

2023 CDBG Application Workshop

Upper Story Conversion Program

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Virtual Presentation

CDBG Upper Story Housing Program Overview

- The allocation in 2023 for the Upper Story Housing Program will be roughly \$3.3 million.
- Maximum allocation is \$600,000 - \$550,000 inclusive of project and administrative costs and \$50,000 in optional Green Streets
- On average, 5 to 6 projects will be funded.
- In order to spread the funding across the state, only one project per community will be funded. If a community already has a current Upper Story project, that project must have submitted its final claim and the Unit Verification Form prior to submitting another application.

Upper Story Conversion Program Requirements

- The activity for this program is limited to existing buildings to either rehabilitate ***un-occupied*** units or convert existing space into new units. All intended spaces must be ***vacant*** and un-occupiable at the time of application.
 - ❖ Un-occupiable means an existing space that is not currently able to be occupied or would not be occupiable with minimal minor improvements (painting, flooring, cosmetic updates.)
 - ❖ The existing space must be un-occupied for at least 5 years and will require major improvements and possible code-updates to allow someone to reside there.

Program Requirements Continued...

- » The Developer must be a for-profit entity and own the building.
- » Ownership of the property or purchase agreement for the property needs to be provided with the application. For any property being purchased; no acquisition, purchase or real estate closing, may occur prior to IEDA issuing the Release of Funds.
- » No less than 51% of all units must be rented to LMI persons or households.
- » The number of affordable rental units are to be retained at all times as affordable units throughout the period of affordability through income limits and rent limitations.
- » A development team must be determined prior to application submission.

Program Requirements Continued...

- » There must be a development agreement between the Recipient Responsible Entity (City/County) and the Developer (Building Owner/Manager). The Recipient retains all responsibilities, and the Developer owns the property. Must be submitted prior to requesting the first draw down of funds.
- » If the building is of “mixed use”, the residential project must stand on its own and commercial improvements will not be considered in this application.
- » A rent calculation sheet must be complete and submitted as a part of the application.
- » If the Owner/Developer is wanting to act as the General, a template will be provided by IEDA. The form must be completed by the Owner and submitted by the City requesting IEDA's approval prior to submitting the application.

Continued.....

- » All additional costs of the project above the stated CDBG fund limitation shall come from other financial resources. These funds must be committed and secured prior to the commitment of CDBG funds for this project.
- » Applications must:
 - The maximum number of rental units to be created is 7.
 - CDBG funds must be proportionate to the number of LMI units in the project
 - Tenant income must be completed in accordance with 24 CFR5.609 (Part 5 Annual Income)

Upper Story Conversion Form of Assistance

- » All contracts will be awarded up to a maximum of \$600,000.00 - \$550,000 is inclusive of project and administrative costs and \$50,000 is for optional Green Streets activities.
- » To assist with the Green Streets Criteria, projects should plan to complete a consultation prior to application. To do so, contact Jeff Geerts at (515) 348-6211 or Jeff.Geerts@IowaEDA.com . Additional Points will also be given when reviewing the application.

Continued...

- The form of assistance will be a **3-year** forgivable loan (non-receding) to ensure the project is not sold, transferred or converted to another use within that time frame.
- Each property receiving CDBG funds will be required to have a forgivable loan/mortgage and agreement for covenants and restrictions in the form of a recorded lien, prior to the first construction payment. (Forms provided by IEDA).
- Projects constructed under this activity could result in mixed-income projects, where only a percentage of the total units required meet the activity income and rent requirements.

Continued...

- Maximum rent limits on the CDBG funded (affordable) rental units (by bedroom) size shall not exceed the most current HOME Program 65% rent limits.

Environmental Compliance

- » Upper Story conversion projects (considered as “new construction” by HUD) require a partial “up-front” environmental review check at the time of application.
- » For residential conversion, three factors could disqualify the project before it begins. Those factors are:
 - Location within a floodplain (100-year not eligible/500-year may or may not be eligible).
 - Above ground storage tanks within less than the Acceptable Safe Distance from the project site
 - Excessive Noise – above 75 dB

Environmental Compliance

Asbestos

- » Projects are not exempt
- » Notification Requirements:
 - Online notification of DNR
 - Forms to mail and send to DNR
- » Fees will not apply if:
 - the total amount of asbestos to be removed or disturbed is less than:
 - 260 linear feet
 - less than 160 square feet, and
 - less than 35 cubic feet of facility components and is below the reporting thresholds as defined in 40 CFR 61.145 as amended on January 16, 1991

