



Part I: Community Housing Development Organization (CHDO) Underwriting Guide

The City of Gastonia will use this tool to verify the feasibility and appropriateness of awarding HOME funds to a CHDO. This tool ensures a comprehensive review of all critical aspects, including project terms, budget, financial viability, risk factors, and compliance with HOME regulations (24 CFR Part 92).

This underwriting guide includes four (4) parts:

- Part I. Underwriting Guide
- Part II. Underwriting Checklist
- Part III. Multi--Family Underwriting
- Part IV. Single-Family Underwriting



Community Housing Development Organization (CHDO) Underwriting Guide

1. Project Overview

1. **Project Name:** _____
2. **CHDO Name:** _____
3. **Project Type:** (Select one)
 - Rental Housing: ☐ Acquisition | ☐ Rehabilitation | ☐ New Construction
 - Homebuyer: ☐ Acquisition | ☐ Rehabilitation | ☐ New Construction
 - Other (Specify): _____
4. **Requested HOME Funds:** _____
5. **Total Project Cost (TDC):** _____
6. **IDIS Activity Number** (if applicable): _____
7. **Project Location:** _____
8. **Evaluation Completion Date:** _____

2. Project Eligibility & Compliance

Objective: Ensure that the project meets all eligibility criteria for HOME funding and complies with federal regulations.

- ☐ **HOME Eligibility:**
 - ☐ The project is HOME-eligible (low-income housing, not ineligible types of housing such as public housing or shelters).
 - ☐ All proposed HOME-funded costs are eligible under the HOME program.
 - ☐ HOME funds will only be used to assist eligible low-income units.
- ☐ **HOME-Assisted Units:**
 - ☐ All units will serve low-income households.
 - ☐ The rent or sale prices meet HOME limits (if applicable).
 - ☐ Compliance with the affordability period (minimum of 5-20 years based on project type).
- ☐ **Property Standards:**
 - ☐ The project will meet local property standards upon completion.
 - ☐ For pre-1978 buildings, lead-based paint (LBP) requirements are met.
 - ☐ The project complies with accessibility standards (Section 504, Fair Housing Act, and Americans with Disabilities Act, if applicable).
- ☐ **Environmental Review:**
 - ☐ Environmental clearance can be obtained.
 - ☐ NEPA and statutory checklist requirements are met.
- ☐ **Labor Standards** (if applicable):
 - ☐ For projects with 12+ HOME-assisted units, confirm Davis-Bacon labor standards are applied.
- ☐ **Relocation Compliance** (if applicable):
 - ☐ If relocation is required, confirm compliance with URA/Section 104(d) standards.
- ☐ **Other Federal Compliance Requirements:**
 - ☐ Fair Housing Act, Affirmative Marketing, VAWA, and Conflict of Interest provisions are addressed.

3. Financial Feasibility

Objective: Analyze the financial viability of the project, including the budget, funding sources, and long-term sustainability.

- ☐ **Development Budget:**
 - ☐ Acquisition cost is supported by an appraisal or evidence of market value.
 - ☐ Hard Costs: Construction/rehabilitation costs are reasonable and supported by a detailed scope of work and market comparisons.
 - ☐ Soft Costs: Non-construction costs (professional fees, permits) are reasonable and necessary.
 - ☐ Include a contingency for cost overruns in the construction budget.
- ☐ **Developer Fees:**
 - ☐ Developer fees, including consulting fees, are reasonable compared to market rates and project scope.
- ☐ **Subsidy Layering:**
 - ☐ Ensure the project is not over-subsidized. Review all other funding sources, including private, state, and federal contributions, to confirm that HOME funds are only filling a necessary gap.
- ☐ **Reserves and Contingencies** (Rental Projects):
 - ☐ Operating Reserves: Sufficient reserves are included for initial operating deficits and future replacements.
 - ☐ Capitalization: Ensure adequate reserves are set aside for rent-up periods and ongoing maintenance.
- ☐ **Proposed Leverage:**
 - ☐ Ratio of non-HOME funds to HOME funds.
 - ☐ Include private, state, or other federal subsidies leveraged for the project.

4. Risk Analysis

Objective: Assess project risk based on market conditions, CHDO capacity, and project execution risk.

A. Market Risk

- ☐ **Market Trends:** General market conditions (e.g., vacancy levels, pricing trends) support the development of additional units at the proposed pricing.
- ☐ **Neighborhood Conditions:** The immediate project area shows positive market trends and neighborhood conditions conducive to development.
- ☐ **Affordability:** The project pricing and rents are affordable for the target population.
- ☐ **Target Population:** A sufficient pool of eligible low-income households exists in the primary geographic area to support timely occupancy or sales.

Risk Rating:

- ☐ Acceptable
- ☐ Tolerable with adjustments
- ☐ Too Risky

B. Borrower/CHDO Risk

- ☐ **CHDO Mission Alignment:** The project aligns with the CHDO's mission and capacity
- ☐ **Board and Staff Capacity:** The board and staff have the experience, skills, and stability to oversee and execute the project.
- ☐ **CHDO Liquidity:** The CHDO has sufficient financial reserves to handle project emergencies or



delays.

- ☐ **Equity/Pre-Development Funding:** The CHDO has sufficient funds to cover pre-development costs and organizational overhead.

Risk Rating:

- ☐ Acceptable
- ☐ Tolerable with adjustments
- ☐ Too Risky

C. Project Risk

- ☐ **Budget Cost Reasonableness:** The total development cost (TDC) is reasonable compared to market standards.
- ☐ **Firmness of Budget:** Budget estimates are reliable, with proper contingencies included.
Project Schedule: The project schedule is realistic, and any delays will be managed effectively.
- ☐ **Long-Term Viability:** For rental projects, operating projections are sufficient to ensure affordability and long-term property maintenance.

Risk Rating:

- ☐ Acceptable
- ☐ Tolerable with adjustments
- ☐ Too Risky

5. HOME Fund Allocation & Gap Analysis

Objective: Ensure the appropriate allocation of HOME funds and that the funding gap is minimized.

- ☐ **Gap Analysis:**
 - ☐ **Rental Projects:** Calculate the maximum debt by dividing the Net Operating Income (NOI) by the Debt Service Coverage Ratio (DSCR). Subtract other sources (equity, loans, subsidies) from TDC to determine the gap filled by HOME funds.
 - ☐ **Homebuyer Projects:** Subtract net sales proceeds from TDC to determine the HOME development subsidy.
- ☐ **HOME Subsidy Per Unit:**
 - ☐ Calculate the per-unit subsidy, ensuring that the amount of HOME funds allocated complies with HOME limits and doesn't exceed the necessary amount to achieve affordability.

6. Recommended Terms of Investment

Objective: Establish the terms for HOME funding, including loan/grant structure, compliance period, and repayment terms.

- ☐ **Subordination:** Determine if other debt will take priority over the HOME lien.
- ☐ **Loan Term:** The loan should reflect at least the minimum HOME compliance period and repayment expectations.
- ☐ **Interest Rate:** Determine if interest will accrue and under what conditions.
- ☐ **Forgiveness:** Specify if any portion of the loan will be forgiven after the compliance period.
- ☐ **Legal Mechanism:** Identify required legal documents (note, mortgage, deed restriction, etc.) to secure the HOME investment.
- ☐ **Recaptured Funds:** Confirm the use and accounting of any recaptured funds from HOME-assisted units.



7. Certification of Underwriting Completion

This is to certify that the underwriting process has been completed, and the project has been evaluated according to the City of Gastonia’s underwriting policies and procedures. The findings, recommendations, and determinations comply with all HOME Investment Partnerships Program regulations.

Date Evaluation Completed: _____

Authorized Signature:

Name: _____

Title: _____

Signature: _____

Date: _____



Part II: Community Housing Development Organization (CHDO) Underwriting Checklist

COMPONENT	CHECK	COMMENTS
PROJECT OVERVIEW		
Project Proposal Reviewed	☐	
CHDO Organizational Capacity Evaluated	☐	
Experience with HOME Funds Verified	☐	
FINANCIAL FEASIBILITY		
Financial Viability Analysis Completed	☐	
Review of CHDO Financial Statements	☐	
Developer Free Analysis	☐	
All Funding Sources Verified	☐	
Subsidy Layering Review Completed	☐	
PROJECT BUDGET & COSTS		
Development Budget Reviewed	☐	
Hard & Soft Costs Evaluated	☐	
Cost Contingency & Reserves Verified	☐	
Leverage of Other Funds Evaluated	☐	
RISK ASSESSMENT		
Market Study Conducted/Reviewed	☐	
Borrower (CHDO) Risk Evaluated	☐	
Project Risk (Budget, Schedule, Viability)	☐	
Underwriting Findings Report Completed	☐	
HOME Compliance		
HOME- Assisted Units Verified	☐	
Property Standards (Local & Federal) Met	☐	
Environmental Review Completed	☐	
APPROVAL		
Project Approval/Denial Documented	☐	

REVIEWER

PRINT NAME_____
SIGNATURE_____
DATE

in



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PART III: Community Housing Development Organization (CHDO) Multi-Family Underwriting Template

City of Gastonia
Housing and Community Development Department
Community Development Division
PO Box 1748 * Gastonia, NC 28053-1748

Project Information	
Project Name:	
Address:	
Developer:	
Date of Analysis:	
City:	
State:	
Development Type:	

NOTES ON KEY HOME REQUIREMENTS AND THIS TEMPLATE

This HOME Multi-Family Underwriting Template is intended to assist in planning multi-family affordable rental housing, not single-family affordable housing.

