

YORK COUNTY DEVELOPMENT CORPORATION RURAL WORKFORCE HOUSING INVESTMENT PLAN

GOALS

1. Put all the fund proceeds to work as soon as possible.
2. Build as many housing units as possible with the money.
3. Create a predictable flow of reuse money that can be used for future projects.
4. Reinvest the reuse money in workforce housing.
5. Create “fill in the gaps” housing not currently available.
6. Build housing that the community cannot otherwise get built.

PROCESS

7. **GEOGRAPHIC SERVICE AREA:**
 - a. Applications will be accepted for projects within York County, Nebraska.
8. **ELIGIBLE WORKFORCE HOUSING ACTIVITIES TO BE FUNDED:**
 - a. The Fund Administrator (YCDC) will award Rural Workforce Housing Funds (RWHF) for the development of workforce housing in the target area. The intent of the fund is to create long-range, continual investment, in workforce housing projects.
 - b. The eligible activities of developers, whether for-profit or non-profit, include:
 - i. New construction of owner-occupied or rental housing;
 - ii. Substantial repair or rehabilitation of dilapidated housing stock, for which the cost to rehabilitate exceeds fifty percent (50%) of the unit's assessed value;
 - iii. Upper-story housing development;
 - iv. Rehabilitation that includes the conversion of an existing building into housing.
 - v. Tax Increment Financing, through the City of York, may be considered to keep rents in the affordable range targeted.
 - c. Infrastructure development associated with workforce housing is an eligible use of the fund in association with the above eligible activities, proportionate to the number of workforce housing units and subject to the price limits of the program.
 - d. Housing administration and Grant administration costs may only be paid out of local matching funds, fees, loan repayments, interest and other funds.

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9. QUALIFIED ACTIVITIES - INCLUDE BUT ARE NOT LIMITED TO:
 - a. Purchase of real estate.
 - b. Rental guarantees.
 - c. Loans - Construction or Permanent.
 - d. Loan guarantees.
 - e. Loan participation.
 - f. Other credit enhancements.
 - g. Down-payment assistance.
 - h. Any form of assistance designed to reduce the cost of workforce housing.
 - i. Forgivable loans and grants are allowed with RWHF. However, financing structures that provide for RWHF to revolve in the rural workforce investment funds are preferred.

10. INELIGIBLE ACTIVITIES:
 - a. Any activity not specifically authorized under Eligible & Qualified Activities is ineligible to be carried out with RWHF. This section further identifies ineligible activities:
 - i. Furnishings and personal property not an integral structural fixture including the purchase of equipment, fixtures, and motor vehicles;
 - ii. Mobile homes, as defined by the Department; *Mobile homes means a movable or portable dwelling constructed to be towed on its own chassis, connected to utilities, and designed with or without a permanent foundation for year-round living. It may consist of one or more units that can be telescoped when towed and expanded later for additional capacity, or of two or more units, separately towable but designed to be joined into one integral unit;*
 - iii. Housing that receives National Housing Trust Funds, Federal Low-Income Housing Tax Credits, State Low-Income Housing Tax Credits, Community Development Block Grants, or funds from the Nebraska Affordable Housing Trust Fund.

11. ELIGIBLE APPLICANT ENTITIES:
 - a. For-profit and not-for-profit persons or entities with a history of successful housing development will be eligible to make an application.

12. TYPES, AMOUNTS AND TERMS OF ASSISTANCE TO BE PROVIDED:
 - a. Low-Interest Loan:
 - i. The Fund may provide a “below market rate loan” blended with and subordinated to private financing. Repayment of the Low-Interest Loan should be simultaneous with that of the private financing.

