**Catalyst Fund**

**Program Application Cover Page**

**This cover page must be submitted with your application.**

 **I certify the following:**

[ ]  A copy of our certified Catalyst Property Condition Report has been submitted with this application

[ ]  We understand and will comply with DSHA minimum construction standards listed in Appendix B

[ ]  We understand and will comply with DSHA minimum energy standards listed in Appendix B

[ ]  We understand that projects in this program will undergo the standard environmental review procedures dictated by the sources of funding used in the project and which apply to the renovation of single-family homes

[ ]  We understand and agree to affirmatively further fair housing and comply with the provisions of all applicable laws
 prohibiting discrimination including, but not limited to, Title VI of the Civil Rights Act of 1964 as amended

[ ]  A copy of the parcel eligibility form has been submitted with this application

[ ]  The proposed as intended project meets zoning requirements

[ ]  A copy of our entity formation documents have been submitted with this application

[ ]  A list of completed development projects from the last 5 years has been submitted with this application

[ ]  We certify that the organization has a minimum of 10 years’ experience developing properties for sale

[ ]  If the property is in a 100-year flood zone, we agree to disclose the additional insurance requirements to the buyer (Please check the box even if not applicable).

[ ]  We agree to put forth due diligence in marketing to and obtaining eligible homebuyers for the project(s).

[ ]  We agree to inform the homebuyer of the 5 year retention period.

Signature: Click or tap here to enter text.

Full Name:Click or tap here to enter text. Date: Click or tap here to enter text.

**Program Guidelines**

The Catalyst Fund is a new program designed to support efforts to address vacant property in communities disproportionately impacted by the COVID-19 pandemic. The Catalyst Fund will promote neighborhood revitalization and an equitable recovery by providing developers with gap funding to renovate vacant homes. and/or build new homes on vacant land, for sale to homeowners.

The COVID-19 pandemic has highlighted the importance of healthy neighborhood environments to public health and economic outcomes. The CDC has recognized that: “neighborhoods people live in have a major impact on their health and well-being.” Research has revealed correlations between high rates of vacant or abandoned properties in a neighborhood with worse physical health and mental health outcomes.

Vacant and abandoned properties also a present a barrier to economic recovery. When neighborhoods face high concentrations of vacant properties or when properties remain vacant for long periods of time, the cost of renovation or redevelopment is often greater than the after-improved value, putting scalable and targeted revitalization efforts financially out of reach. In many neighborhoods facing high levels of vacancy, there is also a significant homeownership gap, negatively impacting neighborhood stabilization and growth. This is often compounded by the rising costs and limited availability of “move-in” ready homes for sale in these markets.

**Program Details**

|  |  |
| --- | --- |
| Eligible Entities | 501(C)(3) non-profit developers who are responsible for initiating and controlling a real-estate development project and ensuring that all phases of the development process are accomplished. |
| Eligible Projects | Projects consisting of the new construction and/or renovation of single- family homes for sale for homeownership. |
| Eligible Locations | Projects located in Qualified Census Tracts or areas with concentrations of vacant and abandoned properties as identified in Appendix A |
| Eligible Properties | Vacant or abandoned buildings or land that have been unoccupied for a year or longer as of the date of application. |
| Program Funds Available | Up to $20 million in sales gap subsidy from DSHA |
| Per Residential Unit Maximum Award | Up to $120,000 per unit in sales gap subsidy for each homeownership unit. A developer fee may be included. Actual award amounts will be based on need as determined and approved by DSHA. |
| Financing Requirements | Prior to commitment of the subsidy, developers must demonstrate the ability to self-fund the proposed project.  |
| Priorities | The program is available for non-profit developers seeking to redevelop vacant buildings or land. Priority will be given to applications that aggregate multiple properties in close geographic proximity that contribute to broader neighborhood revitalization efforts.Other program priorities include:* Experience working in the neighborhood(s) where project is proposed
* Commitment to local hiring
 |
| Developer Fee | A developer fee is allowable but may be no more than the lesser of 15% of the total development costs or $20,000 per property. |
| Design Standards | Each property identified must have an identified scope meeting renovation/construction standards (Appendix B: Minimum Construction and Energy Standards) to create a quality homeownership opportunity with a budget sufficient to meet the scope. |
| **Homebuyer Requirements** |
| Eligible Homebuyers | Homes renovated through this program will be available for purchase for homeownership only. Eligible homebuyers will have household incomes less than 120% AMI. |
| Terms of Purchase | Home buyers will assume a retention agreement for the amount of the sales gap subsidy in the form of a non-amortizing, non-interest bearing second mortgage with a 5-year term. With each year of compliance, the obligation will decline by 20% until the conclusion of the term, at which point the amount will be fully forgiven and the lien will be satisfied. |
| **Reviews and Approvals** |
| Environmental Review | Projects in this program will undergo the standard environmental review procedures dictated by the sources of funding used in the project and which apply to the renovation of single-family homes. |
| Scope of Work | DSHA will oversee the review, approval, and implementation of work plans and budgets. |
| **Equal Opportunity Goals** |
| Fair Housing | Applicants agree to affirmatively further fair housing and comply with the provisions of all applicable federal, state, and local law prohibiting discrimination including, but not limited to, Title VI of the Civil Rights Act of 1964 as amended. |
| **Application** |
| Application Process | Submit application and all required attachments to DSHA. Applications will be accepted on a rolling basis. |
| Financing | DSHA will review project applications and ensure applicants are in adequate financial standing to self-fund their proposed projects.  |
| Subsidy Award | DSHA will reserve sales gap subsidy awards prior to construction based on the construction budget. Actual sales gap subsidy will be paid based on actual construction costs at closing when the home is sold to a homebuyer and all program requirements have been met. |
| DSHA Contact | Rochelle Knapp, Chief, Special InitiativesRochelle@destatehousing.com |

