

2024

Lift Homebuyer Initiative (Lift-HI) Program Guidelines



Photo by Brian Zehowski



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Program Overview

Summary

The Department of Community & Economic Development (DCED) Lift Homebuyer Initiative (Lift-HI) Program provides forgivable loans to developers for new construction or rehab of vacant single-family housing structures made for sale to first-time income-qualified homebuyers. The funds can be used to help provide gap financing for hard construction costs. The goal of the program is to increase homeownership rates through conversion of vacant lots and structures to new or renovated owner-occupied homes within the city of Cincinnati.

Funding Available

The program has a \$1,125,000 capital budget for assistance with hard construction costs as authorized by Ordinance 191-2022. The City will provide no more than 40% of the total project cost.

Construction

- The maximum subsidy per home for **new construction** will be \$150,000.
- The maximum subsidy for **renovations** per home will be \$100,000.

*All the above loan amounts will be secured by a subordinate mortgage.

Schedule

DCED intends to follow the schedule outlined below but reserves the right to revise program dates as necessary. Due dates and times as published will be strictly enforced. Late submissions will not be accepted.

<i>Action Item</i>	<i>Deadline</i>
Guidelines and Application Release	May 14 th
Application Submission	June 21 st at 12PM
Awards Announced	August 16 th

Eligibility Criteria

Applicant Eligibility Requirements

For profit and non-profit corporations, Community Development Corporations, Community Housing Development Organizations, partnerships, and sole proprietorships are all welcome to apply for Lift-HI funds. To be considered for review, applicants must meet the following threshold requirements:

- Applicant must have site control for the properties associated with the project upon application. Site control can be evidenced by a deed, purchase contract, holding contract, or other legally binding measure. Acquisition of the property must take place within two (2) months of the executed funding agreement.
- Applicant must be in good standing with the City of Cincinnati and have demonstrated experience in completing similar projects (At least 3 years in operation, owners/executive officers must have 5 years of experience).
- Applicant must secure a bank loan and demonstrate to DCED that they have maximized all private debt financing options for funding sources. This can be demonstrated by an award letter and term sheet.

- Project must have financial commitments in place for at least 60% of the project. The City will only provide up to 40% of the total project cost.
- Applicant must be committed to selling the homes to qualified buyers as identified below:
 - For low-income homeownership, a qualified homebuyer must be at or below 80% of area median income to be eligible to purchase an existing home renovated or a newly constructed home with these funds. See Appendix A for income limits for qualified homebuyers.
 - For workforce homeownership, the qualified homebuyer must be at or below 120% of area median income to be eligible to purchase an existing home renovated or a newly constructed home with these funds. See Appendix A for income limits for qualified homebuyers.

Property Eligibility Requirements

- The property must have clean title as evidenced by a title report.
- To qualify for new construction assistance, the property must be vacant land located within City of Cincinnati Lift neighborhoods as defined by the Residential Tax Abatement Program Incentive list and be zoned for single family development. See Appendix B for the neighborhoods list.
- To qualify for renovation assistance, Single-family structures must be vacant and have documented code violations or have been documented as vacant for at least one year to be eligible as well as be properly zoned for single family development.
- Renovation assistance projects must be substantial in nature with a minimum \$50,000 investment per home.

Underwriting Criteria

Hard Construction Costs

Hard Construction Costs include the following line items: demolition, on-site improvements, building construction amenity fee items, construction contingency, and furniture, fixtures & equipment.

Minimum Hard Construction for Rehabilitation

The scope of work for all rehabilitation projects must meet the standard set forth in the City’s building standards.

Hard Construction Cost Contingency

The maximum Hard Construction cost contingency is 5% for new construction and 10% for rehabilitation of Hard Construction Costs.

Contractor Cost and Fee Limits

Contractor cost limits are the following percentage of Hard Construction Costs: Contractor Profit: 6%, Contractor Overhead: 2%, Contractor General Requirements: 6%. General Requirements include but are not limited to project management, superintendent, temporary construction sign, field office expense, storage trailers, portable restrooms, temporary utilities, and dumpsters.

Developer Fee

The developer fee will be all inclusive of fees charged by the developer and will have a limitation of 10-12% of total project cost.

Professional Soft Costs

Professional Soft Costs are defined as survey(s) costs, architectural fees, engineering fees, appraisal, market study, environmental report, title & recording, marketing, legal fees, accounting fees, developer fee, application/development consultant fees, construction management fees, organizational fees, and soft cost contingency. Developments may have a total professional soft cost no higher than 20 percent of the total development cost.

Sales Price Proposals

The sales price of a renovated or constructed home may not exceed the lesser of the after-rehab appraisal (from buyers’ lender) or Total Project Cost up to the amounts listed below. The Total Project Cost is defined as acquisition occurring within the last 12 months prior to application submission plus total development cost. This would include documented holding costs that have been incurred from the time a development agreement is executed with the City to the time the home has been sold to a qualified household.

- The sales price of completed homes for 80% AMI Households may not exceed:
 - \$293,000 for **new construction**
 - \$214,000 for **renovation**
- The sales price of completed homes for 120% AMI Households may not exceed:
 - \$436,600 for **new construction**
 - \$319,000 for **renovation**
- Applicant must agree to sell the constructed or renovated home to a low-income qualified homebuyer whose income does not exceed 80% of the Area Median Income or to a workforce qualified homebuyer whose income does not exceed 120% of the Area Median Income (Appendix A).

Eligible Uses of Funds

Lift-HI construction funds can be used for hard construction costs associated with the project. These funds cannot be used for acquisition, expenses incurred prior to contract award for City funding, or soft costs associated with the project.