- b. Loan Guarantee:
 - i. A portion of the funds may be pledged against private financing. Guarantees make private financing more available with minimal expenditures from the Fund.
 - c. Performance-Based Forgivable Loan:
 - i. Eligible individuals or entities may be considered for performance-based credits to have a portion of the loan forgiven.
 - d. Soft 2nd loans:
 - i. The Fund may provide a non-recourse loan secured by the property but not personally guaranteed that is payable over the loan term or upon sale of the property.
 - e. Loan Package:
 - i. Any combination of the different loans listed above may be packaged for eligible individuals or entities.
 - f. Down payment assistance:
 - i. Borrower is not required to be a first-time homebuyer. The borrower may have previously owned, or may currently own a home; provided that the home being purchased becomes the borrower's principal residence upon loan closing;
 - ii. The assistance would be in the form of a second mortgage loan;
 - iii. The interest rate on the second mortgage loan may be below market rate;
 - iv. The term of the second mortgage down payment loan may be amortized, non-amortized, due on the sale of the property or forgivable over a term of years.
13. APPROVAL PROCESS, INCLUDING SCORING OR SELECTION CRITERIA:
- a. Applications will be scored against the stated goals of the plan as amended from time to time. The following types programs may be assisted from time to time by YCDC Rural Workforce Housing Fund, as funds are available.
 - b. Rental housing development applications, new housing construction and home ownership applications will be scored separately.
 - c. Rental housing:
 - i. Minimum awards are \$20,000;
 - ii. Units must cost less than \$250,000 per unit;
 - iii. Projects must be financially viable:

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- (1) Applicant shall provide proof that the project is economically viable and affordable;
 - iv. Experience level of applicant/developer:
 - (1) Applicants that provide a track record showing development and completion of previous housing will score higher;
 - v. Financial participation of applicant will be considered:
 - (1) Greater level of investment by the applicant will provide higher scoring;
 - vi. Security for the fund will be considered:
 - (1) Level of risk taken by the fund, as a secured investor in the project, will be considered;
 - vii. The amount of leverage used with the funds will be a factor:
 - (1) Lower percentage of total project dollars required from the fund will score higher;
 - viii. Average number of units developed per fund investment:
 - (1) A greater number of units developed per fund dollar will score higher;
 - ix. Development time-line:
 - (1) Greater priority will be given to projects that have an immediate impact on the housing needs of the community.
 - (2) For awards, priority will be giving to those projects ready for occupancy within 12 months from the award for the grant.
- d. Housing construction and sale:
- i. Minimum awards are \$20,000;
 - ii. Units must cost less than \$325,000 per unit;
 - iii. Projects must be financially viable:
 - (1) Applicant shall provide proof that the project is economically viable and affordable;
 - iv. Experience level of applicant/developer:
 - (1) Applicants that provide a track record showing development and completion of previous housing will score higher;
 - v. Financial participation of the applicant will be considered:
 - (1) A Greater level of investment by the applicant will provide higher scoring;
 - vi. Security for the fund will be considered:
 - (1) Level of risk taken by the fund, as a secured investor in the project, will be considered;
 - vii. The amount of leverage used with the funds will be a factor:
 - (1) Lower percentage of total project dollars required from the fund will score higher;

- viii. An Average number of units developed per fund investment:
 - (1) A greater number of units developed per fund dollar will score higher;
- ix. Development timeline:
 - (1) Greater priority will be given to projects that have an immediate impact on the housing needs of the community.
 - (2) For awards, priority will be given to those projects ready for occupancy within 12 months from the award of the grant.
- e. Homeownership / Down-payment Assistance:
 - i. Minimum award toward home ownership (per unit) is \$10,000;
 - ii. Maximum award toward home ownership (per unit) is \$50,000;
 - iii. Homes must be affordable for the community workforce and have a total value of at or below \$325,000.
 - iv. Home buyer must provide bank letter of loan approval.
 - v. Priority will be given to any home buyer that has received down payment match from a local employer.

All proposed projects shall be evaluated in relation to the Fund's stated goals and the financial viability of the project including the security of the fund.

Any proposed project must provide at least a partial solution to the needs of the workforce housing in the community. All proposed projects shall show the ability to leverage significant private financing.

Other criteria the Fund Administrator may establish for re-evaluating applications for direct financial assistance.

7. APPLICATION PROCESS:

- a. Loan applications may be obtained from the office of the Fund Administrator. Fund Administrator may direct a Consultant to assist in the Application Process.
- b. Applicants for the use of funds must provide the following:
 - i. An Application for RWFH must be completed and submitted;
 - ii. Application fee of **\$300** submitted with the application;
 - iii. The legal description of the property to be used;
 - iv. Project Summary;
 - v. Sources and Uses;
 - vi. Pro-forma with projection of cash flow for the project;
 - vii. Bank pre-approval letter or other proof of funding sources;
 - viii. For new construction: site plan and housing plans;
 - ix. For single family housing: appraisal;
 - x. Other information as requested by the Fund Administrator.

