

# FOR RENT HOUSING PRODUCTION PROGRAM

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## **ATTACHMENTS**

*Affirmative Fair Housing Marketing Plan (form HUD 935.2) - 2 pages*

*Application - 24 pages*

*Construction Budget (Short Form) - 1 page*

*Job Costs (Long Form) - 6 pages*

*Anticipated MBE/WBE Utilization Plan Form*

*Solicitation of MBE/WBE Utilization Contractors*

# CITY OF ST. LOUIS

## COMMUNITY DEVELOPMENT ADMINISTRATION

### RENTAL HOUSING PRODUCTION PROGRAMS

This booklet contains the Program Guidelines and Application for the Rental Housing Production Programs administered by the City of St. Louis Community Development Administration. Please refer to the Program Guidelines for eligibility requirements.

The Rental Housing Production Program Application is available on computer disk formatted for IBM compatible Excel. The computer disk application contains formulas to automatically calculate data entered. If you are interested in obtaining an application disk, please contact Ms. Debi Mueller, Administrative Assistant for Residential Housing Development, at 314-622-3400 or TDD 314-259-3435.

**One original hard copy application and required exhibits and one identical copy of the original application and required exhibits must be submitted. Additional documentation, preliminary plans, and scopes of work (as referenced in the following guidelines) must also be submitted for the application to be considered complete.**

Each form and exhibit must be accurately completed and include all requested information. Be sure to complete all sections and submit all forms required.

Applications and required exhibits should be submitted to the Community Development Administration/Residential Development Section, at 1015 Locust Street, Suite 1100, St. Louis, Missouri 63101. If you have any questions, please contact CDA's Residential Development Section, at 314-622-3400 or TDD 314-259-3435 and ask to speak to the Housing Analyst who is assigned to the ward in which your project is located.

Once you have assembled the significant information required for an application, we strongly encourage you to meet with your Housing Analyst to discuss your application in detail.

**CITY OF ST. LOUIS**  
**COMMUNITY DEVELOPMENT ADMINISTRATION**  
**RENTAL HOUSING PRODUCTION PROGRAM GUIDELINES**

**PROGRAM DESCRIPTION**

The City of St. Louis Community Development Administration (CDA) administers the Community Development Block Grant (CDBG) and Home Investment Partnerships (HOME) Programs for the Department of Housing and Urban Development (HUD). HUD allocates funds by formula among eligible State and local governments to strengthen public-private partnerships for the creation of affordable housing. CDA's Rental Housing Production Program provides financing to developers for the acquisition and rehabilitation or new construction of rental housing for low and moderate income families. To be considered, all sponsoring entities and proposals must meet the regulations prescribed in the Community Development Block Grant Program at 24 CFR Part 570 and/or the HOME Investment Partnerships Program at 24 CFR Part 92.

Nonprofit developers may apply for a grant and/or low interest loan for construction and permanent financing. For profit developers may apply for a low interest loan for construction and permanent financing. Generally, CDA provides financing based on a 20 to 40-year amortization. CDA will accept a first or second mortgage position. CDA may structure loans from 0% to market interest rates, interest payment only with principal payment deferred behind a first mortgage, principal payment only with interest payment deferred behind a first mortgage, or with principal and interest deferred behind a first mortgage. The purpose of this program is to expand the rental housing opportunities for low and moderate income families. This is accomplished through a savings in the financing cost that allows the owner to reduce rents on the units over an extended period. CDA will decide the source of funding to be awarded based on what is most appropriate to the particular project proposed.

**ELIGIBILITY**

Private builders, developers, nonprofit community groups, Community Based Development Organizations, and Community Housing Development Organizations are eligible to apply for financing. Applicants must demonstrate that they have appropriate housing development experience and sufficient financial capacity to undertake the development.

## **COMMUNITY BASED DEVELOPMENT ORGANIZATIONS (CBDOs)**

CBDOs are a specific type of nonprofit organization defined exclusively under the CDBG program. CBDOs are organized and structured according to strict standards as established by HUD. New construction of housing assisted with CDBG funds can only be undertaken by or in collaboration with a CBDO. For a CBDO to receive CDBG assistance for a development it must be the developer, sponsor, or owner of the CDBG assisted development and have effective management control of the development.

## **COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS (CHDOs)**

CHDOs are a specific type of nonprofit organization defined exclusively under the HOME program. CHDOs are organized and structured according to strict standards as established by HUD. A portion of HOME funds is set-aside for CHDOs. For a CHDO to receive a set-aside it must be the developer, sponsor, or owner of the HOME assisted development and have effective management control of the development.

