

MADISON COUNTY COMMUNITY DEVELOPMENT

HOME Program Department

**RENTAL PROGRAM
RANKING CRITERIA**

HOME PROGRAM PROJECT APPLICATION RANKING CRITERIA

Following is the ranking criteria, which will be used by Madison County Community Development to determine which proposals are eligible for HOME funding. Rankings will be done once by Madison County Community Development and will be based on the information submitted at the time of application. During the review process, applications will be rated on an 85-point scale according to the following criteria:

- I. Basic Requirements - No points (these are minimum criteria)
- II. Experience - 24 points
- III. Proposal Impact - 9 points
- IV. Project Readiness - 28 points
- V. Financing Plan - 12 points
- VI. Bonus Points - 12 points

Only those proposals that have the highest ranking during the current review cycle will be considered for further analysis and potential funding. A proposal must have a minimum of 45 points in order to be considered for further analysis and potential funding.

The consideration of a proposal will also be based on the current availability of HOME funds. HOME funds are limited and all applications received may not be funded. Also, funding awards may be made for less than the full amount requested.

It is possible that demand for funds may exceed the amount of HOME funds available. In the event this situation arises, two lists will be created. The "A" list will comprise the highest ranked proposals within Madison County Community Development's funding limitations. These proposals will proceed through the review process. The "B" list will comprise proposals that receive greater than the required minimum points, but less than the lowest ranked proposal on the "A" list. These proposals on the "B" list will be held for up to 6 months from the date of submission in the event that "A" list proposals fall out, or until new applications are solicited, whichever is earlier, at which time all "B" list proposals will no longer be considered for funding.

Madison County Community Development will rank proposals and award points based on the documentation provided by the applicant at the time application is made. Madison County Community Development will make a determination on the adequacy of the documentation. All decisions of Madison County Community Development are final.

I. BASIC REQUIREMENTS (NO POINTS)

The following criteria are minimum thresholds for consideration of an application. No points will be awarded, but meeting these basic criteria is necessary for the application to be considered for funding. **If Madison County Community Development determines that the application does not meet one or more of the criteria listed below, the proposal will automatically be rejected.**

- A. Eligible Activity. The proposal must be for HOME-eligible activities and pay for HOME-eligible costs as described in Madison County Community Development's HOME General Program Guide and the HOME Program Regulations. Project site must be located in eligible area.
- B. Complete Application. The application must be complete when it is submitted. The applicant should use the checklist provided in the application to make sure that all required information is included at the time the application is submitted.
- C. Pending Proposals. Each applicant may only have two applications under consideration in Madison County Community Development's HOME Program at any one time.
- D. Addresses Consolidated Plan Priorities. The proposal must address a priority in the Madison County Community Development's Consolidated Plan (Con Plan). If the locality has a Con Plan, a Con Plan Certification from the locality must be submitted with the application, along with copies of relevant pages (a copy of the county's plan is available for public viewing at the MCCD office).
- E. Site Selection. At the time the application is submitted, the site(s) for the development must have been selected.
- F. Financial Feasibility of the Proposal. The proposed development must be financially feasible at the time of submission and throughout the review and analysis process. Sources of funds must equal the uses for the development phase. Operating expenses must be reasonable for the area. Proposed rents must be within the HOME requirements and reasonable for the area. The development must show a positive cash flow for the term of HOME financing. In addition, Madison County Community Development will use various underwriting scenarios and circumstances to determine the feasibility of the proposed development over time.
- G. Mandatory Public Meeting. There needs to be at least one public meeting with proper documentation, including citizen participation.
- H. Adherence to Madison County Community Development HOME Program Underwriting Criteria. Listed below are other HOME Program and Madison County Community Development guidelines.

In developing the pro forma the following assumptions shall be used:

- Developer Fee - Not to exceed 12%
- Rent and Other Income Inflation Rate - 3%
- Expense Inflation Rate - 4%
- Residential Vacancy Rate - 5% at a minimum
- Operating Reserves - 2%
- Replacement Reserve - 3%
- Rent-Up Reserve - Sufficient to cover any project cash flow deficit during the rent-up period
- Anticipated Loan Closing - The earliest estimated closing date would be approximately six weeks after approval by Madison County Community Development's Grants Committee meeting and County Board approval.
- Rent-Up Period - This number should reflect the assumptions put forth in the appraisal regarding lease-up.

