



HOUSING DEVELOPMENT FUND (HDF)

2019 Guidelines for HDF Pre-Development Loans

PROGRAM PURPOSE

The purpose of the Housing Development Fund (HDF) Pre-Development Loan is for applicants to provide affordable, decent, safe and sanitary housing to low- and moderate-income households.

ELIGIBLE APPLICANTS, SUBMISSION DEADLINES, AND IMPORTANT DATES

- 501(C)(3) nonprofit organizations
- Timeline and deadlines for the Annual HDF Funding Cycle are as follows:
 - **December 17, 2018 - Stakeholder Meeting – DNREC Auditorium 1:00 p.m.**
 - Applications will be accepted on a rolling basis.

AVAILABLE FUNDING AND ELIGIBLE ACTIVITIES

DSHA has **set-aside \$500,000** (subject to availability) in funding for the following eligible activities:

- Nonprofit organizations interested in providing affordable multi-family rental housing and/or Special Populations* housing that do not have the financial capacity to apply for DSHA's loan programs due to the pre-development requirements needed.
- Eligible Activities: Pre-development expenses, including but not limited to appraisals, option and/or down payments costs for acquisition of parcels, architectural and engineering plans and specifications, environmental audits/assessments, including wetland studies and capital needs assessments.

**Targeted Special Populations are defined as: Homeless; Persons with mental illness; Persons with HIV/AIDS; Sober housing; Migrant seasonal workers; Youth aging out of foster care; Persons with physical disabilities; Persons with intellectual /developmental disabilities; Veterans, and Offenders Re-Entry.*

TECHNICAL ASSISTANCE MEETINGS REQUIRED FOR ALL APPLICANTS

- The purpose of conducting Technical Assistance (TA) meetings is to provide applicants with the opportunity to discuss their project in detail with DSHA and to answer applicant questions pertaining to the HDF program and the application process.
- Participation in the TA process is required for all HDF Pre-Development Loan applicants.
- Applicants may attend an in-person TA meeting or attend by teleconference.

LOAN TERMS

- Maximum Loan Amount: \$50,000
- Interest rate: 0%
- Loan term: Maximum 5-year term and must be re-paid when construction/permanent funding is obtained for the project
- Flexible Repayment Terms: Monthly Principal payments or Deferred

FUNDING RESTRICTIONS AND CONDITIONS

Funding restrictions and conditions other than those listed below may apply if and when funding is awarded and will be outlined in the Loan Agreement and Note.

GENERAL

- Projects must be financially feasible and Applicant must have financial capacity to meet its operating expenses and to provide for unforeseen occurrences of its entity.
- Applicants must be in good standing with DSHA and will be considered ineligible to apply if they have failed to satisfactorily fulfill obligations as required under previously funded DSHA projects.
- Applicant must be a duly-organized Nonprofit organization.
- Applicant must have desire to provide housing for persons of low and moderate income and continue involvement with the project throughout the term of the mortgage loan.
- Applicant must have significant involvement in the community where the development is located.
- DSHA may determine that loan funds may be used to re-finance, acquire, or rehabilitate existing DSHA financed- or Low Income Housing Tax Credit projects. Properties owned by nonprofit sponsors will have priority.
- HDF loans are not available for establishing direct lending and/or grants to applicant-sponsored programs.
- **Minimum Income Targeting** - At least 75% of units must be populated by persons at or below 60% Area Median Income (AMI) with a maximum of 80% AMI.
- All projects/developments must be located in **Level 1, Level 2, or Level 3 Investment Areas**, as defined by State Strategies for Policies and Spending to be eligible to apply for funding.
- Applications must be complete and include all required and applicable exhibits at time of submission. *DSHA reserves the right to eliminate from consideration any application deemed incomplete at time of submission.*
- In accordance with Title 31, Chapter 40, Subchapter III, DSHA will notify the local government's Chief Executive Officer, State Senator and State Representative upon receipt of the application.
- Per the Delaware Council on Housing Resolution 398, adopted on December 9, 2009, all HDF recipients are encouraged to partner with minority-, veteran- and women-owned businesses by coordinating with the State of Delaware's Office of Supplier Diversity to maximize the number of minority-, veteran- and women-owned businesses participating in projects or programs funded by the HDF, when applicable.
- Applicants agree to affirmatively further fair housing and comply with the provisions of all applicable federal, state and local law prohibiting discrimination including, but not limited to, Title VI of the Civil Rights Act of 1964 as amended.
- Applicant and management staff must provide Fair Housing training for staff every two (2) years. Verification of such training will be reviewed by DSHA staff as part of our periodic site review.

