

DEVELOPMENT INFLATION ADJUSTMENT FUND



GENERAL DESCRIPTION

In an effort to address the rising costs of construction due to supply chain issues and inflation, there will be two components of the Development Inflation Adjustment Fund. The *Development Inflation Relief Program* will be designed to help those developers that are currently in the development phase, and have not completed a financial closing, but are experiencing a funding gap due to increased costs. The *Construction Inflation Relief Program* will be dedicated to those developers that have recently closed on construction but demonstrate an unmet need due to escalating construction costs.

The two programs will be made available for projects, among other things, that have received funding from the County and can close within six months. The program will serve eligible rental developments and homeownership projects. The application and processing of the funds will be managed by Public Housing and Community Development (PHCD). The projected combined amount for both relief funds is **\$15 million**.

DEVELOPMENT INFLATION RELIEF PROGRAM

Applicant/Project Eligibility

- Applicants that have received affordable housing funding administered by PHCD including funds from the Affordable Housing Trust Fund and Project Based Vouchers from January 1, 2020 through July 31, 2022. For projects receiving SURTAX, SHIP or HOME funds, funding must have come through a request for application process.
- Be financially feasible.
- Maximized first-lien debt using current rent limits and market study data.
- Taken appropriate steps to mitigate the impact of cost increases.
- Demonstrate the developer is deferring the developer fee or providing a sponsor loan in aggregate amount equal to at least 25% of the developer pro forma.
- Must apply for permitting no later than 60 days after application submission.
- Submit a completed application that reflects all aspects of the project, including estimated development and operating budgets and pro forma. Incomplete application will not be considered.
- Demonstrate readiness to proceed. Projects must have updated milestones and a closing date on PHCD funds no later than **5/31/2023**. PHCD reserves the right to reject or rescind any awards for projects unable to close within 30 days of the projected closing date.
- Awards are capped at \$1 million per project.

CONSTRUCTION INFLATION RELIEF PROGRAM

Applicant/Project Eligibility

- Applicants must have received affordable housing funding administered by PHCD including funds from the Affordable Housing Trust Fund, Project Based Vouchers or any funding through a request for application process.
- Must have closed on PHCD funding between **December 1, 2020 and July 31, 2022**.
- Taken appropriate steps to mitigate the impact of the cost increases.
- Demonstrate and certify the General Contractor is not receiving additional profit, overhead or general requirements, except, in cases if general requirements where the pandemic-related impacts have increased its actual costs. As an example, if the construction schedule has been extended.
- Demonstrate the developer is deferring the developer fee or providing a sponsor loan in aggregate amount equal to at least 25% of the developer fee.
- Credit underwriting report must be updated and include additional funding.
- The award is capped at the lesser of \$1 million or 5% of the construction contract.
- Projects must close on new funding by **3/31/2023**.
- Submit a complete application. Incomplete applications will not be considered.

For more information: 786-469-2130 and 786-469-2221.