



Cuyahoga Land Bank Housing Construction Gap Grant Program December 12th, 2023

The Cuyahoga Land Bank announces the availability of construction gap grants to support the construction of new single-family homes and townhomes. The Land Bank will strategically invest in emerging markets (as defined by the Land Bank) by offering construction financing gap grants for eligible projects to incentivize development activity and to stimulate higher market values in these areas. The Land Bank is looking for “shovel-ready” projects that have the support of their respective municipalities and local institutions. Grants will be awarded on a rolling basis.

Project location in emerging and target area markets: The project must be located within the boundary shown in Exhibit A. For a more detailed view of the target areas, the emerging market boundary, and potentially available lots, please go to <https://bit.ly/RollingGapGrantProgram>.

Project type: Newly constructed single or two-family homes. Both free-standing homes and townhomes are eligible. Townhome projects must submit a site plan along with the application. Renovation projects are not eligible.

Disposition type: Homes must be built for an owner-occupant(s). Investor-owned rental properties are not eligible. Construction of the homes may not commence until after such time that a grant has been awarded.

Home sales price: Up to \$385,000. There are no income limits for homebuyers.

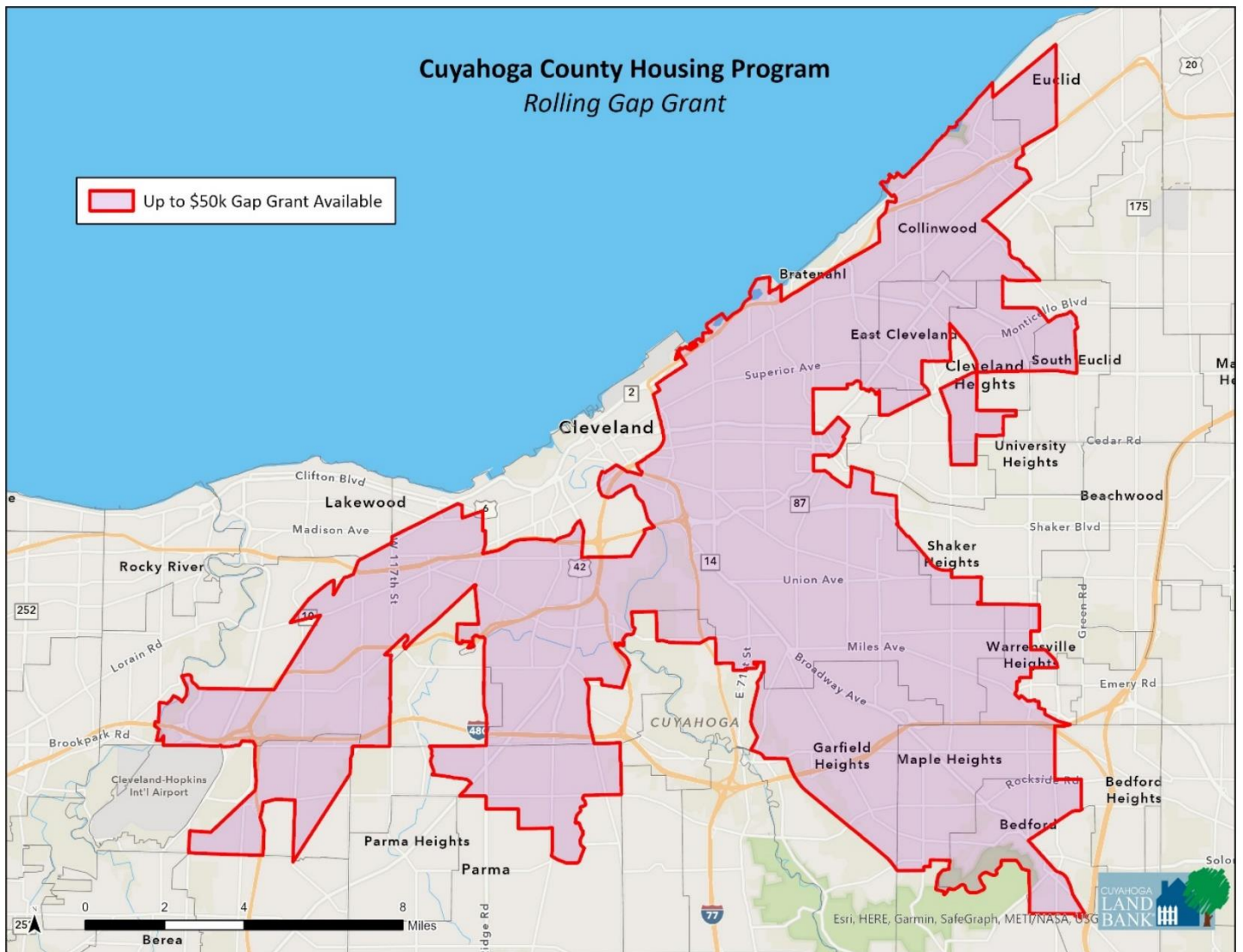
Grant Awards:

The grant award minimum shall be \$10,000 and the maximum shall be \$50,000. The amount of each award will be determined by the Land Bank based on its evaluation of the financing gap, giving consideration to a reasonable return to the developer and available funds. Award announcements will be made no later than 15 business days after an application is received. The Land Bank will make up to \$350,000 in grant funding available for this program. Applications will be accepted, and awards made on a competitive rolling basis. Submission of application does not guarantee funding. Additional information will be provided upon inquiry.

Additional Details:

1. Projects **MUST BE** supported by the local municipality as evidenced by a support letter executed by the Mayor or the Director of the City’s Housing, Community Development, or Building Department.
2. The Land Bank will enter into a Grant Agreement directly with the proposed developer as defined by the Land Bank. Additional Developer requirements may be added.
3. A review committee consisting of members of the Land Bank’s staff and other industry professionals shall review submitted applications and select projects for awards.

Exhibit A



Web Link: <https://bit.ly/GapGrantR3>



Cuyahoga Land Bank Housing Construction Gap Grant Program Additional Program Details

Evaluation Criteria and Process:

Applications that have satisfied the threshold criteria will be further evaluated with weight given to the following criteria and factors:

1. Projects which can be expected to: 1) have the greatest positive impact on the value of surrounding home values, 2) encourage spin-off housing investment from others, and 3) strengthen and support current development efforts underway in the general vicinity.
2. Projects that will result in a sale by the Developer of a completed home and/or to an owner-occupant are preferred. Less preferable is where an owner-occupant secures a vacant lot and the Developer is hired to serve as a general contractor to build a home on the aforementioned vacant lot. The reason for our preference is that in the former case the sale is recorded with the County Fiscal Office at the time of the sale of the completed home thus creating a comparable that reflects the sales price of the home. From that point on, appraisers can look to that value when appraising other properties in the neighborhood. In the latter case, the sale that is recorded is much lower - just the purchase price of the vacant lot. In these cases, there is a lag until the next triennial property assessment by the County fiscal office before the value of the completed house itself is recorded. It is not until then that appraisers will consider the house's value as a comparable when appraising properties in the neighborhood. Thus, the positive impact on neighborhood property values is felt more immediately when there is a recorded sale of a completed house. To put it more directly, a higher comparable will be created faster which is an important goal of this grant program.
3. Applications that include multiple units as opposed to an application for a single house. In addition, projects that propose to build multiple units located within a geographic area of no greater than 40 acres or within a municipally approved planned unit development. Applications that propose multiple units must submit a site plan indicating the number of units per building.
4. Projects for which site control has been secured either through direct ownership or by executed option agreements or other similar contracts. If site control has been established, applications must include supporting documentation. While it is not required that the houses be built on a Cuyahoga Land Bank lot, Addendum 1 provides information about opportunities to secure lots from the Land Bank.
5. Projects that are financially feasible based on our review of the proposed product, the asking price, the sub-market, the proforma showing all projected sources and uses and the status of securing financing. Direct hard and soft costs and reasonable Developer/GC fees should be included in project costs; however, indirect costs and developer overhead expenses should not be included. The degree to which the information that the applicant submits demonstrates that,

but for the grant, the proposed project may not proceed, shall also be given weight in our evaluation.