Typical users will be Participating Jurisdiction (PJ) underwriters, Community Housing Development Organization (CHDO) underwriters, and underwriters for other developers of HOME-assisted affordable rental housing projects. This template supports normal underwriting tasks such as review of development costs and review of operating revenues and expenses, but also includes features that help the user determine the appropriate amount of HOME assistance as well as the appropriate number and mix of HOME-assisted units.

Users may find it helpful to review the HOME Underwriting and Subsidy Layering Notice, CPD 15-11. This template does not cover all elements of the Notice requirements.

The U.S. Department of Housing and Urban Development and ICF International assume no liability for the use, functionality, or content of this template. This template is for draft calculations only. All inputs, outcomes, and calculations should be independently verified.

This template does not automatically cap rents at HOME levels. Each user must do this, as applicable, on the Rents and Income tab.

This template does not include cost allocation which must be completed separately by the PJ to allocate costs and designate the number of HOME units. Users should refer to the guidance provided in CPD Notice 16-15 and utilize the HOME cost allocation tool available at the following links: <https://www.hudexchange.info/resources/documents/Notice-CPD-16-15-Allocating-Eligible-Costs-and-Identifying-HOME-Assisted-Units-in-Multi-Unit-HOME-Rental-and-Homeownership-Development-Projects.pdf>, and <https://www.hudexchange.info/resource/5190/home-cost-allocation-tool/> for guidance on allocating costs and determining maximum investment and minimum HOME units."

HOME PJs must conduct a subsidy layering analysis prior to commitment of HOME funds.

\$0	Cells with light green background are data entry cells
\$0	Cells with white background are formulas

Do not change formulas (many of them track to other formulas)

? Blue boxes like this contain guidance (place the mouse pointer over the question mark)

If the guidance text is too small for the user to read, increase the zoom setting on the tab.

The Role of HOME Funds in a Development Project



In rental housing development projects, HOME funds typically serve as “gap financing” – funds provided when the contributions of private lenders and other funding resources are not sufficient to cover the cost of developing and leasing-up the project. PJ and non-profit staff are often called upon to determine the appropriate amount of HOME funds required to “fill the gap” in order to make the project feasible, while ensuring the project is not over-subsidized and that HOME funds are used only for HOME-eligible expenses.

While HOME funds are an indispensable resource for many affordable housing projects, they come with requirements that can also influence a project’s finances. To ensure that a portion of the housing units created when HOME funds are invested will remain available to low-income and very-low-income households, rents for these units are limited for a specified period to affordable levels appropriate to the project's geographic area. These HOME rent limits may impact the amount of income generated by the property, which in turn can influence the amount and availability of private and other public funding resources for the project.

**PART III: Community Housing Development Organization (CHDO)
Multi-Family Underwriting Template**

City of Gastonia
Housing and Community Development Department
Community Development Division
PO Box 1748 * Gastonia, NC 28053-1748

Multi-Family Underwriting

Underwriting is the process of determining the financial feasibility and the terms of a project. The objective of underwriting is to determine whether the ongoing revenues from a property will be sufficient to cover construction and operating costs to ensure that property will be sustainable for the specific period of affordability. There is no one “right” way to do underwriting. However, across all approaches, there are some common elements:

- Review of costs for constructing the project in order to determine both reasonableness and eligibility.
- Review of the sources of financing for the project.
- Review the projected profitability and financial health of the project.
- Establish the financing and operating terms.

Introduction to this Template

The HOME Multi-Family Underwriting Template is composed of several interrelated Excel tabs, which are accessible by tabs found at the bottom of the Excel screen. Open the Template in Excel and look along the bottom of the screen. You will see a set of tabs reading:

- Intro
- Requirements
- Rents and Income
- Development Costs
- Repl Reserve
- Const Schedule
- LIHTC Basis
- Operating Expenses
- First Mortgage Sizing
- Sources and Uses
- Pro Forma Assumptions
- Operating Pro-Forma
- Administrative Record

Microsoft Excel and This Template



This template is provided in Excel 2007 format. Two versions are available. One is macro-enabled (an .xlsm file); this version includes radio buttons that will allow the user to hide and reveal columns and rows used for supporting calculations, and helpful features such as automatically providing the appropriate number of columns on the Operating Pro-Forma tab. If you are using the .xlsm format, be sure to always save the file in .xlsm format (if you save it in .xlsx format, you will lose all of the macros).

In the .xlsm format, if you click on a radio button labeled 'Hide Columns' or 'Hide Rows', the template will hide the rows or columns that hold supporting calculations. A radio button labeled 'Reveal columns' or 'Reveal rows' will reveal (un-hide) the supporting calculations.

For users whose information technology policies do not allow enabled macros, this template is also available in a non-macro-enabled format (an .xlsx file).

This template also contains two forms of protection. The first is worksheet (tab) protection (formula cells are locked to prevent accidental damage to formulas). The second is workbook protection (which prevents accidental deletion of tabs). However, if you need to make custom modifications to this template, you can do so by entering the password (the password is a single blank character)

Upon completing this tab, proceed to the *Requirements* tab.



HOME and Other Affordable Housing Requirements

Enter data in green cells only

The HOME Program, as well as other affordable housing programs (e.g., Low-Income Housing Tax Credits or the Community Development Block Grant), are designed to provide effective resources for housing development, while ensuring that use of public funds results in increased availability of affordable housing. To meet the latter objective, the HOME Program and other affordable housing programs impose requirements and restrictions, such as maximum subsidies, maximum rents for units reserved for affordable housing, and affordability periods during which units must remain affordable.

Note that some individual units may be subsidized using both HOME funds and funds from another affordable housing program. For the purposes of this Template, consider those units to be HOME-assisted units.

Use this worksheet to enter (or change) the following: Area Median Incomes, rents, utility allowances, the HOME period of affordability, and HOME per-unit investment limits.

Project Name - : 0 Units

4 Person AMI at 100% AMI

?	HOME Investment Limits	
	HOME per Unit Limit - 0 Bedroom	
	HOME per Unit Limit - 1 Bedroom	
	HOME per Unit Limit - 2 Bedroom	
	HOME per Unit Limit - 3 Bedroom	
	HOME per Unit Limit - 4 Bedroom	
	HOME per Unit Limit - 5 Bedroom	\$0
(same as 4BR limit)		

?	HOME Rent Limits (monthly, including rent and tenant-paid utilities)					
	Low 0 BR	Low 1 BR	Low 2 BR	Low 3 BR	Low 4 BR	Low 5 BR
	High 0 BR	High 1 BR	High 2 BR	High 3 BR	High 4 BR	High 5 BR

?	HOME Utility Allowances (monthly)					
	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR

?	HOME Affordability Period				
	HOME-Eligible Rental Activity (select one)				See the Note below
	Average Per-Unit HOME Subsidy (select one)				
	HOME Required Affordability Period (in years)	20	(Advisory information only.)		
?	PJ's Required Affordability Period (in years)		(Must be at least as long as HOME requirement.)		
?	PJ's Affordability Period in Compliance with HOME Program?	Entry Missing	Enter PJ's Affordability Period		

Note: the Template indicates underwritten HOME subsidy of \$0 per unit. See the Sources and Uses and Rents and Income tabs.



HOME and Other Affordable Housing Requirements

Enter data in green cells only

?

Market Rents (the rents that these units could achieve without rent or income restrictions)

Market Rents (monthly, rent only, do not add tenant-paid utilities)

0 BR	1 BR	2 BR	3 BR	4 BR	5 BR

On the Rents and Income tab, for each unit type you will be able to select the most restrictive rent limit (for example, High HOME or Market or Project Based Section 8) and a set of utility allowances. You will also be able to underwrite, for each unit type, less than 100% of the applicable rent limit (for example, you can underwrite 95% of the High HOME rent instead of 100% if you choose).

Below are several sections in which you can enter the gross rents (rent plus tenant-paid utilities) and utility allowances for affordable housing programs other than HOME. Examples might include Low Income Housing Tax Credit (LIHTC) units restricted at 60% AMI rents, LIHTC units restricted at 50% AMI rents, CDBG units, and project-based Section 8 units.

If multiple programs use the same utility allowances (for example, LIHTC 60% and 50% and 40% AMI), you might choose to enter the utility allowances only once in the sections below.