## **APPLICATION THRESHOLD REQUIREMENTS**

- FOR CDBG assistance, the development's characteristics must conform with the HUD 24 CFR Part 570 and CDA rules and regulations, including occupancy and rent restrictions.
- FOR HOME assistance, the development's characteristics must conform with the HUD 24 CFR Part 92 and CDA rules and regulations, including occupancy and rent restrictions.
- Required exhibits are attached to this application. In addition, applications for developments of 12 units or more must contain a rental market survey of comparable properties, including property descriptions, rent structures, amenities, vacancy rates, waiting lists and other relevant data.
- Developers must submit evidence that they have contacted the alderman of the ward or wards in which the project is located to discuss the proposed development. If available, minutes of any meetings should be included with the application.
- Developers must submit evidence they have contacted local community and/or neighborhood organizations (if any exist) to discuss the proposed development. If available, minutes of any meetings should be included with the application.
- Developers must provide evidence of site control for at least 180 days from application date.

- Developers must provide evidence regarding the property's current zoning designation and what, if any steps are in process to obtain proper zoning and/or site plan approval for the proposed development. Application must contain minutes of any public hearing on zoning considerations.
- The application must contain enough financial information including financing commitments to assess the probability of economic feasibility.
- CDA staff must make a determination that the proposal meets a need as identified in the City of St. Louis Consolidated Plan.
- Developers must have a satisfactory record on current or past developments funded by CDA.
- If project is located in a Local or National Register Historic District, developer is expected to apply for Federal and Missouri State Historic Rehab Tax Credits, to leverage potential gap financing from CDA. A copy of the preliminary application to the Department of Economic Development should be attached to the completed CDA application when submitted. For more information, contact the Missouri Department of Economic Development, P.O. Box 118, Jefferson City, MO 65102, (573) 751-5981, [www.ecodev.state.mo.us](http://www.ecodev.state.mo.us).

Upon satisfying application threshold requirements, an application will be considered under the Consistency with Local Needs Criteria and Development Factors and Qualifications set forth herein. Notice of the application will be sent to the alderman of the ward or wards where the project is located requesting comments on the development.

#### **CONSISTENCY WITH LOCAL NEEDS SELECTION CRITERIA**

Each development will be evaluated to ensure it is consistent with local needs. The evaluation will review whether the development fills a demonstrated need in the local market as evidenced by:

Consistency with the City of St. Louis Consolidated Plan, including but not limited to the priorities listed in the Consolidated Plan:

- Affordable housing for large low-moderate income households
- Affordable housing for small low-moderate income households
- Affordable housing for elderly households
- Affordable housing for persons with special needs

Market study and/or analysis which reflects a need for the housing and that the development will be competitive in the local market.

Research by the City of St. Louis or secondary data from other research on housing needs in the area which identify a need for the type of housing proposed.

Staff site visits that confirm the market analysis and competitiveness of the development.

## **DEVELOPMENT FACTORS AND QUALIFICATIONS**

Applications will be further reviewed for other factors and qualifications that include, but are not limited to, the following:

- Developments that create mixed-income housing environments.
- Development team experience and qualifications including the experience and financial capacity to undertake, complete, maintain and manage the proposed development.
- Suitability of the site or building for development; including site control, proper zoning, and availability of utilities.
- Satisfactory evidence the development is ready to proceed as indicated by debt and equity commitments.
- Development application indicates that materials and construction standards exceed standard energy efficiency requirements.
- Development leverages CDBG and/or HOME funds with other sources of funding through the formation of partnerships between private housing developers, financial institutions, the public sector, foundations and others.
- A local individual, partnership or corporation will own the development.
- Lowest intermediary (soft) costs. Development budget contains a lower percentage of soft costs to total development cost, as compared with other similar types of developments. Intermediary (soft) costs are considered to be, but are not limited to, developer fees, attorney fees, engineering fees, architect fees and contractor fees.
- Participation of Local Tax-Exempt Organization. Development will be owned or sponsored by a nonprofit developer, a Community Based Development Organization as defined in HUD 24 CFR Part 570, or a Community Housing Development Organization as defined in HUD 24 CFR Part 92.
- Developments which leverage CDBG and/or HOME funds with federal and/or state historic rehab tax credits. All projects located in local or national register historic districts are expected to apply for all applicable historic rehab tax credits.

## **DEVELOPMENT STANDARDS**

The following standards are set to assure developments that receive CDBG and/or HOME financing produce the most effective economically feasible developments to serve income-eligible tenants in habitable dwelling units. Generally, amounts greater than the amounts listed in this section will be considered excessive. However, CDA may, at its discretion, consider higher amounts if required to produce highly needed housing that meets the following criteria:

- Smaller size developments.
- Hard to develop projects, such as homeless housing, single room occupancy housing, and scattered site developments.
- Projects in difficult to develop areas.

## **PER UNIT SUBSIDY LIMIT**

The per unit subsidy limit for HOME developments shall not exceed HUD's 221(d)(3) limits for elevator-type projects, adjusted to reflect cost increases of construction costs since their adoption in 1992, and further adjusted by HUD's high cost factor to reflect differences in different geographic areas.

Refer to the enclosed Table: "City of St. Louis Maximum HOME Subsidy Limits" Page 19.

## **DEVELOPER FEE STANDARD**

For new construction the developer's fee and overhead, including any consultant fees, may not exceed 15% of total development cost. For acquisition and substantial rehabilitation projects, the developer's fee cannot exceed the sum of 8% of the acquisition cost plus 15% of the balance of the development costs.

