

INSERT CONSORTIUM NAME IF
APPLICABLE

HOME COMPLIANCE MANUAL
2020

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A. INTRODUCTION

The HOME program, created under Title II (the Home Investment Partnerships Act) of the National Affordable Housing Act of 1990, represented a historic affirmation of the Federal Government's commitment to providing decent, safe, and affordable housing for all Americans and to alleviating the problems of excessive rent burdens, homelessness, and deteriorating housing stock nationwide.

As a general local government, **insert project jurisdiction** and its Consortium members are eligible to receive HOME funds by:

1. **Insert project jurisdiction** officially participating jurisdictions in the HOME program and receiving a direct allocation of program funds and,
2. Other units of local government are also eligible for direct allocations by joining with one or more contiguous jurisdictions to form a consortium, thereby known as the **insert Consortium name if applicable**

HOME funds are allocated to PJs by formula: 40 percent of formula-based funds are divided among the States and the remaining 60 percent are distributed among cities, urban counties, and consortia. The formula incorporates six indicators of a jurisdiction's affordable housing needs:

- Relative inadequacy of housing supply.
- Supply of substandard rental housing.
- Number of low-income families in rental housing units likely to be in need of rehabilitation.
- Cost of producing housing.
- Incidence of poverty.
- Fiscal incapacity to carry out housing activities without Federal assistance.

PJs initially qualify for a formula allocation of \$500,000 (\$335,000 in years when the appropriation for the program dips below \$1.5 billion). This amount represents the minimum direct allocation threshold. To actually receive this allocation for its first year, however, a new jurisdiction must actually amass \$750,000 (\$500,000 when the appropriation is less than \$1.5 billion).

B. DEFINITIONS

- **Affordable Housing** is that which has a sales price or rental amount that is within the means of a household that may occupy low-income housing. In the case of dwelling units for sale, housing that is affordable means housing in which mortgage, amortization, taxes, insurance, and condominium or association fees, if any, constitute no more than 30 percent of such gross annual household income for a household of the size which may occupy the unit in question.
- **Commitment** refers to the legally binding written agreement [that includes the date for the signature of each person signing the agreement] with a subrecipient, or a contractor, to use a specific amount of HOME funds to produce affordable housing, provide down payment assistance, or provide tenant-based rental assistance; or has met the requirements to commit to a specific local project.
- **Community Housing Development Organization [CHDO]** is a private non-profit entity that is organized and sanctioned under State and local laws and may be sponsored or created by a for profit entity. Must be sanctioned as a 501 (c)(3) or (4) by the Internal Revenue Service. According to federal regulations the board composition of this organization may not consist of more than 1/3 of its members appointed by a for-profit entity and must have at least 1/3 of the board members as representatives of low-income populations.
- **Consolidated Plan** is that five year plan that has been submitted to, and approved by, HUD in accordance with 24 CFR §91.
- **County** means the Board of Commissioners of the program jurisdiction or a person or entity authorized to act on their behalf.
- **Contract** includes any grant or loan agreement.
- **Contractor** means the person entering into a contract with the County, including a Subrecipient, a CHDO (as defined below), and a person or organization providing goods or services under a standard commercial construction or procurement contract.
- **Housing** includes manufactured housing and manufactured housing lots, permanent housing for disabled homeless persons, transitional housing, single-room occupancy housing, and group homes. Housing also includes elder cottage housing opportunity [ECHO] units that are small, free-standing, barrier-free, energy-efficient, removable, and designed to be installed adjacent to existing single-family dwellings. Housing does not include emergency shelters (including shelters for disaster victims) or facilities such as nursing homes, convalescent homes, hospitals, residential treatment

facilities, correctional facilities, halfway houses, housing for students, or dormitories (including farmworker dormitories).

- **HUD** means the United States Department of Housing and Urban Development.
- **Low-Income Families** means families whose annual incomes do not exceed 80 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of HUD findings that such variations are necessary because prevailing levels of construction costs or fair market rents, or unusually high or low family incomes. An individual does not qualify as a low-income family if the individual is a student who is not eligible to receive Section 8 assistance under 24 CFR §5.612.
- **Matching** is a permanent contribution to affordable housing that is defined as the amount of **no less than 25 percent** of the total awarded HOME funds provided by participating jurisdictions and is not considered leveraging.
- **Participating Jurisdiction** is a jurisdiction that has been established and recognized by HUD through 24 CFR §92.105.
- **Program Income** means **gross** income received by the participating jurisdiction, State recipient, or a subrecipient directly generated from the use of HOME funds or matching contributions. When program income is generated by housing that is only partially assisted with HOME funds or matching funds, the income shall be prorated to reflect the percentage of HOME funds used. Program income includes, but is not limited to, the following: proceeds from the disposition by sale or long-term lease of real property acquired, rehabilitated, or constructed with HOME funds or matching contributions; gross income from the use or rental of real property, owned by the participating jurisdiction, State recipient, or a subrecipient, that was acquired, rehabilitated, or constructed, with HOME funds or matching contributions, less costs incidental to generation of the income [Program Income does not include gross income from the use, rental, or sale of real property received by the project owner, developer, sponsor, unless the funds are paid by the project owner, developer, or sponsor to the participating jurisdiction, subrecipient or State recipient]; payments of principal and interest on loans made using HOME funds or matching contributions; proceeds from the sale of loans made with HOME funds or matching contributions; proceeds from the sale of obligations secured by loans made with HOME funds or matching contributions; interest earned on program income pending its disposition; and any other interest or return on the investment permitted under 24 CFR §92.205(b) of HOME funds or matching contributions.
- **Project** means a site or sites together with any building (including a manufactured housing unit) or buildings located on the site(s) that are under common ownership, management, and financing and

are to be assisted with HOME funds as a single undertaking under this part. The project includes all the activities associated with the site and building. For tenant-based rental assistance, project means assistance to one or more families.

