



CATALYST FUND

FREQUENTLY ASKED QUESTIONS

ELIGIBLE PARCELS OR PROPERTIES

- Is new construction eligible?
 - Yes. The program anticipates that demo and new construction will be the most effective path forward for some vacant/blighted properties.
- Is the minimum or maximum number of properties that one developer can submit for this program?
 - The program anticipates that any one financing application will be for no more than 5 properties. However, a developer may make successive applications for financing and sales gap subsidy during the life of the program.
- Are developers allowed to build/rehab properties they already own if they are located in a Catalyst Fund-eligible neighborhood?
 - To the extent that such a property can meet the definition of vacant and/or blighted, then it should be eligible. Depending on how long the developer has owned the property there may be holding/acquisition costs that are not eligible under this program.
- Will a property being built or rehabbed for rental housing be eligible for the Catalyst Fund?
 - No. This is a financing program for homeownership units.

ELIGIBLE LOAN APPLICANTS/DEVELOPERS

- Will developers be able to contract with a general contractor to perform the actual construction work?
 - Yes.
- How does Catalyst Fund differ from the Jumpstart Wilmington loan program?
 - Primary difference is that the Catalyst Fund is open to targeted vacant and blighted neighborhoods located throughout the state.
- How are emerging developers treated differently during the loan underwriting process?
 - A loan application from an emerging developer will be evaluated more on the feasibility of the project rather than the financial capacity of the developer.

- With more experienced developers, financial capacity will be weighed more heavily since it will be presumed that experienced developers will conduct their own feasibility reviews.
- Besides the Jumpstart Wilmington program, what kind of real estate development training will be required?
 - Several organizations offer training, including the National Development Council and the Urban Land Institute, for example.
 - Some colleges/universities offer academic courses in real estate development
 - Developer may include training information on specific training taken for evaluation as part of loan underwriting.
- Is the construction lending non-recourse for emerging developers?
 - Yes. As part of the loan underwriting for emerging developers, the project feasibility will be weighed more heavily than the financial capacity of the developer.
 - More experienced developers will have their financial capacity evaluated as part of the loan underwriting
- Do developers need to bring any equity to the closing table?
 - No. Borrowers will be able to access 100% construction financing up to any loan limit.
- What types of information in an applicant's criminal justice would be disqualifying?
 - NO ANSWER AT THIS TIME

CONSTRUCTION REQUIREMENTS

- How does Catalyst Fund plan to address increasing construction costs and rising interest rates?
 - The construction financing will have a fixed rate. Cinnaire is targeting 5.5%
 - It's anticipated that at the time of the loan application the developer will have a good idea of the actual costs associated with the proposed construction work, so that the loan sizing, as well as the sales gap subsidy calculation, will reflect actual anticipated costs.
- Does the Catalyst Fund have requirements for energy-efficiency or alternative energy requirements?
 - Not at this time. The proposed construction standards require Energy Star or similar level of appliances and products.
 - Developers will need to consider what amenities will be most attractive to potential homebuyers within the total development costs and available financing.
- Is manufactured housing an allowable construction method?
 - If the final product meets the Minimum Construction Standards, there is no prohibition against modular/prefab housing units.
 - However, local zoning/permitting codes may have language on this.

- The parcel on which the manufactured housing is placed would have to be owned by owner of the homeownership unit.
- Can the developer/borrower act as the general contractor on the project?
 - Yes.

DSHA'S SALES GAP SUBSIDY

- Will the sales gap subsidy be available to developers that traditionally originate their own mortgages and don't use traditional construction financing?
 - As currently designed the subsidy is tied to the construction financing being provided by Cinnaire. DSHA is using its allocation of SLFRF to provide the sales gap subsidy, not the actual construction lending.
 - DSHA is considering whether or not there are other sources of funding that could be used to generate the sales gap subsidy separately from the Cinnaire construction financing.
- Are acquisition costs considered as part of the total development costs used in calculating the sales gap subsidy?
 - The calculation will allow for a reasonable acquisition price and other soft costs.
- What if the actual sales price is less than the sales price anticipated at the time the sales gap subsidy reservation is made?
 - The Catalyst Fund is considering how to reserve for situations like this, while also ensuring that all reserved subsidies can be paid as agreed.
- How will the retention agreement work?
 - The retention agreement will be a restriction on the parcel to match the amount of the sales gap subsidy. The homeowner will agree to maintain the home as its primary residence for 5 years. Should the home be sold or refinanced during that 5-year period, the homeowner will be responsible for a pro rata share of the sales gap subsidy.

OTHER PROGRAM ADMINISTRATION

- How quickly will Cinnaire be able to visit southern Delaware properties?
 - Cinnaire will make staff available to assist throughout the state so that the property inspection can occur in a timely manner once a complete application is submitted.
- Will the Power Point presentation be available online?
 - Yes. All registered participants will be sent a copy of the presentation and a link to recorded webinar.
- How quickly will draws be paid after documentation is submitted?
 - Not yet specified, but Cinnaire realizes that this will have to be done quickly. DSHA does not have to approve the draw requests, so there will not be an extra layer of review and approval.
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- How soon will application materials be available to be submitted?

- Anticipate launching program later this summer.
 - Application materials will be available for download from both DSHA's and Cinnaire's websites.
 - Application materials will be submitted directly to Cinnaire via email.
- Do developers need to have the potential homebuyer in place before beginning construction?
 - No, but part of the application materials will include a description of the developer's plan to market the finished home and any existing relationships with Realtors, housing counseling agencies, or mortgage lenders.
- How will the Catalyst Fund be marketed in southern Delaware?
 - DSHA has met with the administrators of both Kent and Sussex Counties to discuss the objectives and goals of the Catalyst Fund.
 - Both counties have records of vacant properties. In addition, municipalities in each county may also have a vacant property registry.
 - The Catalyst Fund is building on DSHA's experience with the Strong Neighborhood Housing Fund program which has had success in both Kent and Sussex Counties.
- What is the time period for the program?
 - The federal guidelines require that all funds be committed by Dec 31, 2024 and disbursed by Dec 31, 2026. For purposes of this program, DSHA will consider funds committed when a loan is made and obligated when a home is sold to a qualifying homebuyer.