AFFORDABLE HOUSING SERVICES PROGRAM (AHSP) REVISIONS

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REVISION PROCESS TO DATE

Community Development Staff

- Reviewed FY 2026 process for issues and improvements
- Reviewed programs from other communities
- Consulted subject matter experts
- Engaged developers and funded agencies
- Developed potential slate of revisions

Affordable Housing Subcommittee (AHS) Revisions Review

- August 4, 2026
- September 1, 2026

AHS Recommendation to Board of Commissioners: September 1, 2026

PURPOSES OF REVISIONS

- Clarify grant and loan language
- Align standards across programs
- Expand rental assistance program to include mortgage assistance
- Eliminate historically unfunded new start activities
- Ensure financially sound loan applications
- Standardize loan position
- Accelerate loan repayment to support affordable housing reinvestment

SUMMARY OF REVISIONS

Loan & Grant Programs

- Loan & Grant Payment Documentation Requirements

Grant Programs

- Tenant Based Rental Assistance Grant Program
- Establish Maximum Administrative Costs for Grant Programs
- Combine New Start & Administrative Grant Programs

Construction Loan Program

- Project Scope Requirements
- For-Sale Loan Maximum
- Underwriting Standards (1-3)
- Standard, Optional & Special Loan Terms
- Special Cashflow Payment Terms

LOAN & GRANT PROGRAMS

LOAN AND GRANT PAYMENT DOCUMENTATION REQUIREMENTS

Subcommittee Recommendation:

- Documentation includes invoices or receipts, proof of payment, relevant time sheets, lien waivers and certifications of work completed.

Purpose:

- Clarify payment requirements for funding agreements.

GRANT PROGRAMS

TENANT BASED RENTAL ASSISTANCE GRANT PROGRAM

Subcommittee Recommendation:

- Uses: Rent and mortgage payments including arrears, security and utility deposits, and moving expenses.

Purpose:

- Broaden eligible uses to help prevent eviction and foreclosure.

Subcommittee Recommendation:

Eliminate $1,500 threshold and maintain existing single program maximum assistance amount ($2,500).

Purpose:

- Eliminate tiered thresholds to align with household need.

ESTABLISH MAXIMUM ADMINISTRATIVE COSTS FOR GRANT PROGRAMS

Subcommittee Recommendation:

- Administrative, program management, overhead and indirect costs may not exceed 10% of awarded funds and individual reimbursements.

Purpose:

- Set administrative cost expectations.

COMBINE NEW START & ADMINISTRATIVE GRANT PROGRAMS

Subcommittee Recommendation:

- Combine New Start and Administrative Programs

Purpose:

- Reduce time applicants invest in unfunded requests as no New Start or Administrative requests have been funded since 2022.
- Fund new or innovative activities through the Administrative Program.

CONSTRUCTION LOAN PROGRAM

PROJECT SCOPE REQUIREMENTS

Subcommittee Recommendation:

- Project Scope: Loan agreements will reflect the total number of units, unit mix and household income targeting proposed at the time of application, recommended by the Affordable Housing Subcommittee and approved by the Board of Commissioners.

Purpose:

- Ensure unit development aligns with funding commitments.

FOR-SALE LOAN MAXIMUM

Subcommittee Recommendation:

- Maximum Loan Amount: Applicants may request 10% of the total sales price to the homebuyer

Purpose:

- Account for development costs which may include donated land, labor and materials or other funding sources.
- Ensure assistance is consistent across funded projects.

UNDERWRITING STANDARD #1

Subcommittee Recommendation:

- Applicants must identify funding sources sufficient for a complete capital stack. Multiple financial scenarios will not be considered. Written commitments must be secured for all sources before an AHSP loan agreement can be executed.

Purpose:

- Recognize incomplete funding plans represent high risk projects.
- Clarify funding commitment documentation expectations.
- Minimize inconsistent negotiations with applicants arising from multiple funding scenarios.

UNDERWRITING STANDARD #2

Subcommittee Recommendation:

- Applicants must provide pro formas demonstrating a minimum Debt Service Coverage Ratio (DSCR) of 1.0 : 1.15 during the permanent loan term with a 7% vacancy rate, revenues increasing at 2% and expenses increasing at 3% per year.

Purpose:

- Establish industry standard underwriting standards.

UNDERWRITING STANDARD #3

Subcommittee Recommendation:

- Applicants must defer a minimum of 10% of the proposed developer fee. All developer fees must be paid prior to year 15. Any reduction of deferred fees at contracting will result in a dollar-for-dollar reduction of funds awarded.

Purpose:

- Ensure developer fees are leveraged to reduce funding gaps.
- Clarify developer fee payment standard that aligns with LIHTC program.
- Maintain funding consistency between applications and awards.

STANDARD, OPTIONAL & SPECIAL TERMS

Subcommittee Recommendation:

- Standard Terms: Fully amortizing with annual principal and interest payment
- Optional Terms: Annual interest only payments with principal balloon
- Special Terms: Annual payment from cashflow with principal and interest balloon

Purpose:

- Clarify payment structure for AHSP loan term choices.

SPECIAL CASHFLOW PAYMENT TERMS

Subcommittee Recommendation:

- Annual payments calculated at 50% of available cashflow after deferred developer fees. Asset management fees, investor service fees, incentive fees, reserves, other soft debt payments or distributions to the ownership entity paid from cashflow must be paid from remaining 50% of available cashflow.
- Cashflow payments will be applied first to accrued interest and then principal.

Purpose:

- Increase timely repayment of cashflow loans for future use.

FY27 AHSP CYCLE

Date	Activity
November 6, 2026	Open AHSP Household Impact Application
December 11, 2026	Close AHSP Household Impact Application
December 16, 2026	Open AHSP Unit Development Application
January 27, 2027	Close AHSP Unit Development Application
February 2, 2027	Staff Present Household Impact Requests
March 2, 2027	Staff Present Unit Development Requests
April 6, 2027	Subcommittee Makes AHSP Funding Recommendations

QUESTIONS?

RECOMMENDED ACTION

Motion to approve revisions of the Affordable Housing Services Program Guidelines as recommended by the Affordable Housing Subcommittee.