- **Project Completion** means that all necessary title transfer requirements and construction work have been performed; the project complies with the requirements of this part [including property standards under 24 CFR §92.251]; the final drawdown of HOME funds has been disbursed for the project; and the project completion information has been entered in to the disbursement and information system [IDIS] established by HUD, except with respect to rental housing project completion, for the purposes of 24 CFR §92.502(d) of this part, project completion occurs upon completion of construction and before occupancy. For tenant-based rental assistance, project completion means the final drawdown has been disbursed for the project.
- **Reconstruction** means the rebuilding on the same lot, of housing standing on the site at the time of project commitment, except that housing that was destroyed may be rebuilt on the same lot if HOME funds are committed within 12 months of the date of destruction. The number of housing units on the lot may not be decreased or increased as part of the reconstruction project, but the number of rooms per unit may be increased or decreased. Reconstruction also includes replacing an existing substandard unit of manufactured housing with a new or standard unit of manufactured housing. Reconstruction is rehabilitation for purposes of this part.
- **Single Room Occupancy [SRO] housing** means housing [consisting of single room dwelling units] that is the primary residence of its occupant or occupants. The unit must contain either food preparation or sanitary facilities [and may contain both] if the project consists of new construction, conversion of nonresidential space, or reconstruction. For acquisition and rehabilitation of an existing residential structure or hotel, neither food preparation nor sanitary facilities are required to be in the unit. If the units do not contain sanitary facilities, the building must contain sanitary facilities that are shared by tenants. A project's designation as an SRO cannot be inconsistent with the building's zoning and building code classification.
- **Subrecipient** means a public agency or nonprofit organization selected by the participating jurisdiction to administer all or some of the participating jurisdiction's HOME programs to produce affordable housing, provide down payment assistance. A public agency or nonprofit organization that receives HOME funds solely as a developer or owner of a housing project is not a subrecipient. The participating jurisdiction's selection of a subrecipient is not subject to the procurement procedures and requirements.
- **Tenant Based Rental Assistance [TBRA]** is a form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. Tenant-based rental assistance under this part also includes security deposits for rental of dwelling units.

- **Uniform Physical Condition Standards [UPCS]** means uniform national standards established by HUD pursuant to 24 CFR §5.703 for housing that is decent, safe, sanitary, and in good repair. Standards are established for inspectable items for each of the following areas: site, building exterior, building systems, dwelling units, and common areas.
- **Very low-income families** means low income families whose annual incomes do not exceed 50 percent of the median family income for the area, as determined by HUD with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than 50 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs of fair market rents, or unusually high or low family incomes. An individual does not qualify as a very low-income family if the individual is a student who is not eligible to receive Section assistance under 24 CFR §5.612.

C. GENERAL HOME REQUIREMENTS

Forming a Consortium

Another path to direct participation for local governments that would not otherwise qualify for funding is to form a consortium whose members' aggregate allocations exceed the threshold. Dozens of consortia have already been formed and include among their partners local governments whose individual formula allocation does not meet the minimum threshold for funding, as well as existing PJs interested in taking a more regional, collaborative approach to meeting their affordable housing needs. Each partner in the consortium generally must make a 3-year commitment to participate. Other local governments may join the consortium during this period, but none may drop out.

Consolidated Planning

Eligible jurisdictions with both the desire and the capacity to participate in the HOME program must meet the following prerequisite:

Jurisdictions must prepare (and HUD must approve) a Consolidated Plan containing specific information on how they will use their HOME allocation. But the Consolidated Plan is much more than an administrative requirement: It is the foundation on which all of a community's affordable housing efforts are built.

The Consolidated Plan enables the community to view the HUD grant programs as an overall comprehensive vision of housing and community development, and not as a limited tool to address only issues related to HUD grants. The comprehensive vision includes affordable housing, public infrastructure and public services, fair housing, economic and human development, and environmental/historical issues.

The process of plan development includes considerable collaboration with many organizations and agencies within the county, and with many outside private and public agencies and organizations. Equally important in the collaboration process is the involvement of project jurisdiction citizens in the identification of issues and strategies that need inclusion in the Plan. The collaboration is viewed as a "bottom up" approach, where the basic issues and needs are identified by citizens and become a vital baseline of information for the development of the Plan.