Gross Rents and Utility Allowances for Other Affordable Housing Program #1

Other Affordable Housing Program Name

of AMI (if AMI rents are applicable)

Gross Rent Limits for (monthly)

0 BR	1 BR	2 BR	3 BR	4 BR	5 BR

Utility Allowances for (monthly)

0 BR	1 BR	2 BR	3 BR	4 BR	5 BR

Gross Rents and Utility Allowances for Other Affordable Housing Program #2

Other Affordable Housing Program Name

LIHTC 60 AMI

60%

of AMI (if AMI rents are applicable)

Gross Rent Limits for LIHTC 60 AMI (monthly)

0 BR	1 BR	2 BR	3 BR	4 BR	5 BR

Utility Allowances for LIHTC 60 AMI (monthly)

0 BR	1 BR	2 BR	3 BR	4 BR	5 BR

Gross Rents and Utility Allowances for Other Affordable Housing Program #3

Other Affordable Housing Program Name

of AMI (if AMI rents are applicable)

Gross Rent Limits for (monthly)

0 BR	1 BR	2 BR	3 BR	4 BR	5 BR

Utility Allowances for (monthly)

0 BR	1 BR	2 BR	3 BR	4 BR	5 BR



HOME and Other Affordable Housing Requirements

Enter data in green cells only

--



HOME and Other Affordable Housing Requirements

Enter data in green cells only

Gross Rents and Utility Allowances for Other Affordable Housing Program #4

Other Affordable Housing Program Name

of AMI (if AMI rents are applicable)

Gross Rent Limits for (monthly)

0 BR

1 BR

2 BR

3 BR

4 BR

5 BR

Utility Allowances for (monthly)

0 BR

1 BR

2 BR

3 BR

4 BR

5 BR

Gross Rents and Utility Allowances for Other Affordable Housing Program #5

Other Affordable Housing Program Name

of AMI (if AMI rents are applicable)

Gross Rent Limits for (monthly)

0 BR

1 BR

2 BR

3 BR

4 BR

5 BR

Utility Allowances for (monthly)

0 BR

1 BR

2 BR

3 BR

4 BR

5 BR

Gross Rents and Utility Allowances for Other Affordable Housing Program #6

Other Affordable Housing Program Name

Other 2

25%

of AMI (if AMI rents are applicable)

Gross Rent Limits for Other 2 (monthly)

0 BR

1 BR

2 BR

3 BR

4 BR

5 BR

Utility Allowances for Other 2 (monthly)

0 BR

1 BR

2 BR

3 BR

4 BR

5 BR

Gross Rents and Utility Allowances for Other Affordable Housing Program #7

Other Affordable Housing Program Name

of AMI (if AMI rents are applicable)

Gross Rent Limits for (monthly)

0 BR

1 BR

2 BR

3 BR

4 BR

5 BR

Utility Allowances for (monthly)

0 BR

1 BR

2 BR

3 BR

4 BR

5 BR

Gross Rents and Utility Allowances for Other Affordable Housing Program #8



HOME and Other Affordable Housing Requirements

Enter data in green cells only

Other Affordable Housing Program Name

of AMI (if AMI rents are applicable)

Gross Rent Limits for (monthly)

0 BR	1 BR	2 BR	3 BR	4 BR	5 BR

Utility Allowances for (monthly)

0 BR	1 BR	2 BR	3 BR	4 BR	5 BR

Upon completing this tab, proceed to the *Rents and Income* tab.

The rows below are working computations for AMI rents

	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	Percentage of AMI
20%	\$0	\$0	\$0	\$0	\$0	\$0	20%
25%	\$0	\$0	\$0	\$0	\$0	\$0	25%
30%	\$0	\$0	\$0	\$0	\$0	\$0	30%
35%	\$0	\$0	\$0	\$0	\$0	\$0	35%
40%	\$0	\$0	\$0	\$0	\$0	\$0	40%
45%	\$0	\$0	\$0	\$0	\$0	\$0	45%
50%	\$0	\$0	\$0	\$0	\$0	\$0	50%
55%	\$0	\$0	\$0	\$0	\$0	\$0	55%
60%	\$0	\$0	\$0	\$0	\$0	\$0	60%
80%	\$0	\$0	\$0	\$0	\$0	\$0	80%
100%	\$0	\$0	\$0	\$0	\$0	\$0	100%
120%	\$0	\$0	\$0	\$0	\$0	\$0	120%
N/A							N/A

Enter data in green cells only

[illegible]

Rent Loss Rates (As % of GPR)		HOME Units	Market Rate Units	Other Affordable Units
Rent Loss Year 1 (Lease-Up)				
Stabilized Rent Loss Rate (after Year 1)				

Other Revenue			
Laundry and Other			per month
			per month
			per month
			per month
			per month
			per month
Total Other Revenue		\$0	per month

Development Costs

Enter data in green cells only

Project Name - : 0 Units

Cost	Amount	Cost Per Unit	Cost Per Square Foot	Comment
Acquisition Costs				
Land		need data	need data	
Existing Structures		need data	need data	
		need data	need data	
Site Work Costs (not included in construction contract)				
Demolition/Clearance		need data	need data	
Site Remediation		need data	need data	
Off-Site Costs (these are not HOME eligible)				
Improvements		need data	need data	
Construction Equipment (HOME eligible portion)		need data	need data	
Construction Equipment (non-HOME eligible portion)		need data	need data	
		need data	need data	
		need data	need data	
Construction / Rehabilitation Costs (construction contract)				
Site Work Included in Construction Contract		need data	need data	
Construction Equipment (HOME eligible portion)		need data	need data	
Construction Equipment (non-HOME eligible portion)		need data	need data	
New Construction		need data	need data	
Rehabilitation		need data	need data	
General Requirements		need data	need data	
Builder's Overhead		need data	need data	
Builder Profit		need data	need data	
Performance Bond Premium		need data	need data	
Construction Contingency		need data	need data	
		need data	need data	
		need data	need data	
Architectural and Engineering Fees				
Architect Fee -- Design		need data	need data	
Architect Fee -- Construction Supervision		need data	need data	
Engineering Fees		need data	need data	
		need data	need data	
Other Owner Costs				
Project Consultant Fees		need data	need data	
Owner Attorney Fees (initial closing)		need data	need data	
Owner Attorney Fees (final closing)		need data	need data	
Syndication Costs		need data	need data	
Other Owner Organizational Expenses		need data	need data	
Market Study		need data	need data	
Survey		need data	need data	
Appraisal Fees		need data	need data	
Environmental Studies		need data	need data	
Capital Needs Assessment		need data	need data	
		need data	need data	
Tap Fees and Impact Fees		need data	need data	
Building Permits and Fees		need data	need data	
Tax Credit Fees		need data	need data	
Accounting / Cost Certification / Audit		need data	need data	
Soft Cost Contingency		need data	need data	
		need data	need data	
		need data	need data	
Interim Financing Costs				
Construction Period Insurance		need data	need data	
Construction Period Taxes		need data	need data	
Construction Interest (see calculation below)	\$0	need data	need data	
Construction Loan Origination Fee		need data	need data	
Construction Loan Legal Fees		need data	need data	
Other Construction Loan Fees		need data	need data	
Bond Costs of Issuance		need data	need data	
Title and Recording Costs (for the construction loan)		need data	need data	
		need data	need data	
		need data	need data	
Permanent Financing Costs				
Credit Report		need data	need data	
Lender Origination / Financing Fee		need data	need data	
Lender's Counsel Fee		need data	need data	
Other Lender Fees		need data	need data	
Title and Recording Costs (for permanent financing)		need data	need data	
Establish Tax and Insurance Escrows		need data	need data	
		need data	need data	
		need data	need data	

Developer's Fee		need data	need data	
Initial Project Reserves				
Initial Rent-Up Reserve (not HOME eligible)		need data	need data	
Initial Operating Reserve (HOME-eligible portion)		need data	need data	
Initial Operating Reserve (non-HOME-eligible portion)				
Initial Debt Service Reserve (not HOME eligible)		need data	need data	
Initial Replacement Reserve (not HOME eligible)		need data	need data	
		need data	need data	
		need data	need data	

Project Administration and Management Costs				
Marketing/Management		need data	need data	
Operating Expenses		need data	need data	
Furniture, Fixtures & Equipment		need data	need data	
Tenant Relocation Costs		need data	need data	
		need data	need data	
		need data	need data	
Other Development Costs				
		need data	need data	
		need data	need data	
		need data	need data	
		need data	need data	
		need data	need data	
		need data	need data	

Total Development Costs	\$0
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Construction Interest Calculation	
Construction Loan Amount	
Interest Rate	
Estimated First Draw Amount	
Months of Construction	
Months Const. Loan Outstanding After Completion	
Average Outstanding Balance	

Interest on first draw, during construction period	\$0
Interest on remaining funds, during construction	\$0
Construction interest after completion	\$0
Total Construction Interest	\$0

- Notes:**
- Construction Contingency is 0%
 - General Requirements is 0% of construction costs
 - Builder’s Overhead is 0% of construction costs
 - Builder Profit is 0% of construction costs
- Developer’s Fee is 0% of total development cost (excluding developer fee and initial reserves)

Later in this template, you will calculate the maximum allowable HOME investment and the minimum required number of HOME-assisted units. These calculations take place on the Cost Allocation tab. For these calculations, you need to have identified any development costs that are not HOME-eligible. List the ineligible costs here (these costs can be funded from other sources of funds, but cannot be funded by HOME).