APPLICATION PROCESS

- The application is comprised of a fillable-PDF application (Part I) and a (Part II) Funding Request (Excel) and requires additional documented exhibits. Exhibit requirements may be found at the end of this document.
- Program guidelines, application Part I and Part II, and exhibit checklist may be accessed online at http://destatehousing.com/Developers/dv_hdf.php.

- Please refer to the Application Exhibit Checklist, found at the end of this document, for exhibit information and requirements.
- Please make sure all applicable questions are completed and that all responses are clear, organized and relevant. **Incomplete applications will be considered ineligible for funding.**
- **Both a paper copy and an electronic copy** of the application (Part I and II) and all applicable exhibits must be submitted to DSHA upon application.

- **Instructions for Paper Copy Submission**

Paper submission must be bound in a three-ring binder that includes a table of contents, appropriately labeled tabbed dividers and includes the following documentation:

1. A copy of the completed and signed application (Part I);
2. A copy of the completed application (Part II); and
3. A copy of each exhibit with a labeled cover sheet. Exhibits must be indexed (tabbed dividers) and in numerical order. If an exhibit is not applicable, please label the exhibit cover sheet “not applicable”. A fillable form for cover sheets may be found at http://destatehousing.com/Developers/dv_hdf.php.

- **Instructions for Electronic Submission**

Electronic submission must be on a USB flash drive **and** must accompany the paper copy submission with:

1. A PDF copy of the completed and signed application Part I labeled “App Part I-Project Name”;
2. An Excel and PDF copy of the completed application, Part II, labeled “Pro forma-Project Name”; and
3. Individual PDF copies of all applicable exhibits. Create a separate file for each exhibit and label it with the exhibit number and exhibit name. (i.e. Exhibit 3-Applicant Experience).

- **Submission Locations**

Proposals may be submitted in person to DSHA’s Dover or Wilmington offices:

Dover Location

18 The Green
Dover, DE 19901

Wilmington Location

Carvel State Office Bldg.
820 N. French St., 10th Floor
Wilmington, DE 19801

- DSHA will review and evaluate all completed applications for conformity to DSHA’s guidelines and underwriting procedures. Applications that **meet** threshold will be scored and reviewed by DSHA.
- All scored applications will be presented to the Director of DSHA for recommendation and consideration for approval.
- DSHA’s Director can approve or disapprove the loan request, at which time a Loan Agreement and Note will be executed.
- Assuming funding is approved, applicant may draw HDF funds for pre-development purposes utilizing DSHA’s Draw Requisition process.
- To improve the overall viability of a project or program, DSHA may suggest an Applicant partner with another nonprofit or with another acceptable entity. This request will be made if the project/program has merit, but the Applicant entity lacks experience in one or more of the areas needed to maintain the long-term viability of the project/program.

APPLICATION NOTIFICATIONS

- All applications will be subject to threshold requirements and financial capacity and feasibility. Submission acceptance of the application by DSHA does not constitute approval for funding.
- DSHA may reject any application should information become available that conflicts with information submitted with the application or if DSHA becomes aware of an organization's financial instability. Funding conditions will be established at DSHA's sole discretion.
- DSHA reserves the right to increase or decrease an applicant's funding request.
- Applicants receiving DSHA funding will be subject to monitoring and/or site visits which may include an on-site audit to determine if HDF loan funds were used in accordance with the executed loan agreement.

CONTACT FOR PROGRAM QUESTIONS AND APPLICATION ASSISTANCE

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