The Consolidated Plan serves a vast array of purposes:

- Serves as annual applications [Annual Action Plans] for HUD's grant programs from which the county receives funding: Community Development Block Grant [CDBG]; HOME Investment Partnership Act [HOME], and Emergency Services Grant [ESG].
- Identifies priority housing, community development, and homeless needs;
- Contains strategies for implementation regarding HUD Programs and other activities to address the identified priority needs;
- Includes evaluation data in the Annual Action Plan;
- Includes the current year's Annual Action Plan;

Insert Consortium name if applicable HOME Compliance Manual (2020)

- Identifies funding sources and amounts of funding, from all sources, for each Annual Action Plan;
- Contains maps depicting demographic information and the locations of various funded activities;
- Includes documented evidence that at least two public hearings were held in the development of the Plan and/or in the development of the Annual Action Plan. The public hearings shall be held at different stages of the development process [at least in the identification of needs and for the proposed Plan or proposed Annual Action Plan].

Program staff of **insert program office** may rely on the guidance provided in the Consolidated Plan regulations, which are contained in the Appendix of this Manual. The regulations are recodified by HUD each year, and the most current version of the Consolidated Plan regulations [24 CFR § 91] can be located at: <https://www.ecfr.gov/cgi-bin/ECFR?page=browse>. The document is available in the Portable Document Format [.pdf] and can be downloaded and retained on the **insert project office** Fileserver for printing and use by all staff. This website can also be used to access the Federal Register to obtain other published items, also available in the “.pdf” format. Documents published in the “.pdf” format must be read using the Adobe Acrobat® software which is available at no cost, via a download from the Internet, from <https://acrobat.adobe.com/us/en/acrobat.html>.

The plan preparation process also involves a number of public hearings and community meetings to permit citizens maximum input in the identification of problems and needs, the development of goals/objectives/strategies, and in the creation of each Annual Action Plan which proposes funding actions each year for the use of monies from HUD and other sources.

Citizen Participation Process

The development of the Consolidated Plan is carried out in compliance with the citizen participation requirements of the Citizen Participation Plan as noted below:

CITIZEN PARTICIPATION PLAN

2016-2020

Revised January 1, 2019

The Consolidated Plan regulations require U.S. Department of Housing and Urban Development (HUD) local government grantees to adopt a Citizen Participation Plan. This Plan reflects **insert program jurisdiction** compliance with the HUD requirements for citizen participation in all appropriate HUD grant programs. This Plan contains the required elements listed in the Consolidated Plan regulations at **24 CFR 91.105(b)**. The **insert program office** conducts the planning and administration for the CDBG, HOME, NSP and ESG Programs.

I. ENCOURAGEMENT OF CITIZEN PARTICIPATION:

Residents of **insert program jurisdiction** and participating cities are encouraged to provide input into all aspects of the **insert program jurisdiction** consolidated planning activities which includes assessing needs and setting priorities for the **CDBG, HOME, ESG, and CSBG** programs. **Insert program jurisdiction** should make a special effort to provide timely and accurate information about housing, community development, and human services program activities to all citizens of **insert program jurisdiction** and its participating cities.

Insert program jurisdiction will continue to provide a forum for open communication with its residents, particularly low to moderate income persons regarding its HUD program. This Citizen Participation Plan offers numerous opportunities for citizens to contribute information, ideas, and opinions about ways to provide decent housing, establish and maintain a suitable living environment, and expand economic opportunities, particularly for low- and moderate-income persons.

The **insert program jurisdiction** will take appropriate actions to encourage the participation of all of its citizens in developing its Consolidated Plan, Annual Action Plans, Substantial Amendments, and CAPER including:

- Low and moderate-income persons, particularly those living in areas where federal funds are proposed to be used;
- Residents of predominantly low and moderate-income neighborhoods;
- Minorities;
- People with Limited English Proficiency;
- People with Disabilities;
- Residents of public and other assisted housing developments; and
- Local and regional institutions, the regional Continuum of Care and other organizations (including businesses, developers, nonprofit organizations, philanthropic organizations, and community-based and faith-based organizations).

Insert program jurisdiction is committed to keeping all interested groups and individuals informed of each phase of the consolidated planning process, and of activities being proposed or undertaken under HUD entitlement programs. Opportunities to comment on or participate in planning community development and affordable housing activities and projects will be publicized and disseminated throughout **insert program jurisdiction**. Publications will include but not be limited to **insert program local media** such as newspaper, television station, email, and newsletters. Also include the program jurisdiction's website.

2. PUBLIC REVIEW MEETINGS:

Insert program jurisdiction will conduct at least two Public Review Meetings each year to obtain citizens' views and to respond to acceptance of applications and comments for the annual or five-year funding plans.

The Public Review Meetings will be held before the submission of the Consolidated Plan, Annual Action Plan, and CAPER. Public Review Meetings will take place at different stages of the consolidated planning process and together address:

- Housing and community development needs;
- Proposed use of program funds, and
- Program performance during the past year.

At least one Public Review Meeting will be held in the spring during the Consolidated Annual Performance and Evaluation Report process, to solicit feedback on the **insert program jurisdiction** housing and community development needs and to review program performance during the past year. In addition, at least one Public Review Meeting will be held in the fall (usually in October) to solicit comments on the draft Consolidated Plan and/or Annual Action plans, which include the proposed use of CDBG, ESG and HOME funds. The information provided to the public on or before the Public Review Meeting will include:

- The amount of assistance the local government expects to receive (including grant funds and program income);
- The range of activities that may be undertaken;
- The estimated amount of funding that will benefit persons of low and moderate incomes;
- The **insert program jurisdiction's** plan to minimize displacement of persons and to assist any person displaced, specifying the types and levels of assistance the **insert program jurisdiction** will make available (or require others to make available) to persons displaced, even if no displacement is expected to occur.