**Attachments Checklist**

Please ensure all attachments are included with your electronic application submission. Additional information is provided in each section regarding specific details required. Each document should be clearly labeled with the number referenced below. Condition reports, parcel eligibility forms, photos, maps, permits, and other property specific documents should be included for each property listed in the application.

|  |
| --- |
|[ ]  1. Signed Application Cover Page with Certifications
 |
|[ ]  1. Completed Application (this document)
 |
|[ ]  1. Subsidy Worksheet
 |
|[ ]  1. Certified Catalyst Property Condition Report
 |
|[ ]  1. Parcel Eligibility Form
 |
|[ ]  1. Photos, schematic drawings, elevation, floor plan, etc.
 |
|[ ]  1. Map of the Property(s)
 |
|[ ]  1. SOW Supporting Documentation
 |
|[ ]  1. All required permits
 |
|[ ]  1. Condition, Use, and Zoning Supporting Documentation and Photos
 |
|[ ]  1. Entity Formation Documents
 |
|[ ]  1. List of Completed Development Projects from the Last 5 Years
 |
|[ ]  1. Bio/Resumes of key Management/Board
 |
|[ ]  1. Organizational Chart
 |
|[ ]  1. Financials for most recent 3 years to demonstrate available funds for construction
 |
|[ ]  1. Home Sales Price Supporting Documentation (sales comps info, photos, descriptions)
 |

**Applicant Information**

|  |  |
| --- | --- |
| Date  | Click or tap here to enter text. |
| Name of Organization | Click or tap here to enter text. |
| Organization Website | Click or tap here to enter text. |
| Organization Address | Click or tap here to enter text. |
| Federal Tax ID/EIN | Click or tap here to enter text. |
| City | Click or tap here to enter text. |
| State | Click or tap here to enter text. |
| Zip Code | Click or tap here to enter text. |
| Date Incorporated | Click or tap here to enter text. |

**Point of Contact**

|  |  |
| --- | --- |
| Name | Click or tap here to enter text. |
| Title | Click or tap here to enter text. |
| Phone | Click or tap here to enter text. |
| Email | Click or tap here to enter text. |

**Financing Need**

\*As reflected in the subsidy worksheet

|  |  |
| --- | --- |
| Dollar Amount Requested | Click or tap here to enter text. |
| Total Project Cost | Click or tap here to enter text. |
| Other funding sources | Click or tap here to enter text. |

**Project Description**

|  |  |
| --- | --- |
| Describe the location of the proposed property(s).Attach a map showing the location of the proposed property(s). For multiple properties, the map should show their relationship to one another. | Click or tap here to enter text. |
| Include any information about other revitalization work in the target area undertaken by the applicant or other groups. | Click or tap here to enter text. |
| Please explain how the project fits into the broader community development strategy and how it will have a meaningful impact on the area. | Click or tap here to enter text. |
| Describe any prior experience working in the neighborhood(s) where project is proposed and any commitment to local hiring. | Click or tap here to enter text. |

**Project Details**

|  |  |
| --- | --- |
| Briefly describe specifics on the scope of work including:* Type of construction (demo, new construction, rehab, etc.)
* Materials used for exterior structure
* Unit details (# bedrooms, bathrooms, stories, floor plan, etc.)