6. Projects where the homes can feasibly be completed and a certificate of occupancy be obtained within 18 months of the project start date.
7. Projects **MUST BE** supported by the local municipality as evidenced by a support letter executed by the Mayor or the Director of the City's Housing, Community Development, or Building Department.
8. Projects for which detailed and relevant information has been provided. The Land Bank will not contact applicants to pursue incomplete and/or non-specific information. Your application, and the supplemental attachments that you provide, shall be evaluated on their face. Please be thorough in compiling your submittal. All applications must be submitted electronically.

A review committee consisting of members of the Land Bank's staff and other industry professionals who have experience in the development, sale and/or financing of single-family homes shall review submitted applications and select projects for awards. The Land Bank reserves the right to consult others in this process, to accept and/or reject any or all applications, to require additional information from an applicant, or to negotiate separately as necessary to serve its best interests.

Developer Requirements

1. Developers desiring to apply may be organized as a for-profit or a non-profit entity registered with and in good standing with the Ohio Secretary of State. A developer is defined as a company whose principals and staff will conceive, control, invest in and orchestrate the project from beginning to end.
2. Developers must demonstrate that it has developed at least 3 newly-constructed, single or two-family homes or 3 newly-constructed townhouse projects in Northeast Ohio and that the units were sold during the period December 12, 2020 – December 12, 2023
3. A development company and/or each of its principals may not be on the Cuyahoga County Inspector General's debarred contractor list.
4. The development company and/or each of its principals may not have owned any real property wherein they lost title to the property or had any foreclosure filings after December 12, 2020. In addition, the company and principals may not currently own any real property that:
 - a) is known to have material violation(s) of state and/or local codes or has a history of code violations;
 - b) is known to have a history of being a site for criminal activity during their ownership;
 - c) is tax delinquent.

Grant Agreements

A grant agreement shall define the terms of the grant including:

- 1) A requirement that the awardee submit brief quarterly progress reports until the funded homes are sold. The quarterly reports should mirror the milestone schedule that was indicated on the grant application with emphasis on the entitlement and pre-construction process.
- 2) A Max Sales Price (MSP) calculated at 1% over the Projected Sales Price (PSP) as indicated in the grant application. The MSP may not exceed \$385,000 as described previously within the Threshold Criteria section of this document. Any change in the PSP that would exceed the Max Sales Price limit must receive written approval from the Land Bank through a grant addendum. The request should include a brief narrative describing the reason for the price increase along with an updated proforma using the same form required in the application process. In the event that the Actual Sale Price exceeds the MSP, the grantee agrees to pay the Land Bank the difference between the MSP and the Actual Sale Price at closing. Any request for changes to the Projected Sales Price must be received before the project reaches 75% completion.

Grant dollars awarded for each house will be funded in two draws as follows:

- 1) at the awardee's request, 20% of the grant will be disbursed upon submittal to the Land Bank of an invoice(s) from the relevant vendor(s) (i.e. architect and/or land surveyor) showing that costs for the construction drawings and the land surveying work related to the project has been incurred and paid by the developer;
- 2) the remaining 80% of the grant will be disbursed to the awardee when the house is deemed to be 75% complete based on an inspection by the Land Bank. At such time as the Land Bank advances the second draw, and at the sole discretion of the Land Bank, it may place a lien on the parcel which shall later be released upon sale of the property to the homebuyer. The lien may be subordinated to 1st mortgage construction financing from a financial institution and will be released as part of the homebuyer's closing process.

The Land Bank shall retain the right to revoke its obligation to fund the grant award if: 1) the developer fails to timely submit complete quarterly progress reports, 2) the project has not commenced construction within 9 months of the grant award and has not achieved 75% completion within 15 months of the grant award, or 3) the inspection reveals that the construction is not being executed in compliance with local codes and/or if required building permits have not been secured. Any changes to the grant agreement timeline must be approved through a written request to the Land Bank at least 60 days before the proposed change. The Land Bank retains sole discretion to honor such a request based on mitigating circumstances.

Application Process:

The application form, proforma worksheet and related supporting documentation can be found on the Land Bank's website at: <http://www.cuyahogalandbank.org/gapgrant>. We strongly encourage you to read through the entire application form, the proforma worksheet and related supporting documents before you commence completing the application materials.

Applications must be submitted electronically and will not be accepted on paper. Applicants must submit not only the narrative application form, but also the proforma worksheet. This worksheet was created with Excel software and includes many built-in calculations.

Because of this, all applicants are required to submit this form to us in Excel format and not on paper. All application materials are to be submitted by attaching to an e-mail and sending to:

gapgrant@cuyahogalandbank.org

Please submit any questions you may have to: gapgrant@cuyahogalandbank.org. In your e-mail, please provide your full name, the name of your company and your phone number.

The Land Bank reserves the right to amend this RFA, the application form or the proforma worksheet and any supporting documentation. Before submitting your application, please check for any amendments and for answers to frequently asked questions (FAQ) posted at:

<http://www.cuyahogalandbank.org/gapgrant>.

Required Application Materials:

Application Form

Proforma

New Residential Construction Application (If applying for Cuyahoga Land Bank lots)

ADDENDUM 1

CUYAHOGA LAND BANK LOTS

The Cuyahoga Land Bank has many vacant lots in its inventory that may be suitable for residential development. In addition, many of the municipalities that lie wholly or partially within the Emerging Market boundary also operate municipal land banks and have vacant lots available.

To view available Cuyahoga Land Bank lots that are located within the Emerging Market boundary please click here: <https://bit.ly/RollingGapGrantProgram>. The lots shown on the map were available as of December 12, 2023, therefore, it is possible that another party has applied for the lot since the time that it was originally posted to the map. To determine the current availability of a particular lot, please contact Deidre Lightning-Whitted at (216) 698-2576 or dwhitted@cuyahogalandbank.org.

Developers may apply for up to seven lots from the Cuyahoga Land Bank for which the developer will also be applying for a gap grant. Applicants who identify lot(s) of interest for home building should click on the link below for information on how to apply to purchase the lot(s). Applicants must undertake their own due diligence to determine the suitability of the available lots for new home construction and the Cuyahoga Land Bank make no representation that the lots are buildable.

Lots that are in state forfeiture may also be considered for development per the requirements listed within this document. Please note that Cuyahoga Land Bank does NOT own these parcels and will not obtain full site control until an applicant has received a grant award. The applicant should follow the same process as outlined below when considering applying for a state forfeiture lot.

How to apply for a Cuyahoga Land Bank lot:

Please note that applications for lots are accepted on a first-come, first-served basis. A deposit of \$500 per lot will be required to hold the lot through the application process and will be refunded if you do not receive a grant award. Lot pricing for the Gap Grant program is set at \$1 per square foot. Cuyahoga Land Bank reserves the right to modify, negotiate, and re-evaluate the price and terms of the sale through a corresponding option agreement to be executed upon grant approval.

The first party to apply and make a deposit on a lot will hold the reservation for a particular lot. Subsequent requests will be put in a queue in the order in which they are received. During the application evaluation process, you may be notified of your placement in the queue in the event that an alternative site must be chosen.

The application for the lot will be evaluated in tandem with your application for a gap grant. For the purposes of our evaluation of your gap grant application, having a lot reservation will be considered the equivalent of having site control.

Vacant lot for new residential construction application link:

[Click here for Vacant lot new residential construction application](#)

To ensure that your application is queued, please submit the lot application by email to dwhitted@cuyahogalandbank.org.