must attach a copy.

Yes. Must attach a copy.

No.

No

5. Supplemental Information:

This section is used to provide information being rebutted and/or not captured in the 2000 Census in regards to your community's worsened overpayment and/or overcrowding needs. Provide all information that is requested.

Check if you are providing supplemental information for:

Worsened Overpayment

Worsened Housing Overcrowding

Describe the worsened overpayment and/or overcrowding issue.

How is this issue specific to your community and what documentation do you have?

List:

- third-party documentation (must be less than 5 years old) that is being submitted to support the issue, and
- the date of the documentation submitted, and
- the page numbers, in this application, where it can be found.

Description of Documentation:	Date of Doc.	Page #
1.		
2.		
3.		
4.		

Housing New Construction Project

C. TARGETED INCOME GROUP BENEFIT:

All CDBG Housing New Construction projects must meet the TIG National Objective in order to be eligible for funding. **Answer the questions and follow the prompts below to determine project eligibility.**

1.	What percentage of housing units benefiting from this proposed activity are TIG households?	_____ %	
	<ul style="list-style-type: none"> • If the project is a development of individual-ownership housing, you must have <u>100% TIG benefit</u>. (Stop. GO to Section C.) • If the project is rental housing, <i>CONTINUE with questions below.</i> 		
2.	<ul style="list-style-type: none"> • If your answer to question # 1 is <u>51% or greater</u>, Stop. GO to Section C. • If your answer to question # 1 is <u>between 20% and 50%</u>, <i>CONTINUE with questions below.</i> 		
	<ul style="list-style-type: none"> • If your answer to question # 1 is <u>less than 20%</u>, ... 		STOP HERE. Project <u>not eligible</u> , does not meet TIG National Objective.
3.	Do you propose to assist a senior housing project?	<input type="checkbox"/> YES	STOP HERE. Project <u>not eligible</u> , does not meet TIG National Objective.
		<input type="checkbox"/> NO	CONTINUE.
4. a.	Enter the Total Development Costs (TDC) for this project.	\$ _____	
4. b.	Enter the dollar amount of CDBG funds requested for this project.	\$ _____	
4. c.	Divide CDBG funds (4. b.) by TDC (4. a.) = (percentage of CDBG funds relevant to TDC)	_____ %	
4. d.	Is the percentage of CDBG funds <u>equal to or less than</u> the percentage of TIG households shown in question # one above?	<input type="checkbox"/> YES	Your project <u>meets</u> the TIG National Objective for this activity.
		<input type="checkbox"/> NO	Project <u>not eligible</u> , does not meet TIG National Objective.

Housing New Construction Project

D. SOURCES AND USES FORM. Show all funds you plan to use for the entire project (CDBG funds requested and all other funding sources).

USES	SOURCES							Totals:
	State CDBG	Local Financial	Private Financial	Program Income	Federal	Other State Funds	Other: List	
Land Acquisition								\$
Building Acquisition								\$
Construction On-Site								\$
Construction Off-Site								\$
Equipment								\$
Final Plans & Specs.								\$
Fees								\$
Contingency								\$
Relocation								\$
Local Govt. Approvals								\$
Activity Delivery								\$
General Administration								\$
Other:								\$
Other:								\$
Totals:	\$	\$	\$	\$	\$	\$	\$	\$

Housing New Construction Project

E. READINESS TO PROCEED

See Instructions for details of how to complete and provide proper documentation. No partial points will be given, if all readiness documents are not submitted and completed properly then no points will be awarded in the category.

PROGRAM OPERATOR	INDICATE "Yes" OR "No"	DOCUMENTATION Submitted	PAGE NO.
In-House Administration			
Sub-recipient Agreement			
Consultant Hired			

ENVIRONMENTAL	INDICATE "Yes" OR "No"	DOCUMENTATION Submitted	PAGE NO.
Complete Environmental Review Record (EER)			
Ready to Publish Public Notice			
Environmental Finding Form			
Form 58.6			

SPECIAL CONDITIONS	INDICATE "Yes" OR "No"	DOCUMENTATION Submitted	PAGE NO.
Site Control			
All financing in place			
PI Reuse Plan Approved			
Timeline for completion			
Section 504 Certification			
Current cost estimate by engineer			

READINESS	INDICATE "Yes" OR "No"	DOCUMENTATION Submitted	PAGE NO.
Waiting List – Eligible Participants			
Bid Documents Completed			
Final Plans and Specs			
Project is in Construction			