Attach supporting documentation prepared by a building professional. | Click or tap here to enter text. |
| Description of current condition, use, zoning, etc.Attach supporting documentation prepared by a building professional as well as photographs.  | Click or tap here to enter text. |
| If multiple properties are within the project, provide details on project plan including phases of construction, timeline, priorities, etc. | Click or tap here to enter text. |
| Describe any energy efficiencies or quality standards to be used as well as the project amenities and how they compare with other housing being developed within the market area. | Click or tap here to enter text. |
| Anticipated construction start date | Click or tap here to enter text. |
| Anticipated construction end date | Click or tap here to enter text. |
| Anticipated sale date | Click or tap here to enter text. |
| Number of jobs created by developer | Click or tap here to enter text. |

**Development Team**

|  |  |
| --- | --- |
| Developer | Click or tap here to enter text. |
| Architect | Click or tap here to enter text. |
| Engineer | Click or tap here to enter text. |
| General Contractor | Click or tap here to enter text. |
| Sub-Contractor(s) & specialty | Click or tap here to enter text. |
| Appraiser | Click or tap here to enter text. |
| Attorney | Click or tap here to enter text. |
| Other | Click or tap here to enter text. |

**Project Addresses**

Please attach additional pages as necessary.

**Project 1:**

|  |  |
| --- | --- |
| Street | Click or tap here to enter text. |
| City, State | Click or tap here to enter text. |
| Zip Code | Click or tap here to enter text. |
| Census Tract or DSHA Strong Neighborhoods Area\* | Click or tap here to enter text. |

**Project 2:**

|  |  |
| --- | --- |
| Street | Click or tap here to enter text. |
| City, State | Click or tap here to enter text. |
| Zip Code | Click or tap here to enter text. |
| Census Tract or DSHA Strong Neighborhoods Area\* | Click or tap here to enter text. |

**Project 3:**

|  |  |
| --- | --- |
| Street | Click or tap here to enter text. |
| City, State | Click or tap here to enter text. |
| Zip Code | Click or tap here to enter text. |
| Census Tract or DSHA Strong Neighborhoods Area\* | Click or tap here to enter text. |

**Project 4:**

|  |  |
| --- | --- |
| Street | Click or tap here to enter text. |
| City, State | Click or tap here to enter text. |
| Zip Code | Click or tap here to enter text. |
| Census Tract or DSHA Strong Neighborhoods Area\* | Click or tap here to enter text. |

**Project 5:**

|  |  |
| --- | --- |
| Street | Click or tap here to enter text. |
| City, State | Click or tap here to enter text. |
| Zip Code | Click or tap here to enter text. |
| Census Tract or DSHA Strong Neighborhoods Area\* | Click or tap here to enter text. |

\*Qualified Census Tract (QCT) - A Census tract, as defined in Section 42(d)(5)(C) of the Code and designated by the Secretary of HUD, in which 50% or more of households have an income less than 60% of median gross income or in which there exists a poverty rate of 25% or greater, as shown on this [map](https://www.arcgis.com/home/webmap/viewer.html?webmap=1aaa2fd7629c4927bbea3fa9f99eb2ed&extent=-76.9211,38.6641,-73.6829,39.779).

\*DSHA Strong Neighborhoods Area: As defined by DSHA on this [map](https://www.arcgis.com/home/webmap/viewer.html?webmap=1aaa2fd7629c4927bbea3fa9f99eb2ed&extent=-76.9211,38.6641,-73.6829,39.779).

**Home Sales**

|  |  |
| --- | --- |
| Describe and provide supporting documentation that the proposed home sale price is supportable in the market for the target neighborhood. Include comparable home sales, if available. | Click or tap here to enter text. |
| Describe the marketing strategy to find program eligible homebuyers. Identify if you have connected with a HUD-certified homeownership counseling agency partner and/or local realtors. Briefly describe their and/or your experience working in the community. Include contact information and responsibilities of each party. If applicable, include information about your pipeline of homebuyers. | Click or tap here to enter text. |
| If mortgage will be provided by your organization, please describe your mortgage program, terms and how this information is provided to your prospective homebuyers. | Click or tap here to enter text. |

# APPENDICES

## Catalyst Fund Interactive Target Areas

Projects that target properties located in specific areas identified in [DSHA’s Interactive Catalyst Fund Priority Areas Map](https://arcg.is/afy5r0) will be eligible. The map in the link below identifies highly distressed neighborhoods suffering from high levels of vacancy and abandonment where strategies should be focused on stabilizing neighborhoods through reducing vacancy and promoting increased homeownership.