This information will be presented at the Public Review Meeting and is contained in the text of the Consolidated Plans and Annual Action Plans under review.

Insert program jurisdiction will hold Public Review Meetings for the purpose of reviewing amendments or changes to **insert program jurisdiction's** Consolidated Plan or Action Plan. Public Review Meetings will be held at convenient times and locations to permit broad participation from the community. Reasonable accommodations will be granted by **insert program jurisdiction** for persons that request such assistance. The **insert program jurisdiction** will also provide translation services for clients with limited English proficiency upon request. In order to give adequate notice of Public Review Meetings, **insert program jurisdiction** will comply with the following requirements:

3. PUBLIC REVIEW MEETING NOTICES AND OUTREACH

Information about the time, location, and subject of each Public Review Meeting will be provided to citizens at least two weeks in advance by publication in a local newspaper (**insert program jurisdiction local newspaper**) via email distribution lists, Commissioners newsletters and/or via publication on the **insert program jurisdiction website**

Every effort will be made to ensure that Public Review Meetings are inclusive. Public Review Meetings will be held at convenient times and locations and in places where people most affected by proposed activities can attend. The **insert program jurisdiction** will utilize facilities that are accessible to persons with disabilities. If notice is given at least seven days before a Public Review Meeting date, the **insert program jurisdiction** will provide appropriate materials, equipment, and interpreting services to facilitate the participation of non-English speaking people and people with visual and/or hearing impairments. Interpreters will be provided at public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.

Public Notification Policy for Properties acquired with CDBG Program funds.

(a) Public Notice and Advertisement of Meetings

For all properties acquired (either in-part, or in whole) with Community Development Block Grant (CDBG) funds for use as an eligible public facility that are either owned by the **insert program jurisdiction** or are subsequently transferred back to the **insert program jurisdiction** for future lease-back or sale to another non-profit or for-profit entity under the “Continued-Use” provisions at 24 CFR Part 570.505 (a) (1) (2) (b) shall carry-out the following public notice and advertisement in accordance with 24 CFR Part 91 as follows:

- (1) The **insert program office** shall notify in writing all property owners within a one-thousand (1,000) foot radius of the CDBG subject property with the newly proposed eligible use as prescribed under the CDBG regulations at 24 CFR Part 570 and comply with local jurisdictions notice requirements.
- (2) The mailings must be sent via the United States Postal Service (USPS) and such notice shall be satisfied by the **insert program office** mailing a copy of the proposed public meeting and subsequent BOC meeting dates and the proposed Continued-Use which must satisfy all eligibility requirements under the CDBG Program regulations by first-class mail or by certified mail. Said notification must be mailed at least thirty (30) days prior to the BOC meeting date.

4. PUBLICATION OF THE PROPOSED CONSOLIDATED PLAN AND ANNUAL ACTION PLANS

The **insert program jurisdiction** will publish proposed Consolidated Plans and Annual Action Plans in a manner that affords citizens, public agencies, and other interested parties a reasonable opportunity to examine its contents and submit comments. The proposed Consolidated Plan (or “public comment draft”) shall include:

- The amount of assistance the **insert program jurisdiction** expects to receive (including grant funds and

program income); and

- The range of activities that may be undertaken, including the estimated amount that will benefit persons of low and moderate-incomes.

A summary of the proposed Consolidated Plan and/or Annual Action Plan will be published in one or more newspapers of general circulation at the beginning of the required public comment period. The summary will describe the contents and purpose of the plan (including a summary of specific objectives), and include a list of locations where copies of the entire proposed Consolidated Plan and/or Annual Action Plan may be obtained or examined. Copies of the public comment draft will be made available for inspection at the [insert program office](#)

Citizens and groups may obtain a reasonable number of free copies of the proposed Consolidated Plan and/or Annual Action Plan by contacting the [insert program office](#) at [insert program office phone number and email](#)

5. PUBLIC COMMENTS ON THE PROPOSED CONSOLIDATED PLAN AND/OR ANNUAL ACTION PLAN

[Insert program jurisdiction](#) will receive comments from citizens on its proposed Consolidated Plan and/or Annual Action Plan for a period not less than 30 days prior to submission of the Plan(s) to HUD. All comments or views of citizens received in writing or orally at Public Review Meetings will be considered in preparing the final Plan(s). A summary of these comments or views, and a summary of any comments or views not accepted and the reasons therefore shall be attached to the final Plan(s). Oral comments outside of the Public Review Meeting will not be considered, unless they are also provided directly to staff via email, letter, or other legible written form at the address provided in Section 3, above. The final version of the Consolidated Plan and/or Annual Action Plan as submitted to HUD will be posted on the [insert program jurisdiction's webpage](#) at [insert program jurisdiction's webpage](#)

6. AMENDING THE CONSOLIDATED PLAN AND THE ANNUAL ACTION PLAN:

HUD regulations at 24 CFR Part 91.505 require amendments to the Consolidated Plan and Annual Action Plans whenever an entitlement jurisdiction:

- Makes a change in its allocation priorities or a change in the method of distributing funds;
- Becomes aware of HUD-imposed regulatory changes guiding planning, reporting, monitoring, and evaluation requirements;
- Carries out an activity, using funds from any program covered by the Consolidated Plan (including program income), not previously described in the Action Plan; or Citizen Participation Plan for [insert program jurisdiction](#)
- Changes the purpose, scope, location, or beneficiaries of an activity.