Costs that Are Not HOME-Eligible	Amount	Comment
Construction Equipment (non-HOME eligible portion)	\$0	
Off-Site Costs (these are not HOME eligible)	\$0	
Initial Rent-Up Reserve (not HOME eligible)	\$0	
Initial Operating Reserve (non-HOME-eligible portion)	\$0	
Initial Debt Service Reserve (not HOME eligible)	\$0	
Initial Replacement Reserve (not HOME eligible)	\$0	
Other HOME-Ineligible Cost 1	\$0	
Other HOME-Ineligible Cost 2	\$0	
Other HOME-Ineligible Cost 3	\$0	
Other HOME-Ineligible Cost 4	\$0	

Total Non-HOME-Eligible Costs	\$0
-------------------------------	-----

Upon completing this tab, proceed to the *Rep/ Reserve* tab

Replacement Reserve

Project Name - : 0 Units

Enter data in green cells only

For HOME rental projects involving rehabilitation, Section 92.250(b)(1) of the HOME Final Rule requires the PJ to estimate the long term capital needs of the project and to determine a replacement reserve funding approach that will allow 100% of estimated long term capital needs -- over the HOME period of affordability -- to be funded from the replacement reserve. If the project has 26 total units or more, the PJ must require a capital needs assessment. These requirements must be included in the PJ's underwriting standards for rental projects involving rehabilitation.

There is no similar requirement for new construction rental projects, but it would be a best practice for PJs to include a similar requirement in the PJ's underwriting standards for new construction rental projects.

This worksheet will allow the user to determine an annual replacement reserve deposit that will satisfy the 92.250(b) requirement, plus a higher annual reserve deposit that will be adequate over the long term (including the years after completion of the HOME period of affordability).

Component	Quantity	?	?	?	?
		Unit of Measure	Replacement Cost (UoM)	RUL (Years)	EUL (Years)
Signage					
Driveways and Parking Areas (resurfacing)					
Driveways and Parking Areas (sealing)					
Other Site 1					
Other Site 2					
Other Site 3					
Windows					
Exterior Walls 1					
Exterior Walls 2					
Exterior Painting					
Other Exterior 1					
Other Exterior 2					
Roofing					
Gutters					
Interior Flooring (Tile)					
Interior Flooring (Carpet)					
Kitchen Cabinets and Bath Vanities					
Counter Tops and Sinks (Kitchens and Baths)					
Refrigerators					
Ranges					
Exterior Doors					
Elevators					
Unit Heating System					
Unit Cooling System					
Unit Hot Water Heating System					
Other Interior 1					
Other Interior 2					
Other Interior 3					

Comment on capital needs estimate

Replacement Reserve

Project Name - : 0 Units

Enter data in green cells only

Reserve Deposit Adequate During the HOME Period of Affordability (but likely to be inadequate thereafter): For a typical rental project, an annual replacement reserve deposit in the amount described below would satisfy the 92.250(b) requirement so long as (1) the annual deposit is increased each year for inflation and (2) there are no high-cost systems that will require replacement early in the HOME period of affordability. If either condition (1) or condition (2) cannot be satisfied, the PJ will need to make a more sophisticated computation, using a capital needs assessment or using a spreadsheet that is similar to those used in preparing capital needs assessments. Similarly, a more sophisticated computation should be used if the PJ intends to utilize a large initial reserve deposit and a smaller annual deposit. PJs should note that minimum compliance with the 92.250(b) requirement will not generally result in a replacement reserve that will be adequately funded over the long term; see the additional discussion in the next section. Over the HOME affordability period:

#DIV/0!

Reserve Deposit Adequate Over The Long Term: For a typical rental project, an annual replacement reserve deposit in the amount described below would be adequate to fund all long-term capital needs so long as (1) the annual deposit is increased each year for inflation and (2) there are no high-cost systems that will require replacement early in the life of the project. If either condition (1) or condition (2) cannot be satisfied, the PJ will need to make a more sophisticated computation, using a capital needs assessment or using a spreadsheet that is similar to those used in preparing capital needs assessments. Over the long term:

#DIV/0!

Upon completing this tab, proceed to the *Const Schedule* tab

Construction Schedule

Project Name - : 0 Units

Enter data in green cells only

The HOME Final Rule's definition of *commitment* specifies that if a project includes rehabilitation or new construction, a construction schedule is required at or before the time of the commitment. Additionally, construction must be scheduled to start within twelve months after the commitment date, and construction must be scheduled to be completed within four years after the commitment date.

Intended HOME Commitment Date	
Initial Closing Date	
Construction Start Date	
Other construction milestone #1	
Other construction milestone #2	
Other construction milestone #3	
Other construction milestone #4	
First Building Completion Date	
Last Building Completion Date	

Achievement of Sustaining Occupancy	
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Closing of Permanent Financing	
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Below, please include any comments about the construction schedule

--	--

#DIV/0!
#DIV/0!
#DIV/0!

Adequacy of the Development Budget and Risk of Cost Increases. Experience indicates that the primary risk of delay in starting construction is unanticipated escalation in development costs, to the extent that the sponsor has to seek additional funding. The three lines above present key information about the development budget, about available contingency allowances, and about the developer fee (which -- if not already deferred -- can provide additional ability to absorb cost increases).

The risk of cost increases is most significant early in the development process. Once the plans and specifications are completed and there is a firm-fixed-price construction contract, there is a lower risk of increases in hard costs. However, even if there is a performance bond, there is still the risk of hard cost increases due to change orders. The risk of increases in soft costs depends on how many of the soft costs are subject to firm-fixed-price contracts. Construction period interest costs will run over budget whenever construction takes longer than anticipated. Even if there is no construction loan or bridge loan, additional construction time typically results in increased soft costs of some sort.

Below, please discuss the current state of (1) plans and specs and (2) the construction contract. Discuss whether the contractor is bonded.

--	--

Below, please discuss the adequacy of the development budget, the risk of cost increases, and why you are confident that even with moderately severe increases in development cost, the project is still likely to go forward on schedule.

--	--

Construction to Start Within Twelve Months. The HOME Final Rule definition of *commitment* specifies that construction must be scheduled to start within twelve months after the date of the written agreement between the PJ and the project sponsor.

Experience indicates that the primary risks of delay in starting construction are (1) unanticipated increases in development cost requiring increased sources of funds; (2) unanticipated difficulties in finalizing non-HOME sources of funds; and (3) unanticipated difficulties with zoning, building permits and other entitlements.

Below, please explain why you believe that construction will start within twelve months. Please address each of the primary risks discussed above.

--	--

Upon completing this tab, proceed to the *LIHTC Basis* tab or (if the project will not be utilizing LIHTCs) to the *Operating Expenses* tab

Total	Per Unit	
\$0	#DIV/0!	Hard cost before contingency
\$0	#DIV/0!	#DIV/0! Hard cost contingency
\$0	#DIV/0!	#DIV/0! GR / BO / BP
\$0	#DIV/0!	Initial reserves
\$0	#DIV/0!	Soft costs before contingency
\$0	#DIV/0!	#DIV/0! Soft cost contingency
\$0	#DIV/0!	#DIV/0! Developer fee (gross)
\$0	#DIV/0!	Total Uses of Funds

LIHTC Basis

Project Name - : 0 Units

Enter data in green cells only

This tab is useful for projects that will have Low Income Housing Tax Credits (LIHTCs). The purpose of this tab is to make a rough estimate of LIHTC equity, which you can use to compare to the developer's estimate. If the rough estimate here is materially different from the developer's estimate, you should ask the developer for an explanation.

To enter (or change) the number of LIHTC units, use column P of the Rents and Income tab.

LIHTC Eligible Basis	Acquisition	Construction
Estimated LIHTC Eligible Basis From 'Development Costs' page	\$0	\$0
Less any amounts not eligible as a result of a grant or other ineligible source of funds (enter as negative amounts):		
Ineligible		
LIHTC Eligible basis	\$0	\$0

Applicable Fraction by Units:	0.00%	
Total LIHTC Units	-	(from the Rents and Income tab)
Total Units	-	(from the Rents and Income tab)
Applicable Fraction by Square Feet:	0.00%	
Square feet of total LIHTC Units	-	(from the Rents and Income tab)
Square feet of total Units	-	(from the Rents and Income tab)
Use This Applicable Fraction:	0.00%	(lowest of the two methods)

LIHTC Calculation	Acquisition	Construction
Eligible Basis	\$0	\$0
Applicable Fraction	\$0	\$00.00%
Basis Boost Factor	\$0	\$0
Credit Factor		
Annual Credits	\$0	\$0
LIHTC Equity Price (per dollar)	\$0.000	
Estimated LIHTC Equity	\$0	\$0
Total Estimated LIHTC Equity	\$0	
Proposed LIHTC Equity	\$0	

Upon completing this tab, proceed to the *Operating Expenses* tab.