If you deviate from these guidelines, it is necessary to state reasons for the deviation of your application.

II. APPLICANT & DEVELOPMENT TEAM EXPERIENCE (24 points)

This section addresses the experience of the applicant in affordable rental housing development. Points will be awarded based on the development team's demonstrated prior successful experience in developing housing similar to that proposed. Evidence must be provided showing the project manager and contractor(s) have the expertise to carry out the proposed activity.

- A. Project Manager/Owner (3 points) The project manager/owner will be the person of record, who is listed on the application as the contact for the project. The project manager will be experienced in the management and coordination of projects similar in size, scope and type to the proposed project. The project manager/owner will interface with Madison County Community Development throughout the application-processing period, construction period and life of the project.

1. The project manager/owner has at least 5 years experience in developing affordable rental housing of a similar size, scope and type to the proposal. 3
2. The project manager/owner has 1 to 5 years experience in developing affordable rental housing of a similar size, scope and type to the proposal. 1
3. The project manager/owner has no prior experience with developing affordable rental housing. 0

B. General Contractor (3 points) The sponsor should have a general contractor with the experience to carry out the proposal. If the development contains 12 units or more, the general contractor must be familiar with Davis-Bacon requirements.

1. The general contractor has at least 5 years experience in construction of a similar size, scope and type to the proposal. 3
2. The general contractor has 1 to 5 years experience in construction of a similar size, scope and type to the proposal. 1
3. The general contractor has less than 1 year experience in construction of a similar size, scope and type to the proposal or has construction experience, which is different in size, scope or type. 0

C. Architect (3 points)

1. The architect has at least 5 years experience in development, construction documentation preparation, and supervision of affordable rental housing of a similar size, scope and type to the proposal. 3
2. The architect has 1 to 5 years experience in development, construction documentation preparation, and supervision of affordable rental housing of a similar size, scope and type to the proposal. 1
3. The architect has less than 1 year experience in development, construction documentation preparation, and supervision of affordable housing of a similar size, scope or type; or has experience in developing affordable rental housing which is different in size, scope and type to the proposal. 0

D. Property Management (3 points) The property manager will have the necessary experience to oversee the development upon completion. If the sponsor chooses to act as property manager, the sponsor must demonstrate the capacity to do so.

1. The property manager has at least 5 years experience in management of rental housing of a similar size, scope and type to the proposal. 3
2. The property manager has 1 to 5 years experience in management of rental housing of a similar size, scope and type to the proposal. 1
3. The property manager has less than 1-year experience in management of rental housing of a similar size, scope and type to the proposal; or has experience in management of rental housing of a different size, scope or type to the proposal. 0

E. Attorney (3 points)

1. The attorney has at least 5 years experience in real estate transactions relative to the development of affordable rental housing of a similar size, scope and type to the proposal. 3
2. The attorney has 1 to 5 years experience in real estate transactions relative to the development of affordable rental housing of a similar size, scope and type to the proposal. 1
3. The attorney has less than 1-year experience in real estate transactions relative to the development of affordable rental housing of a similar size, scope and type to the proposal. 0

F. Consultant (3 points)

1. The consultant has at least 5 years experience in developing affordable rental housing of a similar size, scope and type to the proposal. 3
2. The consultant has 1 to 5 years experience in developing affordable rental housing of a similar size, scope and type to the proposal. 1
3. The consultant has less than 1-year experience developing affordable rental housing of a similar size, scope or type; or has experience in developing affordable rental housing, which is different in size, scope and type to the proposal. 0

G. Past Performance (6 points) This section addresses the applicant's past performance with housing development projects. The main components of performance are: (1) the degree to which obstacles have been addressed and dealt with appropriately and quickly; and (2) the applicant's reporting and documentation record. If you have not worked with Madison County Community Development before, please provide references from previous projects.