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- c. The Fund Administrator may use any or all of the following sources to verify the information provided by the applicant: Credit Bureau Reports (CBR), Dun & Bradstreet reports, examination of applicant's internal business records, audit reports, and any other documents not listed but deemed necessary and appropriate

8. **ADMINISTRATION:**

a. **Loan Review Process and Procedures:**

- i. The YCDC Executive Committee will do all loan reviews for the YCDC Rural Workforce Housing Fund. An Advisory Committee shall consist of the following who will assist in the reviews:
 - (1) YCDC Executive Committee members.
 - (2) YCDC staff.
- ii. Each project application will be reviewed by the Fund Administrator staff and the YCDC Executive Committee. The Fund Administrator may negotiate terms for the project before approval. The final decision for any proposed project will be made by YCDC Executive Committee of the Board of Directors.

b. **Loan Closing Process and Procedures:**

- i. Required loan documentation may include but is not limited to the following:
 - (1) Title commitment;
 - (2) Promissory Note;
 - (3) Deed of Trust;
 - (4) Mechanics lien waivers or affidavit;
 - (5) Personal guarantee;
 - (6) ACH form for automatic payment;
 - (7) Appraisal;
 - (8) Subordination agreement if required and notice of default;
 - (9) Payment of administrative fee of 1% minus the application fee.

c. **Loan Servicing and Monitoring:**

- i. Automatic payments will be preferred;
- ii. Fund Administrator staff will notify borrower and the Executive Committee of any payments more than 30 days delinquent;
- iii. Fund Administrator, with the approval of the Executive Committee may negotiate work out terms with the borrower;
- iv. Fund Administrator, with the approval of the Executive Committee will take necessary legal steps to protect the fund security and promote the underlying goals of the fund. This may include loan modification, loan

extension, loan forgiveness, short sale or foreclosure.

d. **Program Compliance:**

- i. The Fund Administrator will submit an annual report by February 15th of each year to the Department of Economic Development as required;
- ii. The report shall certify that the Fund Administrator meets the requirements of the Rural Workforce Housing Investment Act and shall include a breakdown of funded program activities;
- iii. The annual report shall include, but not be limited to:
 - (a) 1. The name, location, and geographical region served by the reporting non-profit development organization;
 - (b) 2. The number, amount, and type of workforce housing investment funds invested in qualified activities;
 - (c) 3. The number, geographical location, type and amount of investments made;
 - (d) 4. A summary of matching funds and where such matching funds were generated; and
 - (e) 5. The results of the required annual audit;
- iv. If the Fund Administrator ceases administration of the fund, it shall file an annual report with the Department in a form and manner required by the Department director.

9. **RISK MITIGATION:**

a. **Fund:**

- i. Funds will be kept in FDIC insured accounts in Nebraska banks;
- ii. All awarded funds will be secured as described in the loan closing process and procedures;
- iii. An independent Certified Public Accountant firm will conduct an annual financial and program audit of the organization.

b. **Project:**

- i. Customary loan/security documents will be used;
- ii. The staff of the Fund Administrator, or approved qualified consultant employed by the Fund Administrator will conduct periodic inspection of the property;
- iii. The Fund Administrator shall be an additional insured loss payee on all projects for construction risk, property and casualty insurance based on replacement cost. Liability insurance in a reasonable amount will be required for all funded projects;
- iv. Staff will monitor payment of all real estate taxes and Property/Liability insurance on funded projects.

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10. CONFLICT OF INTEREST CLAUSE:

- a. No officer, employee, or agent of the Fund Administrator who has a personal or financial interest or benefits from the housing activity or has an interest in any loan with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, may participate in the selection, award or administration of these funds. If there is a conflict, that person will excuse themselves from the selection process.

11. FUTURE USE PLAN:

- a. All future use of the Workforce Housing Development Fund will be evaluated against the Investment Fund Goals and selection criteria.
- b. It is assumed that re-payment of the initial awards will provide a steady stream of income rather than a large lump sum. It is, therefore, likely that future projects will be smaller in scale.
- c. In the case of faster repayment of the initial awards, larger projects may be contemplated.

12. PLAN AMENDMENT:

The investment plan may be amended from time to time by the Fund Administrator's Board of Directors by a majority vote of the members of the Fund Administrator's Board of Directors present at a regular or special meeting, or by unanimous written consent of the Fund Administrator's Board of Directors.