Operating Expenses

Enter data in green cells only

Project Name - : 0 Units

Expense	Annual Cost	Monthly Cost	Per Unit Per Year	Comment
Administrative / Management Expenses				
Management Fee		\$0	\$0	
Management Administrative Payroll Costs		\$0	\$0	
Renting / Advertising / Marketing Expenses		\$0	\$0	
Legal Fees		\$0	\$0	
Accounting / Audit Fees		\$0	\$0	
Telephone		\$0	\$0	
Office Supplies		\$0	\$0	
PJ Monitoring Fee (if any)		\$0	\$0	
		\$0	\$0	
		\$0	\$0	
Operations and Maintenance Expenses				
Security		\$0	\$0	
Operations and Maintenance Payroll Costs		\$0	\$0	
Repairs Supplies		\$0	\$0	
Repairs Contracts		\$0	\$0	
Elevator (if any)		\$0	\$0	
Other Mechanical Equipment		\$0	\$0	
Interior Painting		\$0	\$0	
Exterminating		\$0	\$0	
Lawn and Landscaping		\$0	\$0	
Garbage Removal		\$0	\$0	
Snow Removal		\$0	\$0	
Resident Service Cost		\$0	\$0	
		\$0	\$0	
		\$0	\$0	
Utilities Paid by the Property				
Electricity		\$0	\$0	
Natural Gas, Oil, Other Fuel		\$0	\$0	
Sewer and Water		\$0	\$0	
		\$0	\$0	
Taxes / Insurance / Other Expenses				
Real Estate Taxes		\$0	\$0	
Payroll Taxes			\$0	
Other Taxes and Licenses		\$0	\$0	
Property Insurance		\$0	\$0	
Workers Compensation Insurance			\$0	
Health Insurance / Other Employee Benefits			\$0	
		\$0	\$0	
		\$0	\$0	
TOTAL OPERATING EXPENSES				
	\$0	\$0	\$0	
Reserve for Replacement Deposit		\$0	\$0	
TOTAL EXPENSES PLUS RESERVE				
	\$0	\$0	\$0	
SUBTOTAL ADMINISTRATIVE EXPENSES	\$0	\$0	\$0	
SUBTOTAL O&M EXPENSES	\$0	\$0	\$0	
SUBTOTAL OWNER PAID UTILITIES	\$0	\$0	\$0	
SUBTOTAL TAXES / INSURANCE / OTHER	\$0	\$0	\$0	
TOTAL OPERATING EXPENSES	\$0	\$0	\$0	

Upon completing this tab, proceed to the *First Mortgage Sizing* tab.

First Mortgage Sizing and Junior Loan Characteristics

Enter data in green cells only

Project Name - : 0 Units

Net Operating Income Summary	Annual	HOME Units	Other Affordable	Market Units
Gross Potential Rents	\$0	\$0	\$0	\$0
Rent Loss	\$0	\$0	\$0	\$0
Other Income	\$0			
Effective Gross Income	\$0			
Total Operating Expenses	\$0			
Replacement Reserve Deposit	\$0			
Net Operating Income (NOI)	\$0			

Capitalization Rate and Value

Capitalization Rate		
Calculated Market Value	\$0	(NOI ÷ Capitalization Rate)
Lender's Appraised Value for the Project		
Value of Project at Sale**		(Year of sale is year)

** If Value of Project at Sale is left blank, the Template will use the Capitalization Rate to determine the project's value when sold.

In this Template:

First Mortgage means a fixed-rate, fixed-payment, self-amortizing loan (without balloon payments).

Amortizing Second Mortgage means a junior fixed-rate, fixed-payment, self-amortizing loan (without balloon payments).

Deferred Payment Loan means a loan that will receive no payments during its term.

Custom Loan means any other type of loan (i.e., with some payments but not fixed-payment / self-amortizing).

First Mortgage Characteristics

Minimum Debt Service Coverage		
Maximum Loan to Value		
Interest Rate		0.00000% Annual P+I as % of loan amount
Mortgage Insurance Premium		0.00000% Annual MIP as % of loan amount
Loan Term (years)		
First Mortgage Lender		

For each loan below, the Template asks 'Is this loan funded by the HOME program?'. The Template uses your answers to calculate the total amount of proposed HOME funding, recognizing that you may be planning multiple types of HOME funding (for example, a first mortgage loan with required monthly payments plus a soft second mortgage loan with payments limited to a share of cash flow). Later, on the Sources and Uses tab, you will verify that the proposed total HOME funding does not exceed the project's funding gap.

First Mortgage Loan Amount

Maximum Loan Amount by LTV	\$0	(Lender's value x maximum LTV)
Maximum Loan Amount by DSC	\$0	(NOI ÷ DSC ÷ [PI factor + MIP factor])
Calculated Maximum Loan Amount	\$0	(Lesser of the two limitations above)
Lender's Proposed Loan Amount		
Is this loan funded by the HOME program?		
Calculated Monthly P+I+MIP Payment	\$0.00	(This total is sometimes referred to as the 'debt service' payment)

Debt Service Coverage (DSC) is the ratio of Net Operating Income to the 1st mortgage debt service payment (P+I+MIP). If the ratio is below 1.0 it means that there is not enough NOI to cover the debt service payment, and the proposed project will not be viable unless the first mortgage debt service payment can be reduced (for example, by utilizing more HOME funds so that the first mortgage loan amount can be reduced). The HOME underwriter will want to consider whether to require DSC that is higher than required by the first mortgage lender. In general, the higher the DSC, the less risk that the project will have negative cash flow because of a future revenue or expense problem. However, a high DSC may indicate that the first mortgage loan amount can be increased (without endangering the finances of the project) which would allow HOME funding to be decreased.

Estimated Debt Service Coverage (DSC) Ratio	0.00
---	------

First Mortgage Sizing and Junior Loan Characteristics

Enter data in green cells only

Project Name - : 0 Units

First Mortgage Lender Origination and Financing Fees (Points)

Origination and Financing Fees		of the loan amount
Calculated Origination and Financing Fees	\$0	
Amount entered on Development Costs tab	\$0	

Characteristics of Amortizing Second Mortgage Loan

Amortizing Second Mortgage Loan Amount	
Is this loan funded by the HOME program?	
Amortizing Second Mortgage Source	
Interest Rate	
Loan Term (years)	
Calculated Monthly P+I Payment	\$0.00

Final year of Operating Pro Forma

0

(from Pro Forma Assumptions page)

Characteristics of Deferred Payment Loan #1

Name of Deferred Payment Loan #1	
Loan Amount for	
Is this loan funded by the HOME program?	
Lender for	
Interest Rate for	
Loan Term (Maturity) for	

A deferred loan is one with no payments due until maturity

Characteristics of Deferred Payment Loan #2

Name of Deferred Payment Loan #2	
Loan Amount for	
Is this loan funded by the HOME program?	
Lender for	
Interest Rate for	
Loan Term (Maturity) for	

A deferred loan is one with no payments due until maturity

Characteristics of Custom Loan #1

Name of Custom Loan #1	
Loan Amount for	
Is this loan funded by the HOME program?	
Lender for	
Interest Rate for	
Loan Term (Maturity) for	

A custom loan has payments prior to maturity but is not a normal fixed rate amortizing loan.
Enter the annual payments for this loan directly on the Operating Pro Forma tab.

Characteristics of Custom Loan #2

Name of Custom Loan #2	
Loan Amount (Custom loan 1)	
Is this loan funded by the HOME program?	
Custom Loan 1 Source	
Custom Loan 1 Interest Rate	
Custom Loan 1 Year of Maturity	

A custom loan has payments prior to maturity but is not a normal fixed rate amortizing loan.
Enter the annual payments for this loan directly on the Operating Pro Forma tab.

Upon completing this tab, proceed to the *Sources and Uses* tab.



Sources and Uses of Funds

Enter data in green cells only

Project Name - : 0 Units

In this template, the underwriter enters all proposed Sources of Funds (including HOME) on this tab (other than those that were already entered on the First Mortgage Sizing tab). The Uses of Funds are repeated below (from the Development Costs tab). Then the template verifies whether the Sources and Uses are in balance; be sure that Sources and Uses are balanced before moving forward. If there are insufficient Sources, potential solutions include deferring a greater portion of the developer fee, increasing HOME funding, and obtaining increased funding from some other source. If there are excess Sources, the HOME underwriter should consider reducing the proposed HOME funding.

PJs must perform cost allocation separately from this tool to verify that the proposed amount of HOME funding is within the allowable maximum HOME investment.

Sources of Funds	Amount	HOME?	Comment
First Mortgage Loan (proposed amount)	\$0	0	
Amortizing Second Mortgage Loan	\$0	0	
	\$0	0	
	\$0	0	
	\$0	0	
	\$0	0	
Deferred Developer Fee			
Developer Cash Investment			
Tax Credit Equity (proposed amount)			
Total Sources of Funds	\$0		

Total HOME Funding\$0

Developer Investment for Financial Analysis\$0

(used in Operating Pro Forma for IRR, etc.)

