



La Plata Economic Development Alliance Housing Catalyst Fund

The La Plata Economic Development Alliance (Alliance) Catalyst Fund is a public private partnership to create seed funding to support below market housing development and preservation of workforce housing in La Plata County.

WHAT DOES THE CATALYST FUND DO?

The Catalyst Fund issues grants to help cover predevelopment costs to promote workforce housing in La Plata County. One of the primary recommendations from the Alliance's Three-Year Workforce Housing Investment Strategy was the creation of a local predevelopment initiative to help housing projects move forward and take advantage of the significant funding opportunities under the American Rescue Plan Act (ARPA) and to prepare for and supplement funding from Proposition 123.

Predevelopment funding is the first funding for any project and is also the riskiest for an investor. Predevelopment funding programs offer financing to support a variety of development expenses which are incurred while determining the feasibility of a particular project. Examples of predevelopment costs include preliminary financial applications, legal fees, architectural and engineering fees, environmental studies, market studies and other third-party studies that help to determine feasibility. Predevelopment funds are also used to leverage additional financing, making the project more fiscally stable, as well as more competitive for Low Income Housing Tax Credits (LIHTC) and other funding opportunities.

Obtaining financing for these costs is difficult in good economic times and nearly impossible in challenging times. Several state and local governments have developed predevelopment grant and loan programs to cover the early expenses of development, thereby facilitating and expanding development of below-market housing.

The Catalyst Fund is administered by the Alliance with input from the Catalyst Fund Committee and housing consultants.

ELIGIBLE APPLICANTS/BORROWERS

The Catalyst Fund is available to local nonprofit organizations, private developers, and local public agencies. Eligible applicants using state and federal subsidies must commit to providing at least 25% of available units at below-market prices. If the applicant is using private or local funds for the proposed project, they must describe how many units can be set-aside at below-market prices. Below-market is defined as housing that can be delivered to local community members at the following prices:

- Rental housing that delivers new rental units that provide rents affordable to households earning less than 140% AMI
- For-Sale housing that delivers affordable housing units available to households earning less than 160% AMI



All affordability calculations will follow the HomesFund's annual calculations for their loan fund and the City of Durango's Fair Share program.

In addition, eligible applicants, their partners, and/or development team members must demonstrate experience with affordable/below-market housing, prove well-functioning financial management systems, and outline experience in managing real estate development. If the applicant has no prior affordable housing development experience, then the applicant must partner with an experienced co-developer or use a housing consultant with significant experience to meet the threshold for eligibility under the Catalyst Fund.

ELIGIBLE USES

Catalyst Fund proceeds may be used for a variety of predevelopment costs, including but not limited to project feasibility studies, environmental studies, engineering, architectural, market studies, options, legal fees, soil studies, site preparation, appraisals, surveys, development consultants and other items associated with determining project feasibility.

AMOUNTS AND TERMS

The Catalyst Fund awards are issued in the form of a grant ranging from **\$25,000-\$75,000**.

If awarded, grant agreements require that applicants provide quarterly progress reports that detail the following outcomes:

- 1) Predevelopment activities completed
- 2) Results of feasibility studies
- 3) Changes on project concept
- 4) Updates to development timeline and approach
- 5) Final report on project feasibility, final unit count, and anticipated costs of the project. If not feasible, the report should contain lessons learned on factors limiting success of the actual development project for use by the Catalyst Committee

SELECTION PROCESS

The Catalyst Fund Committee approves funding guidelines, reviews applications to the fund, and approves funding allocations. Letters of Interest (LOIs) will be solicited 2-3 times a year. Interested and eligible applicants will submit an LOI with a proposed project that meets the above target housing types and, if selected, will receive an award letter based on their proposed project size to support project development. Selected projects also receive up to 10 hours of technical assistance from a regional housing consultant and guidance from local public agencies on land use and development requirements.

The Catalyst Fund Committee is composed of early investors, public agency staff, state funders and community leaders who are familiar with below-market housing development. The committee reviews LOIs with support from a regional housing consultant. They are reviewed and ranked using readiness to proceed as a primary factor which is a best



practice in the housing field and a transparent way to select projects that may receive significant public investment.

Evidence of readiness to proceed must be submitted with the application. When evaluating a project's readiness to proceed, the following criteria are used:

- Development is zoned for proposed development type or a re-zone is feasible within 12 months
- Development site has infrastructure, water and sewer. (If the project does not have infrastructure, the LOI must include a cost estimate, timeline to obtain infrastructure, and strategy for public funding).
- Proposed project owner is willing to partner and enter into a formal agreement to provide below-market lots, units or both
- Total costs for a home through this proposed project will result in below-market unit prices. This should be verified through the HomesFund's annual affordability analysis
- Development team has experience in development directly or through a consulting team and is in good standing with local governments and state funding agencies
- Proposed project's location is within a reasonable distance to services/amenities based on proposed population to be served and anticipated future funding source requirements
- Proposed project has local government support

CURRENT FUNDING ROUND

The latest details on current funding availability, application deadlines, and links to submit an LOI are included at: yeslpc.com/la-plata-economic-development-alliance-housing-catalyst-fund