## **CONTRACTOR FEE STANDARD**

CDA may allow a maximum of 10% contractor's profit, 2% overhead and 6% general requirements. Contractor's profit, overhead, and general requirements may not exceed 18% of the construction costs. General requirements must include the cost of builder's risk insurance and all bonding costs.

## PLAN REVIEW

Our goal is to provide efficient, affordable housing that respects neighborhood context and provides enhancement of property values and quality of living. To that end, development proposals are reviewed by CDA architectural staff for compliance to Agency standards.

The Community Development Administration publishes Residential Development Design Guidelines. These standards outline the minimal design guidelines for projects in which CDA is involved. The Standards are available from CDA or the Residential Development web page (<http://stlouis.missouri.org/development/residential>).

Additionally, Section 106 of the National Historic Preservation Act of 1966 (revised) requires that all federally funded agencies consider the effect of the proposed project on existing historic resources. A historic resource is defined as a building, structure, object, site or district that is either listed on the National Register of Historic Places, or is eligible to be listed. Any rehabilitation or new construction project subsidized by the Community Development Administration must be reviewed under the Section 106 procedures established by the Federal Advisory Council on Historic Preservation. The Cultural Resources Office, (314) 622-3400, publishes Section 106 Review Standards.

Three sets of plans are required for the initial review. Generally, a single set may be submitted for subsequent reviews. When the plans have been approved, the design reviewer will request eight (8) sets of completed drawings. Final approval sets must be sealed and signed by the design professional for Building Permit application. Four sets of the approved drawings are returned to the developer for use in the Building Permit application at the Building Permit Office, Room 425, City Hall.

It is important that the plans are followed exactly, and that no changes are made without written approval from CDA. If the final project does not conform to the approved plans, it may be necessary, before the project can be certified, to remove or reconstruct the non-conforming work, adding cost and perhaps delaying final closing.

## BUDGET REVIEW

A preliminary budget is developed early in the project to establish the general project costs and help determine the potential feasibility of the proposal. Since very little detailed information is available at the schematic phase, the only evaluation of the budget that can be performed is very general. The Housing Analyst and budget reviewer will work together to research and resolve any issues or problems that may arise during the project/budget development.

Upon the approval of the proposal through architectural, preservation and tax abatement reviews, the final construction budget will be reviewed in detail. All available information to support the final budget must be submitted at this time and must include detailed contractor proposals for all work, including work to be performed by the general contractor and by all subcontractors. Material takeoffs, if available, should also be submitted as a part of the supporting documentation. Contractor proposals must identify completely and in detail the included scope of work under the proposed contract to confirm that all required work is included.

CDA Housing standard construction cost forms are included in this application package to assist developers in the formulation of project costs.

A preliminary Construction Budget form must be submitted with the completed application. Once a project has been accepted for funding consideration, the detailed Job Cost form should be used to develop more accurate construction costs and a final Construction Budget submitted. The Job Cost form is used by CDA budget reviewers to evaluate the proposed budgets. Therefore, applicants are encouraged to submit the detailed Job Costs form to help facilitate timely budget reviews.

### **ELIGIBLE PROPERTIES**

Only units receiving CDBG monies are considered "CDBG Assisted Units" and only units receiving HOME monies are considered "HOME Assisted Units." CDBG and/or HOME rental developments may be:

- one or more buildings on a single site that are under common ownership, management and financing,

— OR —

- scattered on more than one site as long as the sites are within 4 blocks of each other, are under common ownership, management and financing, and receive CDBG and/or HOME assistance as part of a single undertaking.

### **INELIGIBLE PROPERTIES**

- CDBG or HOME funds may not be used to assist developments assisted under Title VI of the National Affordable Housing Act (NAHA) — Prepayment of Mortgages Insured under the National Housing Act.

### **PROPERTY STANDARDS**

All developments to be funded with CDBG and/or HOME funds must at the time of completion, at a minimum, comply with all local building codes, rehabilitation standards, ordinances, zoning and federal regulations regarding hazardous materials as well as energy standards required by HUD 24 CFR 570 and/or 24 CFR 92. The goal is to provide "decent, safe and sanitary" housing at an affordable cost to lower income families. Beyond these minimum standards CDA encourages developments built with the same quality and amenities as market rate developments within the same market area. Energy standards required:

- Substantial rehabilitation — cost-effective energy conservation and effectiveness standards in 24 CFR Part 39.
- New construction — CABO Model Energy Code, 1995, published by the Council of American Building Officials.
- America (IES).
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## LEAD-SAFE HOUSING

In compliance with the Residential Lead-Based Hazard Reduction Act of 1992 (Title X of the Housing and Community Development Act of 1992), residential developments funded with CDBG and/or HOME funds must result in lead-safe housing. Title X recognizes three types of lead hazard control: interim controls, abatement of lead-based paint hazards, and complete abatement of all lead-based paint.

