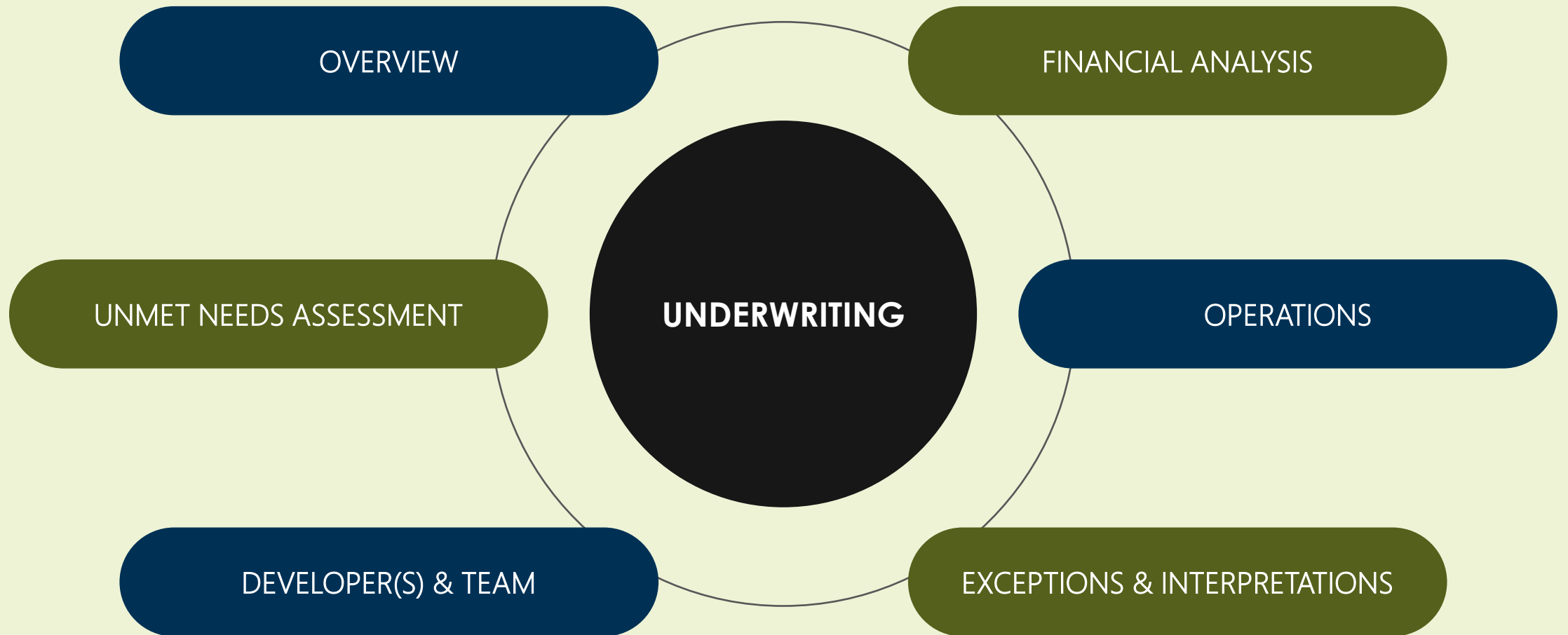


Underwriting & Subsidy Layering

City of Goldsboro

Community Relations & Development

Breakdown



Overview

- As required by [24 CFR §92.250\(b\)](#), HUD Notice [CPD 21-10](#), and prudent business practices, the City's underwriting framework includes, but not limited to, evaluations of:
 - **Regulatory Requirements:** applicable to the project, and includes, compliance with restricted use periods, property standards, and cross-cutting Federal requirements.
 - **Market Risk:** includes whether a sufficient demand exists for the project, the projected lease-up period (if applicable), and whether general economic conditions and other competition supports ongoing viability.
 - **Developer Risk:** focuses on whether the owner/developer has/have the technical capacity to develop and operate the project and the financial capacity to safeguard public funds and backstop the project in the event of poor financial performance.
 - **Project Risk/Financial Underwriting:** tests the economic and financial projections for the transaction including both Sources & Uses as well as Ongoing Operating Assumptions.
- At a minimum, the City will perform a **collateral evaluation** and assess environmental conditions to determine that the proposed project is suitable and viable for a project requesting Federal Funds.

Elements



NEEDS ASSESSMENT

All Federal assistance project applications must include an assessment prepared in compliance with Request for Proposal (RFP) requirements.

Assessments must be less than six months old at time of application.



DEVELOPER(S) & TEAM

Developers should demonstrate recent, ongoing, and successful experience with the development of similar projects, the presence of adequate/experienced staff, and financial capacity to support the project.



FINANCIAL ANALYSIS

A review of the underlying financial assumptions is a critical and core part of underwriting. Projects must be viable and reasonable. All costs must represent a “good deal” to the public.



NCS OPERATIONS

HOME-ARP funds may be used to acquire, rehab, or develop a non-congregate shelter, but they may not be used to pay the ongoing operating costs. The developer must show available funds for ongoing operating costs.



SS OPERATIONS

HOME-ARP funds may be used to provide the following supportive services: [§401\(29\)](#) of the McKinney-Vento Homeless Assistance Act, Homelessness prevention services, and Housing counseling services.

Exceptions & Interpretations

- The City acknowledges that it cannot pre-emptively identify every possible special circumstance that may warrant an exception to its general requirements, nor can it identify every possible loophole.
- The City reserves the right to waive specific underwriting criteria for specific projects when, in its judgement, the purposes of Federal assistance can be better achieved without taking undue risk.
- The City also reserves the right to reject any element of a transaction that, despite not being specifically prohibited, was not anticipated by the Underwriting and Subsidy Layering Guidelines or such an element or business term that otherwise creates unacceptable risks, excessive returns, or undermines the public purposes of Federal assistance.

The City will update and clarify any changes made to the Underwriting and Subsidy Layering Guidelines over time to account for any exceptions, waivers, or additional restrictions it imposes.



Questions?



Thank You!