Uses of Funds / Total Development Cost	Amount	Comment
Acquisition Costs	\$0	
Site Work Costs	\$0	
Construction / Rehabilitation Costs	\$0	
Architectural / Engineering Costs	\$0	
Other Owner Costs	\$0	
Construction Interest	\$0	
Other Interim Financing Costs	\$0	
Permanent Financing Costs	\$0	
Developer's Fee	\$0	
Initial Project Reserves	\$0	
Project Management Costs	\$0	
Other Development Costs	\$0	
Total Uses of Funds	\$0	

Subsidy layering gap (before HOME funding)\$0

(Total Uses of Funds minus Total Sources of Funds other than HOME)

Sources and Uses by Month

Project Name - : 0 Units

Enter data in green cells only

Months of Construction0

Months Const. Loan Outstanding After Completion0

Development Costs (Uses of Funds)	Total	Initial Closing / First Draw	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Acquisition Costs								
Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Existing Structures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Site Work Costs (not included in construction contract)								
Demolition/Clearance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Site Remediation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Construction / Rehabilitation Costs (construction								
Site Work Included in Construction Contract	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rehabilitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Builder’s Overhead	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Builder Profit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Performance Bond Premium	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Construction Contingency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Architectural and Engineering Fees								
Architect Fee -- Design	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Architect Fee -- Construction Supervision	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Engineering Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Owner Costs								
Project Consultant Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Owner Attorney Fees (initial closing)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Owner Attorney Fees (final closing)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Syndication Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Owner Organizational Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Market Study	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Survey	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Appraisal Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Environmental Studies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Needs Assessment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tap Fees and Impact Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Building Permits and Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tax Credit Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Soft Cost Contingency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interim Financing Costs (excluding interest)								
Construction Period Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Construction Period Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Construction Interest is Calculated Below								
Construction Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Construction Loan Legal Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Construction Loan Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bond Costs of Issuance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Title and Recording Costs (for the construction loan)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Permanent Financing Costs								
Credit Report	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lender Origination / Financing Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lender’s Counsel Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Lender Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Title and Recording Costs (for permanent financing)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Establish Tax and Insurance Escrows	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Developer's Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Initial Project Reserves								
Initial Rent-Up Reserve (not HOME eligible)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Initial Operating Reserve (HOME-eligible portion)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Initial Debt Service Reserve (not HOME eligible)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Initial Replacement Reserve (not HOME eligible)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Project Name - : 0 Units

Project Administration and Management Costs								
Marketing/Management	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Furniture, Fixtures & Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tenant Relocation Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Development Costs								
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Total Development Costs (TDC)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
-------------------------------	-----	-----	-----	-----	-----	-----	-----	-----

TDC Excluding Construction Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
-------------------------------------	-----	-----	-----	-----	-----	-----	-----	-----

Sources of Funds	Total	Initial Closing / First Draw	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
First Mortgage Loan (proposed amount)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Amortizing Second Mortgage Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Developer Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Developer Cash Investment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tax Credit Equity (proposed amount)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Total Sources Before Construction Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
--	-----	-----	-----	-----	-----	-----	-----	-----

Construction Loan Draw Needed (Before Interest)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
---	-----	-----	-----	-----	-----	-----	-----	-----

Construction Loan Beginning Balance		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Plus This Draw		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Plus Interest (Total Interest at immediate right)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equals Ending Balance		\$0	\$0	\$0	\$0	\$0	\$0	\$0

Construction interest estimate from Development Costs tab	\$0	Construction interest estimate from detailed Sources and Uses By Month	\$0
---	-----	--	-----

0

Key Assumptions

For Operating Pro Forma

Project Name - : 0 Units

Enter data in green cells only

HOME Affordability Period

0 years

Go to the Requirements tab to adjust the HOME affordability period

Switch HOME unit rents to market after: years

For units originally at HOME rents, the Operating Pro Forma uses HOME rents during this period, and market rents thereafter

Other Affordable Housing Affordability Period

years

Other Affordable Housing Affordability Period

Switch 'Other Affordable' unit rents to market after: years

For units originally at LIHTC / Other Affordable rents, the Operating Pro Forma uses restricted rents during this period, and marke

Inflation / Trending Assumptions	Total	
Rent increase / rent trending assumptions:		
HOME-assisted units		required
Market Rate units		required
Other affordable units		required
Other income trending assumption		required
Operating Expense Increase per Year		required

Length of Pro Forma

Years to Sale* years

* Years to Sale is used by the Template to determine the final year of the Pro-Forma.

required

Use one of the two radio buttons below, to set the number of years in the Operating Pro Forma tab.

Debt Service Coverage Ratio	
In year 2 (first stabilized year)	100.00
In year 5	100.00
In year 10	100.00
In year 15	100.00
In year 20	100.00

Upon completing this tab, proceed to the *Operating Pro Forma* tab.

Operating Pro-Forma "####" indicates that the columns should be widened. Project Name - : 0 Units

The only data entry cells on this tab are for payments on any 'custom loans' (see rows 31 and 32).

PROJECT TIMELINE			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Gross Potential Rent (GPR) Projections																																
HOMEOWNERS' RENT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Market Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Affordable Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Potential Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Effective Gross Income (EGI) Projections																																
Vacancy Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Effective Gross Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Expense and Net Operating Income (NOI) Projections																																
Management Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operations and Maintenance Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utilities Paid by Property	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfers/Insurance/Reserves/Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Replacement Reserve Deposit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Operating Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service																																
First Mortgage Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Second Mortgage Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Payment 1 Loan Payoff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Payment 2 Loan Payoff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Flow (After Debt Service)																																
Cash Flow	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds from Property Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Developer Return on Equity (N/A; there is no developer investment)																																
Cash on Call	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Project Value based on Capitalization Rate	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NOTE: Project Value equals \$0 if Net Operating Income is negative.																																

Administrative Record

Enter data in green cells only

Project Name - : 0 Units

This is an optional worksheet that the PJ can use to document compliance with certain requirements of the HOME Final Rule.

Cost Allocation. Section 92.205(d)(1) and the guidance in Notice 16-15 prescribes methods for allocating costs and the designation of HOME units within a project. PJs must perform cost allocation separately from this tool to verify that the proposed amount of HOME funding is within the allowable maximum HOME investment. Attach the completed cost allocation to this document and note any issues within the below narrative.

Below, discuss the cost allocation and designation of HOME assisted units within the project.

Fees to be Charged by the Project Owner. Section 92.214(b)(3) prohibits project owners from charging fees (such as a laundry room access fee) that are not customary in rental housing. This Section, however, allows:

- (1) Reasonable application fees to prospective tenants.
- (2) Parking fees for tenants only if such fees are customary for rental housing projects in the neighborhood.
- (3) Fees for services such as bus transportation or meals, as long as the services are voluntary and fees are charged for services provided.

Below, discuss any fees that the project owner proposes to charge, demonstrating that the owner's proposal complies with the Final Rule.

PJ Assessment of Current Market Demand. Section 92.250(b)(2) requires the PJ to assess the current market demand in the neighborhood in which the project will be located, before committing HOME funds.

Below, discuss your assessment of current market demand.

PJ Assessment of Developer Experience. Section 92.250(b)(2) requires the PJ to assess the experience of the developer, before committing HOME funds.

Below, discuss your assessment of developer experience.

PJ Assessment of Developer Financial Capacity. Section 92.250(b)(2) requires the PJ to assess the financial capacity of the developer, before committing HOME funds.

This encompasses the developer's ability to uphold its financial responsibilities such as capacity to absorb cost overruns, capacity to perform on any financial guarantees, and capacity to provide any equity the developer has committed to provide to the project.

Below, discuss your assessment of developer financial capacity.

Firm Financial Commitments in Writing. Section 92.250(b)(2) requires the PJ to obtain and assess firm written financial commitments for the project before committing HOME funds.

This encompasses all sources of funds other than HOME funds, including construction period sources of funds such as a construction loan or bridge loan. For bond-financed projects, this includes the issuing agency's commitment to issue the bonds and the bond purchaser's commitment to purchase the bonds. For projects utilizing tax credits, this includes the allocating agency's reservation of tax credits and the equity provider's commitment to purchase the tax credits.

Below, discuss your assessment of firm written financial commitments for the project.

Project-Specific Utility Allowances. Section 92.252(d) requires the PJ to establish project-specific utility allowances, using either the HUD Utility Schedule Model or another appropriate method.

This Section also requires the PJ to update the utility allowances annually.

Below, discuss how you established the utility allowances and your plans for annual updates.

Fixed versus Floating Units. For rental projects in which less than 100% of the units are HOME-assisted, Section 92.252(j) requires the PJ to make the fixed-versus-floating designation at the time of project commitment, in the written agreement.

This Section also requires that the specific HOME units be identified not later than the time of initial unit occupancy.

Fixed units must remain the same throughout the period of affordability. Floating units may be changed, but (1) the total number of HOME-assisted units must remain constant, and (2) each substituted unit must be comparable to the originally designated unit (in terms of size, features and number of bedrooms).