In order to identify lead-based paint hazards in housing and control such hazards safely and efficiently, the following procedures will be followed, at minimum:

- A Certified Risk Inspector must be contracted to test the property for the presence of lead-based paint and to identify the lead-based hazards, including dust and bare soil sampling.
- A "Work Plan" must be submitted to the Housing Analyst. A Work Plan includes detailed information on all aspects of proposed lead hazard control including materials, methods and personnel certification.
- Upon completion of the project, the Developer will provide educational materials to the residents describing the health hazards of lead-based paint and provide information on appropriate housekeeping methods to keep the property in a lead-safe condition once lead hazard control work is completed.
- Upon completion of the project, the developer will provide results of Lead Clearance Testing of the completed unit(s) to the Housing Analyst.

For information about specific requirements or lists of certified abatement companies, contact the Missouri Department of Health at (888) 837-0927 or visit their website ([www.dhss.state.mo.us/lead/websitehtml.htm](http://www.dhss.state.mo.us/lead/websitehtml.htm)).

## HANDICAP ACCESSIBILITY

Developments financed with CDBG and/or HOME funds must meet the accessibility requirements in the regulations referenced in 24 CFR 5.105(a) which implement the Fair Housing Act and Section 504 of the Rehabilitation Act of 1973. Developments of five or more units are required to have a minimum of one unit or 5% of total units accessible to the physically handicapped and an additional 2% of total units equipped for those with hearing or visual impairments.

The BOCA National Building Code (1996 ed., as adopted by the City of St. Louis) also has accessibility requirements for all buildings and structures, including associated sites and facilities. Requirements under the Building Code must be determined by the Building Division.

For questions regarding handicap accessibility requirements, contact Mr. Jeff Dodd at (314) 622-3400.

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## **MAXIMUM ALLOWABLE CDBG DEVELOPMENT RENTS**

Not less than 51% of rental units rehabilitated with CDBG assistance must have rents that do not exceed 30% of the annual income of a family whose income equals 80% of area median income minus tenant paid utilities.

In new construction multi-family rental housing developments, not less than 20% of CDBG assisted units must have rents that do not exceed 30% of the annual income of a family whose income equals 80% of area median income minus tenant paid utilities. In new construction multi-family developments where 20% to 50% of the units have low-moderate income affordable rents, the percentage of CDBG assistance to the total project development cost can be no greater than the percentage of low-moderate income affordable units to the total number of units in the development.

However, if the unit receives Federal or State project-based rental subsidy and the very low income family pays a contribution toward rent not more than 30% of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program.

Refer to the enclosed Table: "Maximum CDBG Qualifying Rents in the City of St. Louis," page 20.

## **TENANT INCOMES UPON OCCUPANCY OF CDBG ASSISTED UNITS**

Not less than 51% of rental units rehabilitated with CDBG assistance must be occupied by tenants who at initial occupancy have annual incomes that are 80% or less of the area median income adjusted for household size.

In new construction multi-family rental housing developments, not less than 20% of CDBG assisted units must be occupied by tenants who at initial occupancy have annual incomes that are 80% or less of the area median income adjusted for household size. In new construction multi-family developments where 20% to 50% of the units are occupied by tenants who at initial occupancy have annual incomes that are 80% or less of the area median income adjusted for household size, the percentage of CDBG assistance to the total project development cost can be no greater than the percentage of units occupied by tenants who at initial occupancy have annual incomes that are 80% or less of the area median income adjusted for household size to the total number of units in the development.

Refer to the enclosed Table: "Maximum CDBG Qualifying Household Incomes in the City of St. Louis," page 20.

## **INITIAL INCOME ELIGIBILITY OF CDBG TENANTS**

CDBG uses the same definitions of annual income as the Section 8 Housing Programs. Section 8 definitions are found in 24 CFR Part 813. Annual income is the gross amount of income anticipated to be received by all adults in a family during the twelve months following the effective date of the determination.

## **PROJECTS ASSISTED WITH CDBG FUNDS TO PREVENT OR ELIMINATE SLUMS AND BLIGHT**

A small portion of CDBG funds awarded by CDA may be used to assist housing development projects that do not meet the national objective of providing affordable housing for low and moderate income households. These projects must meet another national objective by preventing or eliminating slums and blight. Slums and blight may be eliminated on an area basis or on a “spot” basis.

## **AREA BLIGHT**

The rehabilitation of residential buildings carried out in an area meeting the requirements for the slum/blight criterion will be considered to address the area's deterioration only where each such building rehabilitated is considered substandard before rehabilitation and all deficiencies making a building substandard have been eliminated if less critical work on the building is undertaken. Substandard buildings would also fail to meet the housing quality standards for the Section 8 Housing Assistance Payments Program-Existing Housing (24 CFR 882.109).

If the area has not been blighted by local ordinance, a description of the condition of the area and the percent of deteriorated or deteriorating buildings or public improvements must be included in the Application. The Application must also include an explanation of how the assisted activity will address one or more of the conditions which contributed to the deterioration of the area.

## **SPOT BLIGHT**

This includes acquisition, clearance, relocation, historic preservation and building rehabilitation activities which eliminate specific conditions of blight or physical decay on a spot basis, not located in a slum or blighted area. Under this criterion, rehabilitation is limited to the extent necessary to eliminate specific conditions detrimental to public health or safety. It does not include substantial rehabilitation or construction.