Some amendments will be considered substantial while others will be considered to be not substantial. All non-substantial amendments, including those required by HUD regulations, will be considered narrative changes to be completed by the Managing Director for the **insert program office** in consultation with **insert program jurisdiction** staff, and will be published in the plans and online within a reasonable time after they are made. A proposed amendment is considered substantial when a proposed action or change that may create a significant community impact. A significant community impact requires public comment and is defined as either:

- Any federal grant-funded project or activity that results in a significant environmental impact as that term is defined pursuant to the National Environmental Policy Act (NEPA) (42 U.S.C. 4231 et seq); or
- Any federal grant-funded project or activity that generates relocation of at least 20 resident households and/or two existing businesses which are subject to the federal Uniform Relocation Act (42 U.S.C. 4601 et seq., 42 U.S.C. 4621 et seq., and 42 U.S.C. 4651 et seq.).
- Changes in the use of funds from one eligible activity category to another (for example, from housing to public services, or to any other broad category within CDBG funding).
- Changes in the allocation priorities or a change in the method of distribution of funds.
- Changes to the original intent and purpose of an activity which is no longer applicable.
- Changes to the location of an activity changes to the extent that it does not serve the target population as originally described in the Consolidated Plan.
- Changes to carry out an activity using funds from any program covered by the Consolidated Plan (including program income), **not previously described** in the Annual Action Plan.

The need to prepare a substantial amendment shall trigger use of the public participation requirements described below.

GRANT ALLOCATION AND REALLOCATION POLICY:

Annual Allocation of Funding

The U.S. Department of Housing and Urban Development provides annual grants on a formula basis to Entitlement Communities as a means to support a wide range of community development and housing activities for low- and moderate-income households.

Generally, in February of each year through the beginning of April, the **insert project jurisdiction** accepts applications from non-profit organizations for federal grant funds from the CDBG, HOME and ESG Programs. The **insert program jurisdiction** holds workshops prior to and during the grant application period to inform applicants about grant programs and applications processes. These workshops are open

to new applicants and existing subrecipients. The **insert program jurisdiction** lists the application period on its website, sends an email community blast to all non-profits in its email directory, and provides notice in English and Spanish in the **insert program jurisdiction local newspaper**.

Typically, applications are due no later than the first week of April for funding in the following calendar year. The county estimates its annual allocation each year to include in its Annual Action Plan which is submitted to HUD each November. Since HUD does not publish its final allocation before the Annual Action Plan is due, the **insert program jurisdiction** estimates its annual allocation at 70% of the prior year's allocation. This estimated allocation allows the **insert project jurisdiction** to provide funding recommendations to **insert program jurisdiction** departments and local non-profit organizations that have submitted applications for funding. The **insert project jurisdiction** has chosen to estimate its funding at 70% of the previous year's allocation as a safeguard against fluctuating grant allocations.

The grant applications are evaluated by the Applications Rating Committee consisting of **insert program office** personnel, **insert program jurisdiction** personnel and typically an independent representative selected from one or more of the cities or a non-profit not submitting an application. After the Committee rates the non-profit proposals, the **insert program office** meets with the **insert program jurisdiction** Manager and Chairman to discuss the recommended funding allocations. These meetings with the **insert program jurisdiction** Manager and the Chairman typically occur in July or August.

The **insert program office** then advertises the recommended allocations for 30 days and conducts a public review meeting. After the 30-day comment period, the recommendations are submitted to the **insert program board of commissioners** for approval usually during the Fall. In November of each year, the **insert program jurisdiction**, through the **insert program office**, must notify HUD of funding allocations for the following calendar year.

In the first quarter of the program calendar year, HUD releases grant allocations for the **insert program jurisdiction**. Generally, the **insert program jurisdiction** receives funding in excess of the 70% used to make the initial funding recommendations. The Applications Rating Committee reconvenes to make final funding recommendations. Additional funding above the 70% threshold may be awarded to organizations that have submitted for the current program year. These recommendations follow the same process of internal review, public notification and **insert program board of commissioners** approval as the original funding allocations.

Federal funding, although allocated to the **insert program jurisdiction**, is not generally available for drawdown by the **insert program jurisdiction** until May or June of the funding year. However, grant recipients may begin incurring reimbursable expenses as of January 1 for a funding year, provided that a signed agreement has been executed by all parties.

Reallocation of Grant Funds

Any unexpended CDBG, HOME, ESG funds that have been identified by the **insert program office** will be reprogrammed for use in the subsequent program year through the annual application cycle.

7. PUBLIC NOTICE OF AND PUBLIC COMMENT ON SUBSTANTIAL AMENDMENT

Once drafted, **insert program jurisdiction** makes the substantial amendment available for public comment and submits it to the **insert program board of commissioners** for review, comment, and approval. Notice and opportunity to comment will be given to citizens through public notices in local newspapers (**insert program jurisdiction local newspapers**) and other appropriate means, such as the targeted distribution lists and posting to **insert program jurisdiction's** website described above in Section 3. A public comment period of not less than 30 days will be provided prior to implementing any substantial amendments to the Consolidated Plan and/or Annual Action Plan. The **insert program office** staff will prepare a summary of all comments received.