## Minimum Construction & Energy Standards

The Catalyst Fund has established Minimum Construction and Energy Standards that must be met in addition to local building code standards in the development of homeownership units through the Catalyst Fund. DHSA will inspect units during the construction process to ensure that all applicable standards are met. Any deviation from these standards must be pre-approved by DSHA in writing.

***Minimum Construction Standards***

* Bathrooms: Exhaust fans shall meet building code air exchange requirements. DSHA suggests the use of Energy Star rated products that have timers that assist in meeting air exchange requirements and single piece bathtub/shower units to eliminate a caulk joint.
* Doors: All entry doors shall have a “frame saver” rot-proof door frame and shall meet applicable energy code requirements.
* Electrical Fixtures: DSHA suggests the use of LED fixtures, since they generally provide a pay back with annual cost savings.
* Energy-Efficiency: Energy Star appliances, products and best practice methods similar to Energy Star Certified Home, as amended, shall be used when applicable in constructing and/or rehabilitating the structure. Consider, third-party verification testing to assess the energy-efficiency of the structure (air-sealing).
* Environmental Issues: All environmental issues shall be addressed (i.e. asbestos, lead based paint, radon and mold).
* Equipment/Appliances: All appliances shall be ordered “pre-wired” for direct plug-in to outlet. This will eliminate the need to use a Master electrician for appliance installation (i.e. dishwasher, electric stoves, and garbage disposals). Dryer vents shall be exhausted to the exterior per code.
* Exterior Surfaces: Maintenance free building materials shall be used for all exterior surfaces.
* Insulation: Insulation shall meet local building code requirements.
* Interior Finishes: Choice of flooring (i.e. carpet, vinyl flooring, ceramic tile, and pre-engineered flooring products) shall be determined by developer/homebuyer. If using vinyl flooring products, DSHA suggests the use of products labeled “pure vinyl”, since some products made outside the USA have been known to use heavy metals in the manufacturing process.
* Kitchen Cabinetry: All cabinetry shall be made of solid wood construction (combination of hardwood/plywood allowable, no particle board). DSHA suggests the use of concealed hinges which have a longer life span.
* Landscaping: A minimum of $500 per unit shall be spent on landscaping for new construction projects. The use of drought resistant and minimal water consumption landscaping is preferred.
* Roofing: Roofs shall have a minimum of 30-year warranty and meet all applicable wind code requirements. The use of standard or architectural style shingles shall be the developer/homebuyer’s choice. For flat roofs, EPDM roofing material is an acceptable alternative. For Rehab projects, old roofing material must be removed prior to the installation of new roof. A second layer of shingle generally voids the new shingle warranty and multiple layers of roofing
* Vinyl Siding: All siding shall have a minimum thickness of 0.044 inches. The profile style of the siding (Dutch Lap, Carolina Bead, etc.) may be determined by the developer/homebuyer.
* Windows: All windows shall be thermal insulated with a minimum “U” value of 0.33 or better. Windows must meet all egress codes.

***Minimum Energy Standards***

* All appliances will be Energy Star with pre-wired power source.
* Energy Star qualified heat pump, furnace, air conditioning and/or ventilation equipment
* High-efficiency HVAC units with a furnace efficiency of 90% or greater. Minimum SEER 14%.
* High-efficiency air filters for mechanical blower units
* Hot water heating shall have a minimum Energy Factor between 0.82 and 0.91 EF.
* Minimum warranty period 5 years
* Energy Star qualified windows or windows rated by the national Fenestration Rating Council with a U-Factor greater than 0.33.
* Slider windows not allowed
* Windows must meet all egress codes
* Insulation shall meet all applicable codes for new construction and rehabilitation.
* Energy Star qualified doors with a U-Factor greater than 0.33.
* Non-mercury programmable thermostats
* Energy Star qualified lighting
* Showerheads rated 2.0 GPM or less
* Faucet aerators rated 0.5 GPM or less