To use a “spot” blight justification, the sponsor must provide documentation of the specific conditions detrimental to public health and safety that will be corrected by the assisted activity.

**MAXIMUM ALLOWABLE HOME DEVELOPMENT RENTS**

Rental units in HOME assisted developments must have rents that do not exceed the lesser of:

- Section 8 Fair Market Rents (FMRs) minus tenant paid utilities
- OR —
- 30% of the annual income of a family whose income equals 65% of area median income minus tenant paid utilities.

In addition, for developments of 5 units or more, not less than 20% of HOME assisted units must be occupied by very low income families and have rents that do not exceed the lesser of:

- Section 8 Fair Market Rents (FMRs) minus tenant paid utilities
- OR —
- 30% of the annual income of a family whose income equals 50% of area median income minus tenant paid utilities.

However, if the unit receives Federal or State project-based rental subsidy and the very low income family pays a contribution toward rent not more than 30% of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program.

Refer to the enclosed Table: “Maximum HOME Qualifying Rents in the City of St. Louis,” page 21.

**MINIMUM AFFORDABILITY PERIOD OF HOME ASSISTED UNITS**

Units to be rehabilitated with HOME funds must be tenant income and rent controlled for varying lengths of time depending upon the average amount of HOME funds invested per unit:

<b>Rehabilitation or Acquisition of Existing Housing Per Unit Amount of HOME Funds</b>	<b>Minimum Period of Affordability in Years</b>
<b>Under \$15,000</b>	<b>5</b>
<b>\$15,000 to \$40,000</b>	<b>10</b>
<b>Over \$40,000 or rehabilitation involving refinancing</b>	<b>15</b>

HOME assisted units that are newly constructed or acquired newly constructed are required to have an affordability period of not less than 20 years.

**TENANT INCOMES UPON OCCUPANCY OF HOME ASSISTED UNITS**

Not less than 90% of HOME assisted rental units must be occupied by tenants who at initial occupancy have annual incomes that are 60% or less of the area median income adjusted for household size. The remaining HOME assisted rental units must be occupied by tenants who at initial occupancy have annual incomes that are 80% or less of the area median income adjusted for family size.

Refer to the enclosed Table: "Maximum HOME Qualifying Household Incomes," page 22.

**INITIAL INCOME ELIGIBILITY OF HOME TENANTS**

HOME uses the same definitions of annual income as the Section 8 Housing Programs. Section 8 definitions are found in 24 CFR Part 813. Annual income is the gross amount of income anticipated to be received by all adults in a family during the twelve months following the effective date of the determination.

**NONDISCRIMINATION AGAINST RENTAL ASSISTANCE SUBSIDY HOLDERS**

The owner cannot refuse to lease CDBG or HOME assisted units to a certificate or voucher holder under 24 CFR Part 982 — Section 8 Tenant-Based Assistance: Unified Rule for Tenant-Based Assistance under the Section 8 Rental Certificate Program and the Section 8 Rental Voucher Program or to the holder of a comparable document evidencing participation in a HOME tenant-based rental assistance program because of the status of the prospective tenant as a holder of such certificate, voucher, or comparable HOME tenant-based assistance document.

## **LOAN CLOSING REQUIREMENTS**

Sponsors of developments financed with CDA funds will be required to obtain a Title policy written by a title company licensed to do business in Missouri and the title company must agree to disburse loan proceeds. The Title Policy is required to be written in accordance with the 1992 American Land Title Association Standards, subject only to permitted encumbrances as approved by CDA and must contain environmental and zoning endorsements, pending disbursement clause, mechanics lien coverage and survey coverage.

## **MANAGEMENT AND MAINTENANCE SERVICE STANDARDS**

All developments financed in whole or in part with CDA funds must provide management and maintenance services to the housing provided. This includes compliance with all local, state and federal regulations. The developer will be required to submit a Management Plan and Agreement for review and approval prior to the issuance of a Firm Commitment.

## **RESIDENTIAL ANTIDISPLACEMENT**

It is the policy of the City of St. Louis to take all necessary and appropriate steps to minimize displacement of persons as a result of activities assisted through the Community Development Block Grant, the HOME Investment Partnerships Program (HOME), the Urban Development Action Grant (UDAG), and other federally funded programs for which the City may be a recipient. The following steps will be taken to minimize displacement:

- A. Require developers participating in the City's development programs to rehabilitate vacant rather than occupied buildings and/or rehabilitate occupied or partly occupied buildings in stages to minimize displacement.
- B. Encourage developers participating in the City's development programs to undertake housing developments that result in an economic mix thereby ensuring an adequate supply of low and moderately priced housing units.
- C. Continue to operate or fund home repair programs which provide funds to eligible homeowners including those required to correct code-related deficiencies as cited by the City's Building Division, thereby assisting residents to remain within current dwelling units and avoid displacement due to inability to maintain their residences.