A substantial change shall not include budget modifications within an approved budget for a project where there is an increase and/or a decrease of federal funds from one eligible activity budget line item to another eligible activity budget line item, within the same project or contract budget. This does not include the transfer of funds between different contracted projects. The Citizen Participation Plan for the **insert program jurisdiction** and, in cases where any citizens' views are not accepted, provide reasons for the decision. This documentation will be attached to the substantial amendment, which will be available to the public and submitted to HUD.

8. CONSOLIDATED ANNUAL PERFORMANCE EVALUATION REPORT (CAPER):

Performance reports on programs covered by the Consolidated Plan and Annual Action Plan are to be prepared by **insert program jurisdiction** for annual submission to HUD by March 31. **insert program jurisdiction** will provide a preliminary draft of the CAPER to the **insert program board of commissioners** and publish a notice announcing that the public shall have no less than 15 days to review and comment on the document. The CAPER shall be placed for review at the same public places where the Consolidated Plan and Annual Action Plan shall be made available, and posted to the **insert program office** website.

All public comments received orally at Public Review Meetings or submitted in writing regarding the CAPER will be considered and a summary of these comments or views and staff responses shall be attached to the document. The **insert program jurisdiction** encourages commissioners and members of the public to review the performance detailed in the CAPER during the Spring public hearing.

9. ACCESS TO RECORDS:

A reasonable number of free copies of the **insert program jurisdiction** Consolidated Plan, Annual Action Plan, the Consolidated Annual Performance and Evaluation Report (CAPER), as well as all amendments to the Consolidated Plan and Annual Action Plan will be available to citizens and groups requesting them. These documents shall be maintained for not less than 5 years at the **insert program office** and on the **insert program jurisdiction** web site. Materials will also be made available in a form accessible to persons

with disabilities and limited English proficiency upon request.

10. TECHNICAL ASSISTANCE TO CITIZENS/AGENCIES:

The **insert program office** will continue to provide technical assistance to **insert program jurisdiction** residents and agencies, particularly to those of very low and low income who request such assistance in developing project proposals, or who request other information (compliance requirements, program performance, funding information, etc.) outlined in the current Consolidated Plan. Project application forms are available and are distributed at no cost to all persons making a request. A “one-on-one” meeting will be arranged for individuals and groups representing such persons when necessary to explain the project eligibility, application and approval process and other implementation requirements. The **insert program office** staff will also meet with various non-profit organizations and individuals to provide other specific technical assistance related to housing, community development and human services programs, as requested. In addition, the **insert program office** will provide an annual technical assistance workshop for CDBG, HOME, ESG applicants to answer all questions and provide assistance in application preparation.

11. PROVISIONS FOR LIMITED-ENGLISH PROFICIENCY RESIDENTS:

LIMITED ENGLISH PROFICIENCY (LEP) POLICY

Insert program jurisdiction will take reasonable steps to ensure that persons with Limited English Proficiency (LEP) have meaningful access and an equal opportunity to participate in services, activities, programs and other benefits.

The **insert program jurisdiction** LEP policy was established to ensure meaningful communication with persons that experience LEP and their authorized representatives. This policy also provides for communication of information contained in vital documents, including but not limited to, waivers of rights and consent forms.

All interpreters, translators and other aids needed to comply with this policy shall be provided without cost to the person being served. Language assistance will be provided through use of competent bilingual staff, staff interpreters, contracts or formal arrangements with organizations providing interpretation or translation services, or technology and telephonic interpretation services.

The **insert program office** will retain copies of this policy and procedure, and may have direct contact with LEP individuals will be trained in effective communication techniques, including the effective use of an interpreter.

The **insert program office** will conduct annual reviews of the language access needs of our service population, as well as update and monitor the implementation of this policy and these procedures, as necessary.

Implementation Procedures for Limited English Proficiency Residents

I. Identifying LEP Persons and their Language

The insert program office will promptly identify the language and communication needs of the LEP person. If necessary, staff will use a language identification card (or "I speak cards") or posters to determine the language. In addition, when records are kept of past interactions with individuals or their family members, the language used to communicate with the LEP person will be included as part of the record.

2. Obtaining a Qualified Interpreter

The insert program office will be responsible for:

- (a) Maintaining an accurate and current list showing the name, language, phone number and hours of availability of bilingual contacts.
- (b) Contacting the appropriate bilingual staff member to interpret, in the event that an interpreter is needed, if an employee who speaks the needed language is available and is qualified to interpret;
- (c) Obtaining an outside interpreter if a bilingual staff or staff interpreter is not available or does not speak the needed language.

The insert program office will allow LEP persons to refer or request to use a family member or friend as an interpreter. However, family members or friends of the LEP person will not be used as interpreters unless specifically requested by that individual and after the LEP person has understood that an offer of an interpreter at no charge to the person has been made by the department or agency. Such an offer and the response will be documented in the person's file. If the LEP person chooses to use a family member or friend as an interpreter, issues of competency of interpretation, confidentiality, privacy, and conflict of interest will be considered. If the family member or friend is not competent or appropriate for any of these reasons, competent interpreter services will be provided to the LEP person.

