

Idaho Community Reinvestment Corporation

Guidelines for Affordable Housing Predevelopment Loan Program Application

Mission

The Idaho Community Reinvestment Corporation (ICRC) is a nonprofit corporation created by Idaho banks and thrift institutions with an initial purpose to be a catalyst for the development and preservation of affordable housing throughout the state of Idaho. Through the establishment and operation of a lending consortium, ICRC offers a flexible source of financing for affordable housing developments, lessens the burden of governmental jurisdictions to produce and finance affordable housing by actively working with public agencies to achieve maximum leverage of public and private dollars, and provides technical assistance to development sponsors.

Type of Support

The **Affordable Housing Predevelopment Loan Program** is intended to: 1) assist in development of quality affordable housing units for low- to moderate-income property owners; 2) help mitigate increasing costs incurred by nonprofit housing agencies wishing to develop housing for low- to moderate-income (LMI) individuals and families; 3) allow for more subsidized mortgage assistance to relieve loan burdens of low- to moderate-income individuals and families. The program is outlined below:

- The program is limited to single family housing sites to be sold to low- to-moderate-income (below 80% median income) homeowners;
- Nonprofit affordable housing agencies may apply for \$10,000 per single-family housing site to assist with predevelopment costs for the site which must be accessible to municipal services;
- Examples of predevelopment costs covered by the grant are:
 - Initial feasibility study
 - Consulting fees
 - Cost of preliminary financial application
 - Fees such as architect, legal, engineering and development
 - Site control expenses
 - Title clearance costs
 - Architectural plans and specifications
 - Costs of zoning approvals
 - Costs of engineering
 - Infrastructure improvements such as public right-of-way curb, gutter and enhancements
 - Building permit and connection fees
 - Cost of construction loan agreements
- Housing agencies may submit an ICRC application request via e-mail (see link to Affordable Housing Predevelopment Loan Program Application) which identifies the proposed site and provides a list of predevelopment needs along with estimated costs;
- Applications are reviewed on an as needed basis by the ICRC Affordable Housing Task Force and will be evaluated based on funding availability, agency track record, and regional priority (if ICRC prioritizes regions of funding);

- Once an application is approved, ICRC staff will issue a Conditional Commitment to loan \$10,000 after a Property Development Agreement has been signed and returned along with invoices totaling at least \$10,000 for predevelopment expenses on the subject property. (See link to sample Property Development Agreement). This Agreement outlines the obligations of both the ICRC and the housing agency. A copy of the Property Development Agreement will be filed in the real estate records, as collateral for the loan;
- Once the Agreement is executed and invoices received, a \$10,000 check will be sent to the agency from ICRC and will be utilized by the agency for predevelopment costs for the subject property. The amount of \$800 will be deducted from the Loan proceeds to pay for origination, closing and servicing of the Loan;
- As the unit is sold (and closed) to a low- to moderate-income homeowner, the agency will be responsible for the fees (including original recording and future reconveyance fees) incurred. However, no additional origination, closing or servicing fees are required for the loan to the homeowner. ICRC's agent will prepare a deed of trust or lease assignment and promissory note documents in ICRC's name to secure the interest in the property in the amount of the actual assistance provided. Itemized and documented accounting for the assistance must be provided by the agency and any un-substantiated funds must be returned. The deed of trust or lease assignment will be recorded against the property and must remain in place until the property is sold or transferred to another property owner. At that time, the promissory note will be due and payoff to ICRC will occur.

Guidelines

- After reviewing our guidelines, fill out our application on-line, e-mail to dianab@ihfa.org, along with the necessary attachments. Organizations must have tax-exempt status under IRS section 501(c)(3).
- The mission of the organization must include support of the preservation, rehabilitation or construction of quality affordable housing within Idaho that assists low- and moderate-income populations.
- The organization and/or prospective development must not discriminate against persons on the basis of race, color, religion, marital status, national origin, age, sex or good faith exercise of any right under the Consumer Credit Protection Act.
- The ICRC will review applications quarterly. Submit applications by January 1, April 1, July 1 or October 1.
- Funding is limited by region of the State (based on Idaho Housing and Finance Association regional areas). Funding may be limited and is subject to review of the ICRC Affordable Housing Task Force.

To obtain more information about the **Affordable Housing Predevelopment Loan Program** or ICRC's long term financing programs for affordable housing, please contact the ICRC by calling Bob Barber at (208) 869-6890, or call (208) 336-8847, or fax (208) 424-7094.