Environmental Compliance

- » To check for these factors and avoid processing a project that cannot be funded, here are the items we need:
 1. A clearly readable floodplain map with the project area delineated. Questions regarding the 500-year flood plain will be part of the application to help determine if the project will or will not be eligible.
 2. Identification and distance from the site of all above ground storage tanks (ASTs) from the State Fire Marshall's web site and blast and/or thermal calculations for each tank within one mile of the project
 3. Noise calculations for any applicable roads within 1000 feet, or railroads within 3000 feet, of the project site

Environmental Compliance

Asbestos

- » You will more than likely need to hire contractors:
 - Asbestos Inspector
 - Abatement Contractor (if applicable)
 - Demolition Contractor (if applicable)

- » Contractor Permits:
 - Any business or individual compensated to remove asbestos containing materials is required by the Iowa Division of Labor to obtain a certified asbestos contractor permit. Please call 515-281-6175 or visit the [Iowa Division of Labor](#) website for details.

Environmental Compliance Asbestos

» DNR Contacts:

- Tom Wuehr - Unit Leader: Compliance, Asbestos Abatement, and Demolition Projects

*Phone:*515-725-9576

Email:Tom.Wuehr@dnr.iowa.gov

- Nathan Stueve - Compliance, Asbestos Abatement, and Demolition Projects

*Phone:*515-725-9581

Email:Nathan.Stueve@dnr.iowa.gov

- Norma J Gentry - Asbestos Program

*Phone:*515-725-9513

Email:norma.gentry@dnr.iowa.gov

Environmental Compliance Above Ground Storage Tanks


- » Applicability:
 - Above ground storage tanks
 - Over 100 gallons
 - Contains fire-prone gases and liquids

- » The analysis for Explosive and Flammable Materials will be required to be turned in with the application

- » Applicable tanks must be within an Acceptable Separation Distance from the project, or the risk must be mitigated

- » If not, CDBG cannot fund the project

Environmental Compliance Explosive and Flammable Materials

- » Step 1: Look for ACTIVE Above Ground Storage tanks within 1 mile of the project site. Visual Survey
- » Step 2: Verify the sites and the tank sizes on the State Fire Marshall Website
- » Step 3: If within 1 mile use the HUD Acceptable Separation Distance Calculator
- » Step 4: If within the acceptable separation distance = 
- » Step 5: If NOT within the acceptable separation distance = mitigate or don't do the project


Environmental Compliance

Noise

- » Noise levels for projects should be at the Acceptable level of 65 dB. If above 65 dB, the prior use of the space will determine if the project can proceed.
- » The Noise analysis will be required to be turned in with the application
- » Acceptable noise levels must exist or be able to be attained
- » If not, CDBG cannot fund the project

Environmental Compliance

Noise

- » Noise level 65 dB or lower = 
- » Noise level above 65 dB = must look at prior use to determine if noise attenuation is feasible:
 - Vacant now, but prior use was residential (regardless of how long it has been vacant)
 - Vacant now, but prior use was non-residential

Environmental Compliance

Noise

Vacant now, but prior use was residential (regardless of how long it has been vacant):

- » Above 65 dB, but below 75 dB noise level:
 - Normally Unacceptable range: attenuation will be required so that the internal noise level attains a 45 dB

- » Above 75 dB noise level:
 - Unacceptable: The Responsible Entity will need to document on letterhead and have signed by the certifying officer:
 - that attenuation can be reached to 45 dB,
 - project supports community planning objectives,
 - no outside uses are planned,
 - and it fulfills a demand for housing

Environmental Compliance

Noise

Vacant now, but prior use was non-residential:

- » Above 65 dB, but below 75 dB noise level:
 - Normally Unacceptable range: The Responsible Entity will need to document on letterhead and have signed by the certifying officer:
 - that attenuation can be reached to 45 dB,
 - project supports community planning objectives,
 - no outside uses are planned,
 - and it fulfills a demand for housing