Children (e.g. persons under the age of 18) will not be used to interpret, in order to ensure confidentiality of information and accurate communication.

3. Providing Written Translations

- i. When translation of vital documents is needed, the insert program office will submit documents for translation into frequently encountered languages. Original documents being submitted for translation will be in final, approved form.
- ii. The insert program office will set benchmarks for translation of vital documents into additional languages over time.

4. Monitoring Language Needs and Implementation

On an annual basis, the insert program office will assess changes in demographics, types of services or other needs that may require reevaluation of this policy and its procedures. In addition, the insert

program office will annually assess the efficacy of these procedures, including but not limited to mechanisms for securing interpreter services, equipment used for the delivery of language assistance, complaints filed by LEP persons, and feedback from the public and community organizations.

5. Provisions for Limited-English Proficiency and Hearing Impaired Residents

LEP or hearing impaired residents can contact the insert program office by calling insert program office phone number or for hearing impaired insert program office hearing impaired number prior to any public meetings so that adequate arrangements can be made. Such requests should be made at least five (5) working days prior to the meeting date.

12. LANGUAGE ACCESS PLAN

In compliance with Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000(d) and Executive Order 13166, insert program jurisdiction, as a recipients of federal funds, is responsible for ensuring meaningful access by persons with Limited English Proficiency (LEP persons).

insert program jurisdiction, as a recipient of federal funds is obligated to reduce language barriers that can preclude meaningful access by LEP persons in regards to the insert program jurisdiction federal grant programs, which includes the Community Development Block Grant (CDBG) Program, HOME Investment Partnerships Act (HOME) Program, Emergency Solutions Grant (ESG) Program, and the Neighborhood Stabilization Program (NSP).

This Language Access Plan (LAP) will define the actions to be undertaken by the insert program jurisdiction to ensure meaningful access to agency services, programs, and activities on the part of persons who have limited English proficiency.

The insert program office will conduct annual reviews of the language access needs of our service population, as well as update and monitor the implementation of this policy and these procedures, as necessary.

This Language Access Plan represents the insert program jurisdiction administrative role in providing meaningful access to services, programs and activities on the part of LEP individuals. This Language Access Plan outlines the tasks the insert program jurisdiction will undertake to meet this objective.

If the need for access services is identified either by phone, email, or in person, insert program office staff shall immediately take appropriate action to ensure meaningful communication through the methods described below:

- Contact interpreters and maintain a listing of identified staff members who are proficient in languages other than English and who are willing to assist in interpretation issues;
- Conduct regular translation of all public notices and planning documents;

- Utilize local community services such as law enforcement agencies, organizations, churches and/or schools that offer translators and interpreters. Examples include (but are not limited to): The Latin American Association, local school districts, and ecumenical organizations.

A. Staff Training

Insert program office staff shall be trained in the LAP Protocols for implementation of this Language Access Plan in group workshop sessions. Trainings shall occur on an annual basis.

B. Notification

The insert program office shall maintain notices on its website of the availability of translation and interpretation services. The insert program office will monitor, maintain and update LEP requirements as required by HUD at least annually and/or as changes occur.

insert program office will ensure all grant subrecipients are provided technical assistance regarding their responsibilities to provide Language Access Services in compliance with Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000(d) and Executive Order 13166.

C. Documentation

Insert program office shall use its existing Subrecipient Database System to document all requests for reasonable accommodation and actions taken to address those requests.

13. ON-DISCRIMINATION POLICY/COMPLAINT REVIEW PROCESS:

Insert program jurisdiction shall accept written complaints and provide a substantive written response to any written citizen complaint within a reasonable period of time, not to exceed thirty (30) working days, when the complaint concerns the Consolidated Plan, Annual Action Plan, amendments thereto, and performance reports. insert program jurisdiction provides equal opportunity for services without regard to race, color, sex, age, national origin, religion, political affiliation, presence of handicap or disability, or familial status. Complaint, comments and questions should be directed to:

Insert program office directing manager information

The complaint must contain the following information:

- (1) Name and address of the person(s) filing the complaint;
- (2) A description of the act or acts considered to be in violation;
- (3) Other available pertinent information which will assist in the review and resolution of the complaint.

Such complaints should be filed within thirty (30) days of the alleged discriminatory act. A written response as to the disposition of the complaint will be issued by the Managing Director no later than fifteen (15) working days following receipt of the complaint. A person who is dissatisfied with the

response to complaint, or if the response is delayed more than fifteen (15) working days, may appeal in writing to:

Insert program jurisdiction manager information

A written response on the disposition of the complaint will be issued by the **insert program jurisdiction manager** not later than thirty (30) working days following the receipt of the complaint. If the complainant is dissatisfied with the response of the **insert program jurisdiction manager**, he/she may submit the complaint, in writing, to:

United States Department of Housing and Urban Development
Office of Community Planning and Development
Five Points Plaza
40 Marietta Street, N. W., 15th Floor
Atlanta, GA 30303-9812

No person shall intimidate, threaten, coerce, or discriminate against any person because he/she has made a complaint, testified, assisted, or participated in any matter in an investigation, proceeding, or hearing related to a complaint.

The identity of complainants shall be kept confidential, except to the extent necessary to carry out or conduct investigations, hearings, or judicial proceedings in any matter in an investigation, proceeding, or hearing related to a complaint.