Below, discuss your fixed-floating determination and how compliance with 92.252(j) will be documented.

Upon completing review of this tab, proceed to the *Summary* tab.

PROJECT SUMMARY	
Project Name and Unit Count:	
Address:	
Developer:	
Date of Analysis:	
City:	
State:	
Development Type:	

DEVELOPMENT SOURCES SUMMARY		
Funding Sources	Amount	Comment
First Mortgage Loan (proposed amount)	\$0	
Amortizing Second Mortgage Loan	\$0	
	\$0	
	\$0	
	\$0	
	\$0	
Deferred Developer Fee	\$0	
Developer Cash Investment	\$0	
Tax Credit Equity (proposed amount)	\$0	
	\$0	
	\$0	
	\$0	
	\$0	
	\$0	
	\$0	
Total Sources of Funds	\$0	

DEVELOPMENT USES SUMMARY		
Development Uses	Amount	Comment
Acquisition Costs	\$0	
Site Work Costs	\$0	
Construction / Rehabilitation Costs	\$0	
Architectural / Engineering Costs	\$0	
Other Owner Costs	\$0	
Construction Interest	\$0	
Other Interim Financing Costs	\$0	
Permanent Financing Costs	\$0	
Developer's Fee	\$0	
Initial Project Reserves	\$0	
Project Management Costs	\$0	
Other Development Costs	\$0	
Total Uses of Funds	\$0	

UNIT SUMMARY		
Unit Types	Number of Units	Total Rents (Year 1, without vacancy)
High HOME Units	0	\$0
Low HOME Units	0	
Market Rate Units	0	\$0
Other Affordable Units	0	\$0
Total	0	\$0

OPERATIONS SUMMARY						
Project Income	Year 1	Year 2	Year 5	Year 10	Year 15	Year 30
HOME/CDBG/LIHTC Rents	\$0	\$0	\$0	\$0	\$0	\$0
Market Rents	\$0	\$0	\$0	\$0	\$0	\$0
Other Affordable Rents	\$0	\$0	\$0	\$0	\$0	\$0
Gross Potential Rent	\$0	\$0	\$0	\$0	\$0	\$0
Vacancy Loss	\$0	\$0	\$0	\$0	\$0	\$0
Other Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Effective Gross Income	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Net Operating Income	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service	\$0	\$0	\$0	\$0	\$0	\$0
Cash Flow (After Debt Service)	\$0	\$0	\$0	\$0	\$0	\$0

RETURNS SUMMARY						
Developer Returns on Equity	Year 1	Year 2	Year 5	Year 10	Year 15	Year 30
Cash on Cash	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
IRR (Year 1 through sale of project)	no investment					



PART IV: COMMUNITY DEVELOPMENT HOUSING ORGANIZATION (CHDO) SINGLE-FAMILY DEVELOPMENT - RENTAL & HOMEOWNERSHIP

Guide to Completing Development and Operating Pro Forms and Cash Flow Projections

Rental Projects: Complete tabs A, B, C and D

Homeowner Projects: Complete tabs A and B

A. SOURCES AND USES

This worksheet is used to identify all funding sources used for project development.

B. DEVELOPMENT BUDGET (PRO FORMA)

This worksheet is used to **calculate your total development budget**. It includes all uses of funds for hard and soft costs as well as sources of funds. From the Operating budget worksheet, it carries over the amount of a mortgage loan that the project can support, then subtracts the mortgage amount and developer equity by formula to determine the required HOME funding amount.

Acquisition Costs

In this version separate lines are shown for land and building costs, although these could be combined into one-line item if desired. Soft costs related to acquisition, such as the appraisal and closing costs, should be listed under soft costs.

Construction Costs

The amount should be estimated until there is a contract, then the actual contract amount should be entered.

Hard Costs

Besides the "hard" costs of materials and labor, the contract price will typically include such components as an allowance for the contractor's project-related expenses or "general requirements" such as building permits, fencing around the site, temporary storage for materials, the contractor's overhead/profit, and the cost of a performance bond or letter of credit provided by the contractor to insure that the project will be completed (if required). This amount should also include site improvements such as excavation for foundations or utilities, grading of the site, walkways, on-site roads, landscaping, outdoor lighting or parking spaces. Estimates of construction costs for single-family rental rehab projects are usually completed by a rehabilitation specialist based on a work write-up.

Substantial Rehabilitation

If substantial rehab or structural repairs are involved, the estimate or a portion thereof might be created by an architect with input from an engineer. In the case of single-family rental rehab projects funded by the HOME Program, limited off-site infrastructure costs might be included that are crucial to making the home marketable. This could include work repairing contiguous and nearby sidewalks or alleys.

Construction Contingency

Including a construction contingency amount outside the construction contract is typical and advisable. Usually, the amount of contingency funds is not shared with the contractor. The contingency is used to fund change orders. Typical contingency amounts for rental rehab projects are 10% to 15%. Typically, the more carefully the project has been evaluated and specifications identified, the lower the contingency amount needed.

SOFT COSTS

• Architectural fees

Architectural fees should be based on estimates from an architect. These fees may be based on a certain percentage of the construction contract amount, a fee per dwelling unit, a flat fee for services, or another basis. With rental rehab projects, the specifications and cost estimates are often completed by a rehab specialist, either a specialist on the



developer's staff or a contracted specialist. Note that design and construction management costs could be \$0 for budgeting purposes if the developer fee has been calculated to pay for all project planning and management costs.

- Engineering Fees

The engineering fee should also include mechanical or structural engineering costs, if any, incurred as part of the design process.

- Environmental Review Costs

Environmental review costs could include the cost of a third-party contractor completing reviews required to determine clearance; the third-party reviews would need to be approved by the grantee or other "responsible entity".

- Survey

A survey prior to acquisition may or may not be required by HOME grantees for single-family programs. Prior to providing construction or permanent financing, it may be required by the mortgage lender. A survey can reveal easements that make some of the land unbuildable.

- As-is appraisals

Appraisals are required in HOME for foreclosed properties, to determine if the selling price is at least 1% above the market value. It is a good practice to ask the appraiser or another entity to provide "comparable rents" for the housing units in completed condition, based on a transmittal of the plans and specifications or inspection of the unit(s) after the redevelopment is complete. The "rent comparables" should be used to establish the rents in the operating pro forma.

- Property/casualty insurance

Insurance should be obtained by the developer for the interim period before builder's risk insurance comes into effect. If the developer is also the general contractor, the developer should obtain builder's risk insurance as insurance against casualty and liability risks during construction. Otherwise, builder's risk insurance is typically obtained by the building contractor and will be included in the construction contract amount, above. In addition, grantees typically require developers to obtain commercial general liability insurance, the cost of which is typically covered by the developer fee.

- Replacement Reserve

HOME Funds can be used to pre-fund a replacement reserve so long as the amount is reasonable and as required by a lender or equity investor. Although this component is allowable, approval is contingent upon all underwriting details and criteria and subject to City of Gastonia staff review.

- Operating reserve

Pre-funding this reserve can cover the cost of operating the property while lease up is occurring, or during periods when the property is not fully leased up. In this example, the operating reserve was calculated conservatively as two month's rent revenues. To be funded by THE HOME INVESTMENT PARTNERSHIPS PROGRAM, HUD requires that this amount be reasonable and as required by a lender or equity investor.

- Tenant relocation

For occupied properties requiring relocation of tenants, the developer agreement should spell out whether the financial and management responsibilities of tenant relocation lie with the grantee or developer.

- Rent-up marketing costs

This line item includes the estimated costs of rent-up, such as advertising. Developers should make sure that the staffing costs of rent-up are covered either in the development budget or in the operating budget for the first year, but not in both pro formas.

- Soft cost contingency

This is a contingency amount that may be used if one or more soft costs are higher than anticipated.

- Developer fee

This is the fee a developer charges to the project for their time and risk. Developer fees as a percent of total development costs generally fall between 10% and 15%. If funded by NSP, HUD requires that the fee be reasonable and customary in



the market for this type of development project. Developer fees should be calculated based on the estimated time, effort and risk required of the developer. In general, higher developer fees are allowed if the developer is not being reimbursed by any funding source for construction financing costs and holding costs and/or has equity at risk in the project. Fees are typically lower if HOME FUNDS or other sources are funding all holding costs and the developer has little or no equity in the project. In general, fees should also be lower for "easy" projects -- such as acquiring and selling homes in good condition that require little or no rehabilitation. Sometimes fees are established as a specific dollar amount per dwelling unit; this may be appropriate in projects where the per-unit development costs are relatively low. For example, 15% of a \$40,000 total development cost may not be sufficient incentive for a developer to participate. Finally, it is generally not a good practice to both pay a fee and also reimburse the developer for staffing and other internal costs; this raises the possibility of "double dipping."

C. RENTAL OPERATING BUDGET (PRO-FORMA)

The Operating Proforma worksheet is designed to summarize a rental project's bedroom distribution, income targets, operating income and expenses, net operating income (NOI) before debt service, estimated debt service (from the Operating page) and the NSP gap financing needed. This example shows only a single rental unit and should be adapted as needed by the individual project.