### **RELOCATION ASSISTANCE**

All developments financed with CDBG and/or HOME funds must comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, implementing regulations at 49 CFR Part 24 and the requirements of 24 CFR 570.606 and/or 24 CFR 92.353.

### **PREVAILING WAGE REQUIREMENT**

Developments of 8 units or more financed with CDBG funds and developments of 12 units or more financed with HOME funds are required to pay wages to laborers and mechanics employed in the construction at a rate not less than the prevailing wage rates for corresponding classes of laborers and mechanics employed on construction of a similar character as determined by the Secretary of Labor.

### **AFFIRMATIVE FAIR HOUSING MARKETING PLAN**

All developments of 5 units or more financed with CDBG and/or HOME funds are required to submit an Affirmative Fair Housing Marketing Plan that outlines methods for providing information and otherwise attracting eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, sexual orientation, religion, familial status or disability. Please refer to enclosed HUD Form 935.2, following page 22. (The affirmative marketing procedures do not apply to families with Section 8 tenant-based rental housing assistance or families with tenant-based rental assistance provided with HOME funds.)

The Affirmative Fair Housing Marketing Plan must include methods for informing the public, owners, and potential tenants about Federal fair housing laws and the City's affirmative marketing policy (e.g., the use of the Equal Housing Opportunity logotype or slogan in press releases and solicitations and display of fair housing poster); procedures to be used by owners to inform and solicit applications from persons in the housing market area who are not likely to apply for the housing unit without special outreach (e.g., use of community organizations, places of worship, employment centers, fair housing groups, or housing counseling agencies); and records that will be kept describing actions taken by the owner to market units affirmatively.

## **OUTREACH TO MINORITY AND WOMEN OWNED BUSINESSES**

The City of St. Louis requires the maximum utilization of minority and women-owned businesses in all CDA assisted housing development projects with a goal of at least 25% City of St. Louis certified minority business enterprise (MBE) participation and 5% City of St. Louis certified women's business enterprise (WBE) participation taken as a percentage of the total development cost of the project, excluding acquisition. All recipients of CDA funds will be required to keep records of participation by City of St. Louis certified minority and women-owned businesses. The Disadvantaged Business Enterprise Program Division will assess the results of the developer's efforts to encourage the use of these businesses. Demonstration of these efforts includes, but is not limited to the following:

- 1.** Qualified minority and women's businesses will be on bid solicitation lists and will be solicited whenever they are a potential source of material or services.
- 2.** When economically feasible the developer will divide total contract requirements into small tasks or quantities to permit maximum minority and women-owned business participation.
- 3.** The services and assistance of the Contractors Assistance Program (CAP) will be used as needed. Developer will submit one (1) set of plans and specifications to CAP, 1300 Convention Plaza, for their assistance in alerting MBE and WBE firms to the project and to the date for opening subcontractor bids.
- 4.** If any subcontracts are let, the prime contractor will be required to take affirmative steps such as those described. At least (1) certified women-owned business (WBE) and one (1) certified minority-owned business (MBE) must be solicited for each line item that could be subcontracted. If any subcontracts for soft costs are let, the developer will also be required to take affirmative action steps.
- 5.** A certificate of Anticipated MBE/WBE Utilization must be submitted with this application. (See attached.) Also included is a certificate of Solicitation of MBE/WBE Utilization Contractors which the general contractor must submit (when needed) which lists all MBEs and WBEs contacted and why they are not being utilized. The Contract Compliance Department must approve the Developer's plan prior to CDA approval.
- 6.** Upon completion of the development, Developer shall submit to CDA and to the Contract Compliance Department a copy of the Minority and Women's Business Enterprise Utilization Final Report, a list of all minority and women's business enterprises utilized in the development and their level of compensation. This form will be included in the Loan Agreement and must be received prior to release of 10% retainage for the project.

The attainment of the minimum goals of 25% MBE and 5% WBE participation does not necessarily meet the standard of the maximum MBE/WBE utilization requirements.

A Directory of City of St. Louis Certified Minority and Women Owned Businesses is available from the City's Disadvantaged Business Enterprise Program Division at Lambert St. Louis, International Airport, 13723 Riverport Drive, 3<sup>rd</sup> Floor, Maryland Heights, MO 63043, (314) 551-5000, or by accessing their web site (<http://www.mwdbe.org>)

### **EMPLOYMENT AND ECONOMIC OPPORTUNITY FOR LOW AND VERY LOW INCOME PERSONS**

If a project is funded in whole or in part with Federal Housing and Community Development Assistance, and: the amount of the Federal assistance exceeds \$200,000, the general contractor, as well as any subcontractors with a subcontract exceeding \$100,000, are subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

Section 3 forms can be obtained from a CDA Housing Analyst or CDA's Section 3 Program Monitor, Ms. Antoinette Clark, at (314) 622-3400, ext 340.

