

Exhibit A

Project and Funding Criteria for Housing Investment Program

The criteria for the final determination of projects approved for funding and the specific amount allocated each project under the Housing Investment Program will follow a three-step process. The initial step relates to the project's ability to meet specific CRA-related objectives. The objectives are presented in order of importance, and a corresponding numerical weight is attached to each as shown below. A one (1) score has the highest rating.

Applicant should review the following scoring mechanism before applying.

Step I: Project's Ability to Meet CRA Objectives

| | Priority # | Weighted # | |
|------|------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| I. | 1.0 | 1.0 | For-sale developments with 25% of the units set aside for affordable household incomes. |
| | | 1.5 | For-rent developments with 25% of the units set aside for affordable household incomes. |
| | | 2.5 | For-sale developments without an affordable set aside component. |
| | | 3.0 | For-rent developments without an affordable set aside component. |
| II. | 1.0 | 1.0 | Quality of design reinforces street life and urban environment as exemplified in "new urbanism" and has been officially approved by CRA prior to permitting process |
| | | 1.5 | Generally meets design requirements for the above |
| | | 3.0 | Does not meet generally recognized "new urbanism" design criteria and does not have CRA approval |
| III. | 1.0 | 1.0 | Project has a minimum equity investment of 15% |
| | | 1.5 | Project has a minimum equity investment of 10% |
| | | 3.0 | Project has less than 10% equity investment |
| IV. | 2.0 | 1.0 | Project will be under construction within the next 12-16 months |
| | | 1.5 | Project will be under construction within 17-24 months |
| | | 2.0 | Project will be under construction after 24 months |
| V. | 3.0 | 1.0 | Project's tax increment revenues will equal or exceed dollar amount of incentives within 10 years |
| | | 1.5 | Project's tax increment will be equal to or exceed dollar amount of incentive within 15 years (Note: Midtown projects use 1.0 as multiplier for 15 years) |

The numerical priority # will be multiplied by the "weighted" # corresponding to appropriate project description under each element. The sum of each element will be totaled to determine the project's level of adherence to the CRA's objectives. The numerical scores will serve as a ranking list, with the lowest score ranked highest, for the allocation of resources.

Example: A well-designed for-sale residential project of 30 units at a development cost of \$130,000 per unit, or \$3.9M, is to be constructed in Midtown. Six of the units are set-aside for affordable income households. Owner is providing 20% equity and expects construction to begin within 18 months. The only other source of financing is a local bank.

| | | | |
|------|-----------|---|------------|
| I. | 1.0 x 1.0 | = | 1.0 |
| II. | 1.0 x 1.0 | = | 1.0 |
| III. | 1.0 x 1.0 | = | 1.0 |
| IV. | 2.0 x 1.5 | = | 3.0 |
| V. | 3.0 x 1.0 | = | <u>3.0</u> |

9.0 Total Score

Ranking Criteria:

| | | |
|--------------|-------------|----------------------------------------------------------------------------------------------|
| Score range: | 8 – 11.0 | Project should be funded if resources are available |
| | 11.1 – 14.0 | Project could be funded if all higher ranked projects are funded and resources are available |
| | 14.1 + | Project should not be funded |

The above scoring criteria are established to provide the CRA staff with the means to relatively quickly determine the merits of a particular project submission. **Projects that score favorably are not guaranteed funding.** Once the score is established for each project it would then move to the second step of the evaluation.

Step II: Outside Business Plan/Financial Analysis

This step includes an analysis by a third party, outside firm, hired by the CRA to evaluate:

- Proposed business plan
- Pro forma
- Partnership/ownership information with equity positions
- Mortgage on property
- Lease agreements
- Letter of Intent from lending institution
- Any other documents provided by applicant

It is the intent of this review to provide the CRA with additional assistance in determining the business merits of each application.

Step III (A) Investment Criteria for “For Sale” Residential Developments

Once eligibility is established in Steps I and II the amount of HIP funding will be determined by the following:

- Number of units to be developed.
- Number of units set aside for affordable household incomes (i.e. 120% of median income household).

The specific calculations for HIP funds include:

- \$5,000 for each unit of 5% of actual hard construction and land costs, whichever is higher.
- An additional \$5,000 per unit for each unit set aside for affordable-income households with the total number not to exceed 25% of units within project.
- If project is in Midtown area, the HIP funds can be increased by an additional 5% of construction and land costs (total not to exceed 10%).
- Projects are eligible for streetscape matching funds as long as the total CRA incentives (HIP, SIP and Streetscape) do not exceed \$250,000 for any one project.

It is the intent of this policy to assist in the development of a mix of for-sale and rental residential products with the goal of leveraging other housing assistance resources support owner-occupants in purchasing a home.

Step III (B): Investment Criteria for Rental Developments

Rental developments will be addressed in a similar way as for-sale developments. Once Steps I and II are concluded, project is ranked and is eligible for HIP funds, the amount of funding will be determined by the following:

- Number of units to be developed.
- Number of units set aside for affordable household incomes (i.e. 120% of median income) for at least 10 years.

The specific calculation for HIP funds include:

- \$5,000 for each unit (estimated costs for building, impact and permitting fees) or 5% of hard construction and land costs, whichever is higher.
- Additional \$5,000 per unit for each unit set aside for affordable income households with the total number not to exceed 25% of units within project.
- If project is built in the Midtown area, the HIP funds can be increased by an additional 5% of development cost (total not to exceed 10%).
- Projects are eligible for streetscape matching funds as long as total CRA incentives (HIP/SIP and Streetscape) do not exceed \$250,000 for any one project.

Example #1

A 30-unit rental project developed at a cost of \$3.9 million is to be constructed in Flagler Heights. Six of the units are to be set-aside for affordable income households for at least 10 years. Under the proposed formula, the HIP funds would be calculated as follows:

| | |
|---------------------------------|------------------|
| Project costs at \$3.9M x .05 = | \$195,000 |
| 6 units x \$5,000/unit = | <u>\$ 30,000</u> |
| | \$225,000 |

Example #2

A well-designed, infill, residential development includes 16 units. Project's cost is estimated at \$1,575,000. Project is to be built in Midtown Neighborhood with no set-aside units.

| | |
|---------------------------------------|------------------|
| \$5,000 x 16 units = | \$ 80,000 |
| Calculations based on 5% x \$1.575M = | <u>\$ 78,750</u> |
| | \$158,750 |