- First enter the Project Name, Developer Name and Address of property.
- Enter the number of dwelling units of each type. A proforma could be used for several scattered-site units in one project, but with single-family rentals, the pro forma will typically be for a single dwelling unit, though it might be for a 2-4-unit property.
- Enter the estimated monthly rental amounts. These should be based on "rent comparables" of similar units in the vicinity of the project, in conditions similar to the after-redevelopment condition of the rental unit(s) in the project.
- No "other income" is included because single-family rentals do not have income from sources such as common laundries or renting a function room.
- Next, enter your project's estimated annual expenses in the expense line items. These should be based on past experience of the developer or data obtained from similar types of rental projects. Maintenance costs of detached or semi-detached single-family rentals are typically higher than for low-rise apartments. However, tenants in scattered-site rental units are typically responsible for grounds maintenance, per their leases.
- Net operating income (NOI) is calculated by subtracting total operating expenses from gross effective income. This indicates the amount of income available to pay debt service and provide for "debt service coverage."
- "Supportable debt" is then automatically calculated by a formula based on the NOI and the assumptions in the "supportable debt service calculation" grid. In this example, the calculation assumes a debt service ratio of 1.2, which means that the NOI must be 1.2 times (or 20% higher) than the amount available for debt service. The debt service amount is also calculated automatically based on the supportable debt amount.

D. RENTAL PROJECTS: 20-YEAR CASH FLOW PROJECTION

Rental Projections are a standard requirement of lenders for borrowers to provide a multi-year cash flow projection for a period of years equal to the term of the loan. This projection spreadsheet allows users to enter assumptions about inflation in rents and operating costs which automatically calculate increased income and expense amounts for each year. This projection is used primarily to demonstrate that the debt service can be paid in each year.

Project Address:

Enter data in green cells only

PJs must perform cost allocation separately from this tool to verify that the proposed amount of HOME funding is within the allowable maximum HOME investment.

?	Total HOME Funding	\$0	
?	Developer Investment for Financial Analysis	\$0	(use SF Development Budget)

Upon completing this tab, proceed to the *Sources and Uses By Month* tab. The *Sources and Uses By Month* tab is optional but is highly recommended, as a way of verifying the construction interest estimate from the Development Costs tab.

Single-Family Homeownership and Rental Development Budget

Project Name: Sample Project Name
Developer: ABC Development Inc.
Address: Sample Project Address
Project Type:

Green Cells are User Input

White Cells are Automatically Calculated Values

X	Rental
X	Homeownership

Uses

Acquisition Costs:

Acquisition: Land	\$ -
Acquisition: Buildings	\$ -
Total Acquisition:	\$ -

Construction:

Contract with GC (incl profit, OH, gen conditions)	\$ -
Bond Premium	\$ -
Construction Contingency	0% \$ -
Total Construction:	\$ -

Soft Costs:

Building Permit, License & Fees	\$ -
Architect or Rehab Specialist - Specs/Estimates	\$ -
Engineering	\$ -
Environmental: Site-Specific Review	\$ -
Acquisition Closing - Legal and Recording Fees	\$ -
Title Search & Title Insurance	\$ -
Survey	\$ -
Appraisal & Analysis of Rent Comparables	\$ -
Builder's Risk and/or Casualty Insurance	\$ -
Carrying Costs - Real Estate Taxes	\$ -
Carrying Costs - Utilities	\$ -
Carrying Costs - Site Security	\$ -
Carrying Costs - Grounds Maintenance	\$ -
Furniture Fixtures & Equipment	\$ -
Prefunded Replacement Reserve	\$ -
Prefunded Operating and/or Rental Loss Reserves	\$ -
Seller Legal and Recording Costs	\$ -
Tenant Relocation	\$ -
Rent-Up Marketing Costs	\$ -
Other	\$ -
Soft Cost Contingency	0% \$ -
Developer Fee	0% \$ -
Total Soft Costs:	\$ -

Total Development Cost:	\$ -
--------------------------------	-------------

Sources

Supportable Debt (see Operating Budget)	\$ -
Additional Sources of Funds:	
NSP Soft 2nd Mortgage	\$ -
Owner/Investor Equity	\$ -
Other	\$ -
Total Development Sources:	\$ -
Gap/(Or Excess Sources):	\$ -

Single-Family: Rental (Operating)
--

Project Name **Sample Project Name**

Green Cells are User Input

Address: **Sample Project Address**

White Cells are Automatically Calculated

Tot NSP Units Serving Households below 50% AMI:

1

Income:

Rent:	# Units	Monthly Rent	Annual Rent
Efficiency	0	\$ -	\$ -
One Bedroom	0	\$ -	\$ -
Two Bedroom	0	\$ -	\$ -
Three Bedroom	1	\$ -	\$ -
Total Units	1		
Gross Rent			\$ -
Less:			
Vacancy		0.0%	\$ -
Bad Debt		0.0%	\$ -
Gross Effective Income:			\$ -

Expenses:

Administrative	Annual	Average Per Unit
Advertising & Marketing	\$ -	\$ -
Mgmt Fee (% of collections)	0.0% \$ -	\$ -
Administrative	\$ -	\$ -
Legal	\$ -	\$ -
Accounting	\$ -	\$ -
Office Supplies	\$ -	\$ -
Credit Checks	\$ -	\$ -
Leasing Fees	\$ -	\$ -
Other	\$ -	\$ -
Total Administrative:	\$ -	\$ -
Payroll		
Administrative Payroll	\$ -	\$ -
Maintenance Payroll	\$ -	\$ -
Fringe	0.0% \$ -	\$ -
Payroll Taxes	0.00% \$ -	\$ -
Total Payroll:	\$ -	\$ -
Maintenance		
Decorating (unit make ready)	\$ -	\$ -
Repairs	\$ -	\$ -
Security	\$ -	\$ -
Grounds (landscaping, snow removal)	\$ -	\$ -
Building supplies	\$ -	\$ -
Service contracts (HVAC)	\$ -	\$ -
Other	\$ -	\$ -
Total Maintenance:	\$ -	\$ -
Operating:		
Fuel (heating & hot water)	\$ -	\$ -
Electric	\$ -	\$ -
Water/Sewer	\$ -	\$ -

Trash removal	\$ -	\$ -
Janitorial	\$ -	\$ -
Exterminating	\$ -	\$ -
Telephone	\$ -	\$ -
Other	\$ -	\$ -
Total Operating Costs:	\$ -	\$ -
Taxes & Insurance:		
Real Estate Taxes	\$ -	\$ -
Insurance	\$ -	\$ -
Other Taxes, Licenses, Fees	\$ -	\$ -
Total Taxes:	\$ -	\$ -
Total Annual Operating Expenses:	\$ -	\$ -

NOI Before Reserves & Debt Svc:	\$ -	\$ -
--	------	------

Reserves:

	Per Unit	Annual	
Replacement Reserve	\$ -	\$ -	\$ -
Operating Reserve	\$ -	\$ -	\$ -
Cashflow Before Debt Service:		\$ -	\$ -
Debt Service (See Terms Below)		\$0.00	\$ -
Cashflow After Debt Service		\$0.00	\$ -

Supportable Debt Service Calculation:

Required Debt Service Coverage (Ratio):	1.2
Loan Amortization Period (in years)	20
Interest Rate	7%

Supportable Debt on Terms Above:	\$ -	\$ -
---	------	------

(This figure ties to the Development Budget/Sources & Uses)

Project Address:	Sample Project Address
Expense Adjuster:	0.00%

[illegible]

Expenses:

[illegible][illegible][illegible][illegible][illegible]

Expenses:

[illegible][illegible][illegible][illegible]



SAMPLE APPROVAL LETTER

Date _____

Agency _____
Address _____
City, State Zip _____

RE: Community Housing Development Organization (CHOO)
Project Type/Description: _____
Project Address: _____

Dear _____

Thank you for your Community Housing Development Organization (CHOO) Proposal for the City of Gastonia CHOO RFP. Our staff has completed a review of your proposal and contingent upon an in-person meeting to confirm and finalize all project terms and details, we would like to move forward with approval and implementation of the project.

Please contact our office at (704) _____ or by email at _____ to establish a date and time for the meeting. Thank you for your continued interest in providing affordable housing opportunities for our community.

Sincerely,

cc:



SAMPLE REJECTION LETTER

Date

Agency
Address
City, State Zip

RE: Community Housing Development Organization (CHOO)
Project Type/Description: _____
Project Address: _____

Dear _____

Thank you for your Community Housing Development Organization (CHOO) Proposal for the City of Gastonia CHOO RFP. Our staff has completed a review of your proposal. Based upon our underwriting review, we are unable to move forward with approval of this project. If you have questions concerning this letter, and would like to schedule a review session to discuss the proposal, please contact our office at (704) __ or by email at _____ to establish a date and time for the meeting. Thank you for your continued interest in providing affordable housing opportunities for our community.

Sincerely,

cc: