

Blaine County ARPA Funds

ARCH Request

ARCH is applying for \$990,000 in Blaine County ARPA funds for the following affordable homes:

\$30,000	49 Waterford Park *
\$30,000	Robert St. Picabo *
\$30,000	8 Punkin Center, Gannett *
\$900,000	6 units in the Sunbeam development in Hailey and 2 units in Bellevue

*These are County owned parcels which ARCH will seek under a transfer agreement from Blaine County to IHFA and then to ARCH. The balance of the construction funding has been awarded to ARCH by IHFA under the HOME program. They will be home ownership opportunities (a direct goal of the final rule) for households earning 80% or less of AMI. The sales price will be \$259,000 or less.

Six units will be constructed on ARCH owned land which was purchased using private donations. And 2 Bellevue sites will be donated by the City of Bellevue. The funds will be matched by an anonymous donor at 50% and ARCH will secure the balance of the funding needed through donations. These homes will be rented to qualifying households (as allowed by the final rule based on income) at no more than 30% of adjusted gross income.

All homes will be 3 bedroom, 2.5 bath homes with 2 car garages.

History of Blaine County / ARCH collaboration

In 2018, Blaine County committed land which was then valued at \$2.5M and \$500,000. This was an extraordinary ask – more than any agency had ever requested of Blaine County in support of housing. We needed every penny – our application for tax credits was the last to be funded and we beat out the next application by a slim margin – had we not received the \$500,000 from Blaine County, we would not have been awarded the tax credits. At the time, the minimum income to afford the average advertised rental was \$74,435.

Now, the minimum income to afford the average is rental is \$118,557 – an increase of over 59%. Lumber prices are 224% higher than in 2018 and we know that federal housing dollars attach income limitations which preclude significant numbers of households. Additionally, we are proposing detached single-family housing – it is more expensive. But it is not reasonable to insist that all households needing assistance live in multi-family buildings. We need a mix of housing styles. For these reasons, we believe the funding amount requested is justified.

The Final Rule Governing ARPA funds is Extraordinary with Respect to Housing

- It is the only federal program that gives control of housing dollars to local jurisdictions.
- It presumes that housing affordability has been negatively impacted by Covid, it does not require recipients to prove that Covid is a culprit.
- It gives jurisdictions significant latitude to determine eligibility for housing.
- It acknowledges that housing development is expensive and implores recipients to build new housing anyway.

Except for these ARPA funds, all federal housing dollars available to Blaine County are competitively awarded by IHFA. If State ARPA money is allocated for housing, ARCH will have to compete with the balance of the state for the funds. IHFA will almost certainly require the funds to be used to fund gap financing in other federal programs which will attach the income limitations discussed earlier.

Most other expenditures allowed under this rule require the recipient to link the need for funding to Covid. Housing is an exception.

Throughout the rule but specifically on page 11 section 4348 of the rule, it states “Many different geographic, income-based, or poverty-based presumptions could be used to designate disproportionately impacted populations.” This allows Blaine County to expand the eligible households defined in the rule so that we can better serve our community. Please see exhibit A

Page 29 section 4366 of the rule acknowledges that housing is expensive and necessary to address the housing crisis. “While there may be less costly (or non-capital) alternatives to affordable housing development, a comprehensive response to the widespread housing challenges underscored by the pandemic **will require the production of additional affordable homes** and targeted affordable housing development is a cost effective and proportional response to this need.” This anticipates jurisdictions building housing entirely with ARPA funds. ARCH is proposing that the County leverage its funding with private donations made to ARCH.

ARCH has the Requisite Experience

ARCH has utilized millions of federal funds to deliver affordable housing. We have the process and expertise to conform to the following:

- 29 CFR Part 5 – documentation
- 40 USC 3702 3704 – contract standards
- 2 CFR 200.101 (b)(2) – reporting requirements

ARCH has SAMS and Duns numbers; both are required to work with federal funds.

Exhibit A
Income Limits

HH Size	FPG	300% FPG	100% AMI	Proposed 380% FPG
1	\$ 12,880	\$ 38,640	\$ 52,500	\$ 48,944
2	\$ 17,420	\$ 52,260	\$ 60,000	\$ 66,196
3	\$ 21,960	\$ 65,880	\$ 67,500	\$ 83,448
4	\$ 26,500	\$ 79,500	\$ 75,000	\$ 100,700
5	\$ 31,040	\$ 93,120	\$ 81,000	\$ 117,952

The rule allows for HH up to 300% FPG with a test for higher limits

Test to increase limit

If 40% AMI > 185% FPG

40% AMI for HH of 4 is \$30,000

185% FPG for HH of 4 is \$49,200

Blaine County fails this test; however, income is only part of affordability

Rents in Blaine County have increased faster than income

The income needed to afford the average advertised 3BR rent in Hailey is \$101,091

which is about 380% of FPG, any household earning less than 380% of FPG can not afford market rents.

Allowed by Rule

Proposed

Blaine County could find that anyone in our county who can not afford market rent is disproportionately impacted. The rule allows jurisdictions to find additional classes eligible based on income.

ARCH APRA Revised Request**Uses of Funds**

	Development Budget	Per Unit Cost
Land Costs	\$ 741,000.00	\$ 92,625.00
Hard Costs		
Construction Costs	\$ 2,520,000.00	\$ 315,000.00
Landscape	\$ 80,000.00	\$ 10,000.00
Site Work	\$ 160,000.00	\$ 20,000.00
Total Hard Costs	\$ 2,760,000.00	\$ 345,000.00
Contingency (10 %)	\$ 228,333.33	\$ 28,541.67
Soft Costs		
Utility Costs	\$ 120,000.00	\$ 15,000.00
Architecture	\$ 24,000.00	\$ 3,000.00
Civil Engineering	\$ 24,000.00	\$ 3,000.00
City Fees	\$ 64,000.00	\$ 8,000.00
Taxes during constr.	\$ 1,333.33	\$ 166.67
Structural Engineer	\$ 16,000.00	\$ 2,000.00
Total Soft Costs	\$ 218,000.00	\$ 27,250.00
Sunbeam - Bellevue Costs	\$ 3,719,000.00	\$ 464,875.00
Sunbeam - Bellevue Costs plus contingency	\$ 3,947,333.33	\$ 493,416.67
County Parcels	\$ 700,000.00	\$ 350,000.00
Sunbeam - Bellevue costs plus County Costs	\$ 4,419,000.00	

Sources of Funds

	Sought	Secured
Individual Donors	\$ 1,500,000.00	\$ 758,000.00
Matching Donor	\$ 1,000,000.00	\$ 300,000.00
HOME Funds	\$ 960,000.00	\$ 960,000.00
ARPA Funds	\$ 990,000.00	
Total Sources of Funds	\$ 4,450,000.00	\$ 2,018,000.00