1. Project Schedule (1 point)
 - a. Project implementation was on schedule, or was completed on time or only minor project extensions were needed. 1
 - b. Project implementation was not on schedule, was not completed on time or required major extensions. 0

2. Implementation (1 point)
 - a. The project was managed in accordance with applicable rules and the applicant rarely had problems within their control that required corrective action. 1
 - b. The development was not managed in accordance with applicable rules or required corrective action. 0

3. Construction Payouts (4 points)
 - a. Monthly payout requests and ongoing construction documentation were timely and included all required information. 4
 - b. Monthly payout requests and ongoing construction documentation were not consistently on time and all required information was often not provided. 0

III. PROPOSAL IMPACT (9 Points)

This section assesses the degree to which the proposal fills an affordable rental-housing gap or meets an identified demand in the local area and the local community support for the proposal. Points are awarded based on the degree to which the overall objectives are addressed by the activity.

A. Community Support of the Proposal. (5 points) Evidence of support for the proposal from local community organizations and officials should be provided.

1. Solicitation and incorporation of neighborhood residents-input during the planning phase of the proposal is evidenced by letters of support from members of the community (elected officials do not count towards this requirement). 3

- 2. Current letters of support for this proposal from local community organizations and officials. 2
- 3. No indication of local community support is provided. 0

B. Documented Demand and Viability for the Proposal in the Community. (4 points) The applicant should provide evidence of community need for the type of housing proposed and evidence of the potential viability of the proposed development, including the results of any site and market studies conducted.

- 1. A third party’s analysis is provided that indicates local demand for the proposal and viability of the proposed development. 4
- 2. Local data is provided which indicates evidence of some need for the proposed housing, or 1
- 3. No evidence is Provided 0

IV. PROJECT READINESS (28 points)

This section addresses the readiness of this proposal to proceed. Points will be awarded based on the degree to which start-up work is completed at the time of application and what obstacles may stand in the way of completing the proposal. The proposal will be considered to have no significant obstacles if it appears to be ready for immediate start-up upon funding approval.

A. Measurable Increase in Housing Opportunities: Income. (3 points) Applications for proposals that serve the greatest percentage of very low-income (less than 50% of area median income) persons will be favored.

- 1. Vacant Residential Building(s), Adaptive Reuse of Non-Residential Building(s), New Construction, or existing units:
Percent of Madison County Community Development assisted units, which are for very low-income households.
 - a. 41%-100% 3
 - b. 21%-40% 1
 - c. 20% or less 0

B. Measurable Increase in Housing Opportunities: Construction. (3 points) This section examines opportunities created in terms of the amount of work to be done.

- 1. Vacant Residential Building(s), Adaptive Reuse of Non-Residential 3

Building(s) or New Construction

2. Existing Occupied Rental Development
 - a. Rehabilitation will address major systems in need of repair. 3
 - b. Rehabilitation will **not** address major systems or will be primarily cosmetic. 0

C. Site Control (6 points)

1. The applicant either owns the property(s) or has site control of the property(s) and provides evidence thereof. (Evidence of site control in the form of a currently effective purchase contract or option should be for a minimum of 6 months from the application date. 6
2. The applicant has taken no steps to obtain site control or provides no evidence thereof. 0

D. Construction Plans and Specs (8 points)

1. **Completed** plans and specifications for the proposed project are included with the application. 8
2. Initial drawings for the proposed project are completed. 5
3. No Plans are submitted with the application. 0

E. Applicable Regulations (4 points)

1. Applicable regulations and ordinances have been finalized (e.g., evidence of appropriate zoning). 4
2. Applicable regulations and ordinances have been initially addressed (e.g., zoning or planning issues are outstanding, but evidence is provided that these issues are being addressed). 2
3. There are unresolved legal or regulatory issues, which have not been addressed (e.g., the property needs to be rezoned) or no evidence of zoning provided. 0

E. Relocation (4 points) It is the policy of Madison County Community Development to minimize the displacement of residential and nonresidential tenants resulting from HOME funded developments. Madison County Community Development will consider funding a proposal with displacement only when the goals and objectives clearly outweigh the stress and adverse effects on the lives of the residential and nonresidential tenants who may be displaced, and when the cost of relocation is not excessive in the judgment of Madison County Community Development. If the property is currently

occupied, documentation must be submitted regarding each household's income level.