### **ENVIRONMENTAL REVIEW**

On all projects considered for financing, CDA requires a site specific environmental screening in conformance with the National Environmental Policy Act of 1969 (NEPA). On all projects determined as applicable by the NEPA environmental screening, CDA will require a Phase I Environmental Site assessment, according to, but not limited to standards developed by the American Society for Testing & Materials, and if applicable, Phase II mitigation activity. For a list of the appropriate regulations, or more information regarding our policy, contact Mr. Mark Jefferies at 314-622-3400, or TDD 314-259-3435.

### **OTHER APPLICABLE STANDARDS, REQUIREMENTS AND REGULATIONS**

CDA requires all aspects of the development for which it provides financing to be in compliance with all federal, state and local regulations, laws and required practices. Therefore, requirements for hazardous materials, such as lead-based paint and asbestos, environmentally safe practices, such as clean water procedures or wetlands, culturally significant procedures, such as historic considerations; and safe work practices, will be specifically included among CDA requirements. For a list of the appropriate regulations or more information regarding our policy, contact our Environmental Review Officer, Mr. Mark Jefferies, or our Cultural Resources Office at (314) 622-3400, or TDD 259-3435.

## ANNUAL RE-CERTIFICATION

CDA developments may be audited each year for the following compliance:

- re-certification of tenant income
- review of rent and utility allowances
- compliance with local building codes
  - annually for developments of more than 25 units
  - bi-annually for developments with one to 24 units
- the owner's Written Agreements including Affirmative Fair Housing Marketing Plan and Management Plan and Agreement.

CDA will provide a copy of the annual re-certification procedure at the time the development is approved or thereafter.

## CERTIFICATIONS

In accordance with the Housing and Community Development Act and the Community Development Block Grant Program Rule at 24 CFR Part 570, and in accordance with the Home Investment Partnership Act and the Home Investment Partnership Program Rule at 24 CFR 92.150, the City of St. Louis Community Development Administration certifies that:

- Before committing any funds to a project, it will evaluate the project in accordance with the guidelines that CDA has adopted for this purpose and will not invest any more CDBG and/or HOME funds in combination with other Federal assistance than is necessary to provide affordable housing.
- CDA and its recipients/subrecipients will use CDBG and HOME funds pursuant to the City of St. Louis Consolidated Plan approved by HUD and in accordance with all requirements of 24 CFR Parts 570 and 92.
- CDA will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, implementing regulations at 49 CFR Part 24 and the requirements of 24 CFR Parts 570.606 and 92.353.
- To the best of its knowledge and belief, no federal appropriated funds have been paid or will be paid, by or on behalf of CDA, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan or cooperative agreement; if any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any Federal loan or agreement, CDA will complete and submit Standard Form—LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and CDA will require

that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

**The information presented should not be construed as a complete list of the regulations and requirements governing CDA financing through the Rental Housing Production Program. Upon filing an application, you acknowledge that you assume all risks of change in CDA's rules and regulations or policies concerning this program, together with any adverse effects upon you therefrom and any resulting costs thereof.**

**REAL ESTATE TAX ABATEMENT**

Real Estate Tax Abatement is an incentive program to assist developers and businesses with renovation and new construction projects. The Alderman of the ward in which development is proposed is a key to the tax abatement process. Tax Abatement can be provided anywhere in the City after Aldermanic Ordinance is approved. Some areas are pre-approved (i.e. Enterprise Zone). Tax Abatement freezes Tax Assessment of new improvements at the pre-developmental level. The usual term for a residential project is a 10-year full abatement. However, some Aldermen have used 5-year abatements.

**EXAMPLE A:** Company constructs new building on raw land -- for a 10-year period, tax bill is based on land assessment only.

**EXAMPLE B:** Company buys building for \$100,000 and spends another \$100,000 on improvements -- for a 10-year period, company is taxed on the pre-development assessment of building and land.

For additional information concerning tax abatement procedures, contact the Commercial Development Section of the St. Louis Development Corporation, at (314) 222-3400.

**CITY OF ST. LOUIS  
MAXIMUM HOME SUBSIDY LIMITS**

<b>Efficiency</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>	<b>4 Bedroom+</b>
<b>\$109,189</b>	<b>\$125,165</b>	<b>\$152,201</b>	<b>\$196,896</b>	<b>\$216,133</b>

Updated 05/06

**MAXIMUM CDBG QUALIFYING RENTS  
IN THE CITY OF ST. LOUIS**

<b>Number of Bedrooms</b>						
<b>Efficiency</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
<b>80% Rent Limit</b>	<b>\$922</b>	<b>\$987</b>	<b>\$1,186</b>	<b>\$1,370</b>	<b>\$1,528</b>	<b>\$1,686</b>

Updated 05/06

If any utilities are paid directly by the tenant, the maximum rent must be reduced by a utility allowance similar to the procedures for making such adjustments under Section 8 of the United States Housing Act of 1937.

Not less than 51% of rental units rehabilitated with CDBG assistance must have rents that do not exceed 30% of the annual income of a family whose income equals 80% of area median income minus tenant paid utilities.