- » Above 75 dB noise level:
 - Unacceptable: The project cannot proceed

Additional Requirements

- No properties funded under this activity shall be located in a 100-year flood plain. If located in a 500-year flood plain, the project may or may not be eligible. For further questions, contact Robert Jonet or me.
- No properties being purchased through a land contract will be eligible.
- No projects being done in phases will be eligible.
- All projects must utilize a licensed architect and/or engineer for design development, both preliminary and final, and compliance throughout the entire project.
- IEDA would like to review a copy of the tenant application and lease document that will be used during the leasing process. An IEDA amendment must be attached to all leases to cover compliance with the Period of Affordability.
- All owners must understand the importance of utility allowances and the calculation of utilities off the maximum rent limit.
- All multi-family units shall be designed and constructed in accordance with all locally adopted and enforced building codes and standards. **In the absence of** any locally adopted and enforced building codes or standards, the requirements of the current Iowa State Building Code shall apply.

Additional Requirements Continued

- No basement or first floor storefront units are allowed under this program. If first floor accessible unit are included in the project, they must not occupy an otherwise commercial space, and must have a separate entrance from the commercial space.
- All properties proposed for rental housing need to be identified and site control (not necessarily ownership) obtained, prior to application submission, and be identified (property address and legal description) within the application. Purchase Agreements may be used to document site control if the owner doesn't currently own the building, however no purchase can take place from the date of application until after IEDA has issued Release of Funds for awarded project.

Additional Requirements Continued

- These CDBG funds are subject to the requirements of the Federal Lead Safe Housing regulations, impacting all dwelling units that were constructed prior to January 1, 1978. As such, this program is designed to limit projects to those that either work under Lead Safe Interim Controls as qualified for under the exemption for National Register listed or eligible properties, under 24 CFR 35.115 OR the contractor implements full lead abatement in accordance with the Federal Lead Safe Housing regulations.
- **A radon test but be conducted by a professional and if the results are above 3.9 pCi/L or picocuries/liter, mitigation must be conducted.**
- All awarded projects are subject to the standard State and Federal Regulations associated with the expenditure of Federal Community Development Block Grant (CDBG) funds, including but not limited to Environmental Review, Lead Safe Housing, Civil Rights and Fair Housing, etc. Grant Administrators for these projects should be familiar with these regulations and should ensure that all developments comply with the terms of the CDBG contracts.

Required Application Attachments

The Application will need to include:

- » Public Hearing Documentation
 - Notice, Signed Minutes and Proof of Publication or Affidavit of Posting
- » HUD Disclosure Form 2880 (Applicant/Recipient/Disclosure/Update Form)
- » Federal Assurance Signature Page
- » Completed procurement for Administrative Services, if applicable. If procurement is not required, a copy of the approved resolution of intent to hire the local Council of Government or Planning Commission upon award.
- » Completed Environmental Review ready for Publication

Required Attachments Continued...

- » Site Control (Not necessarily ownership) for each property. Include property address and legal descriptions. (Purchase Agreement)
- » List of known development team members showing roles and responsibilities, experience and contact information.
- » Documentation of Proper Zoning
- » Drawing of Unit Layout by Floor (not full-scale blueprints) which indicates ADA Accessible Units (is applicable)
- » Project Cost Estimate

Required Attachments Continued...

- » Community Needs Assessment was completed and approved by at the Public Hearing for this Program and is not older than one year.
- » Financial commitments including terms for construction and permanent financing for all sources of funds other than CDBG
- » Proforma – including minimum 10-year operating projects
- » Documents of concurrence and acceptance by the local government of the project location. Documentation of published notice and hearing meeting minutes.

Upper Story Conversion Application Evaluation

- » Applications will be evaluated on, but not limited to, the following:
 - Project Readiness
 - Status of Financial Commitments
 - Capacity to Complete and Maintain the Project
 - Community Support
 - Is There A Need

Upper Story Conversion Program Reminders

- » Applications will be available at www.iowagrants.gov as of today.
- » Applications will be competitive and must be submitted by 11:59 PM on **November 22, 2023**. The system will not accept applications after this date/time.
- » **If an application is incomplete, it will NOT be reviewed.** Complete means all required information is provide in the application **AND** all required attachments are uploaded with the application.
- » Contract Terms - Three (3) years to complete **AND** Lease Units.
- » Period of Affordability will be three (3) years from receipt of Certificate of Occupancy (CoO). (If the community does not issue a CoO, date of first tenant lease up. (Annual Reporting Will Be Required.)

Questions?