1. No Relocation 4
 - vacant property(s);
 - new construction; or
 - occupied building(s), but household income documentation submitted with the application proves that all current occupants meet the HOME Program income requirements and will not be economically displaced.

2. Potential Relocation 2
 - occupied building(s), but household income documentation submitted with the application shows that no low-income families will be permanently displaced, or
 - during rehabilitation some temporary relocation may be required, but no permanent displacement.

3. Possible Relocation 0
 - the building is occupied and permanent relocation of low-income families is anticipated;
 - the building has commercial activities which will be relocated; or
 - no household income documentation submitted or documentation submitted is incomplete.

V. FINANCING PLAN (12 POINTS)

In this section evidence is sought that resources other than HOME funds have been considered and used to the fullest extent possible. Points are awarded based on the degree to which the general objectives are addressed by the proposal.

- A. Leveraging of non-HOME Funds. (3 points) Other sources of funds should be used in addition to HOME funds. Points are awarded for the degree of leveraging.
 1. 75% or more of the funds are non-HOME. 3
 2. At least 50%, but less than 75%, of the funds are non-HOME. 2

3. At least 25%, but less than 50%, of the funds are non-HOME. 1
 4. Less than 25% of the funds are non-HOME. 0
- B. Commitment of Other Funds. (3 points) For other sources of funds used, a commitment from the funding source should be provided.
1. “Firm” commitment letters for all sources are included with the application. (“Firm” commitment means that the letter identifies the amount of funds, term, interest rate and expiration of conditions.) 3
 2. Current letters of interest, which indicate possible loans amounts, terms and interest rates, are submitted for all sources. 2
 3. No letters of interest or commitment are submitted or those submitted do not contain all the following: loan amount, term and interest rate. 0
- C. Matching Funds. (3 points) HUD requires that all HOME funds have a 25% match. Although all applications do not have to include match, priority will be given to proposals that do provide matching funds. Eligible sources of match have been outlined in the HOME General Program Guide.
1. The match contribution is greater than 25% and written documentation evidencing a commitment of match source is provided. 3
 2. The match contribution is 25% and written documentation evidencing a commitment of match source is provided. 2
 3. The match contribution is less than 25% and written documentation evidencing a commitment of match source is provided. 1
 4. No match is indicated, the match contribution is not documented or there is no evidence of commitment of match source. 0
- D. Forms of Investment. (3 points) The proposal should still be financially feasible with the form of investment selected.
1. Loan with a fixed repayment schedule; or amortizing loan 3
 2. Deferred loan to be repaid at the end of loan term; or variable repayment schedule based on the cash flow of the development. 0

VI. BONUS SECTION (12 POINTS)

- A. Supportive Services. (2 bonus points) Proposals that include supportive services will be given bonus points.
1. The applicant has developed a formal program and/or entered into a written contract with another agency to provide the services, and the provision of services is accounted for in the operating budget, as applicable. 2

2. The applicant uses informal or ad hoc coordination methods to refer the tenant/client to supportive services, or the application has no specific evidence that supportive services are provided. 0

B. Smart Growth Principles. (1 point each) Proposals that include smart growth principles will be given bonus points.

- Reducing Traffic Congestion – may include adding additional traffic signal(s) or road(s), or other innovative means of reducing traffic congestion
- Preservation of Open Space – may include reserving a minimum of 30% of the overall site for green/open space
- Reinvestment and Redevelopment – for rehabilitation of existing facility, regardless of current use
- Quality of Life – may include enhancement of current housing conditions for the specific population and market to be served. Including universal design.
- Local Government Partnership – may include funding through a low-interest loan, grant, or Tax Increment financing
- Mixed-Use Development- pedestrian-friendly development that blends two or more residential, commercial, cultural, institutional, and/or industrial uses.
- Use of “Green” Development or Technology.
- Development that allows renters to lease to own.

C. Building Design (2 points) Projects that use single family or duplex style housing rather than multifamily buildings (3 or more units per building) will receive two bonus points. 2