In new construction multi-family rental housing developments, not less than 20% of CDBG assisted units must have rents that do not exceed 30% of the annual income of a family whose income equals 80% of area median income minus tenant paid utilities. In new construction multi-family developments where 20% to 50% of the units have rents that do not exceed 30% of the annual income of a family whose income equals 80% of area median income minus tenant paid utilities, the percentage of CDBG assistance to the total project development cost can be no greater than the percentage of units that have rents that do not exceed 30% of the annual income of a family whose income equals 80% of area median income minus tenant paid utilities to the total number of units in the development.

However, if the unit receives Federal or State project-based rental subsidy and the very low income family pays a contribution toward rent not more than 30% of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program.

**MAXIMUM CDBG QUALIFYING HOUSEHOLD INCOMES  
IN THE CITY OF ST. LOUIS**

<b>% of Area Median Income</b>	<b>Family Size</b>							
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
<b>80%</b>	<b>\$36,900</b>	<b>\$42,200</b>	<b>\$47,450</b>	<b>\$52,700</b>	<b>\$56,950</b>	<b>\$61,150</b>	<b>\$63,350</b>	<b>\$69,600</b>

Updated 05/06

Not less than 51% of rental units rehabilitated with CDBG assistance must be occupied by tenants who at initial occupancy have annual incomes that are 80% or less of the area median income adjusted for household size.

In new construction multi-family rental housing developments, not less than 20% of CDBG assisted units must be occupied by tenants who at initial occupancy have annual incomes that are 80% or less of the area median income adjusted for household size. In new construction multi-family developments where 20% to 50% of the units are occupied by tenants who at initial occupancy have annual incomes that are 80% or less of the area median income adjusted for household size, the percentage of CDBG assistance to the total project development cost can be no greater than the percentage of units occupied by tenants who at initial occupancy have annual incomes that are 80% or less of the area median income adjusted for household size to the total number of units in the development.

**MAXIMUM HOME QUALIFYING RENTS  
IN THE CITY OF ST. LOUIS**

Rental units in HOME assisted developments must have rents that do not exceed the lesser of:

- Section 8 Fair Market Rents (FMRs) minus tenant paid utilities

— OR —

- 30% of the annual income of a family whose income equals 65% of area median income minus tenant paid utilities.

<b>Number of Bedrooms</b>						
<b>Section 8 Fair Market Rent (FMR)</b>	<b>Efficiency</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>\$485</b>	<b>\$526</b>	<b>\$654</b>	<b>\$842</b>	<b>\$882</b>	<b>\$1,014</b>
						<small>Updated 05/06</small>
<b>65% Rent Limit</b>	<b>\$730</b>	<b>\$784</b>	<b>\$942</b>	<b>\$1,080</b>	<b>\$1,185</b>	<b>\$1,289</b>
						<small>Updated 05/06</small>

In addition, for developments of 5 units or more, not less than 20% of HOME assisted units must be occupied by very low income families and have rents that do not exceed the lesser of:

- Section 8 Fair Market Rents (FMRs) minus tenant paid utilities

— OR —

- 30% of the annual income of a family whose income equals 50% of area median income minus tenant paid utilities.

<b>Number of Bedrooms</b>						
<b>Section 8 Fair Market Rent (FMR)</b>	<b>Efficiency</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>\$485</b>	<b>\$526</b>	<b>\$654</b>	<b>\$842</b>	<b>\$882</b>	<b>\$1,014</b>
						Updated 05/06
<b>50% Rent Limit</b>	<b>\$576</b>	<b>\$617</b>	<b>\$741</b>	<b>\$856</b>	<b>\$955</b>	<b>\$1,054</b>
						Updated 05/06

If any utilities are paid directly by the tenant, the maximum rent must be reduced by a utility allowance similar to the procedures for making such adjustments under Section 8 of the United States Housing Act of 1937.

However, if the unit receives Federal or State project-based rental subsidy and the very low income family pays a contribution toward rent not more than 30% of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program.

**MAXIMUM HOME QUALIFYING HOUSEHOLD INCOMES  
IN THE CITY OF ST. LOUIS**

<b>% of Area Median Income</b>	<b>Family Size</b>							
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
<b>60%</b>	<b>\$27,660</b>	<b>\$31,620</b>	<b>\$35,580</b>	<b>\$39,540</b>	<b>\$42,720</b>	<b>\$45,840</b>	<b>\$49,020</b>	<b>\$52,200</b>
<b>50%</b>	<b>\$23,050</b>	<b>\$26,350</b>	<b>\$29,650</b>	<b>\$32,950</b>	<b>\$35,600</b>	<b>\$38,200</b>	<b>\$40,850</b>	<b>\$43,500</b>
<b>80%</b>	<b>\$36,900</b>	<b>\$42,200</b>	<b>\$47,450</b>	<b>\$52,700</b>	<b>\$56,950</b>	<b>\$61,150</b>	<b>\$65,350</b>	<b>\$69,600</b>

Updated 05/06

Not less than 90% of HOME assisted rental units must be occupied by tenants who at initial occupancy have annual incomes that are 60% or less of the area median income adjusted for household size. The remaining HOME assisted rental units must be occupied by tenants who at initial occupancy have annual incomes that are 80% or less of the area median income adjusted for family size.