Review Criteria

Each application will be scored by DCED staff using the criteria and scoring system below. Applicant scores are meant to serve as a guide for staff and should not be considered the only determining factor for funding recommendations.

Project Readiness & Financing	25 points
<ul style="list-style-type: none"> • Completeness and clarity of the application (5 points) • Project is ready to be under construction in less than six months (5 points) 	

<ul style="list-style-type: none"> • Provided cost estimates of total work to be completed (5 points) • Provided primary financing commitments (5 points) • Sources of equity clearly defined (5 points) 	
<i>Project Characteristics</i>	<i>75 points</i>
<ul style="list-style-type: none"> • Is the developer a Community Housing Development Organization, Community Based Development Organization, Community Development Corporation, or City-certified MBE/WBE? (10 points for Community Development Corporations, 5 points for other entity) • Is the project site located in a Lift neighborhood? (15 points for LIFT, 10 points for EXPAND) • Does the project create homeownership opportunities for households earning up to 80% or up to 120% of Area Median Income? (households at 80% AMI will receive 15 points, households at 120% will receive only 10 points) • Has the organization received community support for the project? (5 points) • How big of an impact will the project make? Are there contiguous lots? (15 points for multiple lot projects (2+ lots), 10 points for single lot) • To what degree does the proposed project include homes with 3 bedrooms, 1.5 baths at minimum? (5 points) • Does the project meet LEED Building Standards? (5 points for LEED Gold, 4 points for LEED Silver or Above or HERS qualified) • Does the project incorporate Cincinnati Visitability and/or Universal Design standards? (5 points) 	

Additional Requirements

Sale of Property

- All prospective homebuyers will be income verified by DCED staff for eligibility. This will provide an opportunity to see if the prospective homebuyers qualify for downpayment assistance and will also be used to determine if the homebuyer is income qualified. The prospective homebuyer must also complete Homebuyer Counseling with a local HUD-approved agency.
- To identify a qualified homebuyer, applicant must submit a marketing plan to ensure proper outreach to income qualified homebuyers. This should include information regarding how the applicant will seek income-qualified buyers and what brokerage they will be working with (if applicable).
- In the event of sale to anyone other than a qualified homebuyer, all City funds will have to be repaid in full.
- The City's mortgage on the property will be released upon evidence of construction completion in accordance with the local Building Code and at the close of the sale of the home to a qualified homebuyer.

Procurement Requirements

If awarded a loan through Lift-HI, projects may be subject to the following City of Cincinnati procurement requirements:

- Meet & Confer
- Selection of Subcontractors
- Debarred Contractor Search
- Wage Enforcement
- Preconstruction Meeting
- S/M/WBE Goals

For more information on any of these requirements, please consult the City's Procurement Handbook for Developers & Subrecipients.

Construction Requirements

- Lead assessment and remediation will be required for any renovation of a structure constructed before 1978.
- For all projects, work and construction must meet Cincinnati building codes and have received all applicable permits.
- For renovation projects, a full home inspection will be conducted by a City-contracted licensed third-party inspector prior to any award being made AND after construction has been completed to ensure the overall condition of structural aspects of the house and the essential systems for long term functionality.
- For new construction, a Phase 1 Environmental Assessment will be required (and a Phase II, if necessary) to assess any potential environmental contamination once any conditional awards are made.

Method of Funding Disbursement

Lift-HI construction funds will be paid out on a reimbursement basis during construction, pro-rata with other construction funds. Reimbursement requests will be limited to once in any thirty (30) day period, and the City will hold a subordinate mortgage on the property to be released upon receipt of completion of construction and/or Certificate of Occupancy, verification of a qualified homebuyer, submission of all sworn affidavits and/or unconditional lien waivers, and satisfactory compliance with all other applicable City, State, and Federal requirements.

Lift-HI Project Process

The following is an approximate order of events from application to ultimate project completion

1. Developer/owner submits application to DCED
2. DCED Staff reviews application for completeness
3. Pre-award inspection by City-contracted third-party inspector
4. Conditional awards made
5. Due diligence items listed out in "Additional Requirements" section
6. City Contract execution
7. Close of sale of property within 2 months of City contract execution
8. Construction commencement and completion period
9. Post-construction inspection by City-contracted third-party inspector
10. Once Certificate of Occupancy is granted, and/or all construction has been completed in accordance with the local Building Code, and the house is sold (close of sale) to an income qualified homebuyer, DCED will release the mortgage on the property

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APPENDIX A

Current Income Limits

Household Size:	1	2	3	4	5	6	7	8
120% AMI:	\$84,900	\$97,050	\$109,200	\$121,300	\$131,050	\$140,750	\$150,750	\$160,150
80% AMI:	\$56,650	\$64,750	\$72,850	\$80,900	\$87,400	\$93,850	\$100,350	\$106,800

(Effective as of April 1, 2024) ***All figures above are subject to change as published by HUD.***

APPENDIX B

City of Cincinnati Residential Tax Abatement Tiered Neighborhood
Incentive List

LIFT Neighborhoods	
Avondale	Mt. Washington
Bond Hill	North Avondale
Camp Washington	North Fairmount
Carthage	Paddock Hills
College Hill	Queensgate
Corryville	Riverside
CUF	Roselawn
East Price Hill	Sayler Park
East Westwood	Sedamsville
English Woods	South Cumminsville
Evanston	South Fairmount
Hartwell	Spring Grove Village
Heights	Villages at Roll Hill
Kennedy Heights	Walnut Hills
Lower Price Hill	West End
Millvale	West Price Hill
Mt. Airy	Westwood
Mt. Auburn	Winton Hills

EXPAND Neighborhoods	
California	Madisonville
Clifton	Northside
Downtown	Over-the-Rhine
East End	Pendleton
East Walnut Hills	Pleasant Ridge

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