Affirmative Marketing Strategy

In accordance with the regulations of the HOME Program, Section 92.351, and in furtherance of **insert program jurisdiction** commitment to non-discrimination and equal opportunity in housing, **insert program jurisdiction** has adopted affirmative marketing procedures and requirements for HOME-assisted housing containing five (5) or more housing units (they do not apply to families with housing assistance with tenant based rental assistance provided with HOME funds). These affirmative marketing steps consist of actions to provide information and otherwise eligible persons from all racial, ethnic and gender groups in the housing market area to housing units purchased, constructed, or rehabilitated under the HOME Program. **insert program jurisdiction** will periodically assess the affirmative marketing program to determine the success of affirmative marketing actions and any necessary corrective actions. The assessment will occur at least annually as the **insert program jurisdiction** evaluates its housing programs, as a part of the preparation of the Consolidated Annual Performance and Evaluation Report [CAPER].

These affirmative marketing requirements and procedures include:

1. Informing the public, potential homeowners, tenants, Subrecipients/CHDOs/owners about Federal Fair Housing Laws and Affirmative Policies. **insert program jurisdiction** and its Subrecipients/CHDOs/owners will inform the general public by: placing news releases in various local newspapers in each jurisdiction; providing informational flyers about the HOME Program; mailing letters; and making verbal presentations to potential homeowners, tenants, and owners of rental properties, and agencies. An equal housing logo or phrase will be used in all informational materials.
2. All Subrecipients/CHDOs/owners participating under the HOME Program must adhere to the following requirements and practices in order to carry out **insert program jurisdiction** affirmation marketing procedures and requirements:
 - a. Subrecipients/CHDOs/owners will be provided/or will obtain a list of potential tenants from the appropriate **insert name of local Housing Authority**.
 - b. Section 8 waiting list, which was formulated under the standards of fair housing, equal opportunity and non-discrimination. Subrecipients/CHDOs/owners must utilize this list whenever marketing their units;
 - c. Subrecipients/CHDOs/owners must advertise through the various media (newspaper, radio or television) to inform potential renters of the availability of units;
 - d. Through written and verbal communication, Subrecipients/CHDOs/owners must contact and inform human and social service agencies that assist lower income families and individuals about housing availability;
 - e. Subrecipients/CHDOs/owners must advertise utilizing equal opportunity and non-discrimination standards (logo);
 - f. Subrecipients/CHDO/owners must, to the extent feasible without holding units off the market, make information about upcoming vacancies known to the general public; and
 - g. Subrecipients/CHDOs/owners selected for HOME Program participation must execute an Agreement assuring compliance with Program requirements which will be applicable for the duration of the affordability time period.
3. In order to inform as well as solicit applications from persons in the housing market who are not likely to apply for units without special outreach (members of minority groups, the elderly, and persons with disabilities), **insert program jurisdiction** has designated specific tasks that property owners, in conjunction with the Subrecipients/CHDOs/owners must undertake in order to meet this objective.

Subrecipients/CHDOs/owners must:

- a. Provide written and verbal information on the units to groups and organizations serving minorities, the elderly and persons with disabilities;

- b. Advertise in news media which are widely ready by racial/ethnic minority persons and persons with disabilities;
- c. Make presentations at functions attended by minority persons, and provide written and verbal communication to leaders within the minority communities; and
- d. Begin their special outreach activities immediately upon learning that a vacancy will occur.

4. **Documentation of Affirmative Marketing Activities:**

Insert program jurisdiction, each Subrecipient/CHDO, and all participating property owners shall maintain records in their respective jurisdictions.

a. **Owners**

Owners must keep records describing actions to affirmatively market units assisted under the HOME Program, as well as records to assess the results of these actions. Records to be maintained include:

1. Copies of advertisements;
2. Copies of information forwarded to organizations and groups serving lower income and minority families and individuals;
3. A log of contacts made to inform the community and potential residents of housing opportunities.
4. The racial, ethnic and gender characteristics of potential homeowners, tenants, and rental property owners for the 90 days following acquisition/rehabilitation, as required by 24 CFR Part 92.351; and
5. Information from tenants on how they were informed that units were available.

b. **Subrecipients/CHDOs:**

Each Subrecipients/CHDOs must maintain records of its marketing efforts and those of project owners with whom it works:

1. Samples of project owner advertisements and copies of all Subrecipient/CHDO advertisements;
2. Samples of project owner information, and copies of Subrecipient/CHDO information, forwarded to organizations and groups serving lower income and minority families and individuals;
3. A copy of Subrecipient/CHDO and project owner contact logs made to inform the community and potential residents of housing opportunities; and
4. The racial, ethnic and gender characteristics of potential homeowners, tenants, and rental property owners for the 90 days following acquisition/rehabilitation, as required by 24 CFR 92.351.

Insert program jurisdiction will maintain/monitor records from each Subrecipient/ CHDO/ owner. All project records shall be made available to insert program jurisdiction upon request.

5. Insert program jurisdiction will evaluate the success of affirmative marketing actions, and take corrective actions where affirmative marketing requirements are not met. The effectiveness of insert program jurisdiction Affirmative Marketing efforts will be assessed as follows:

- a. Examination of records required of Subrecipients/CHDOs/owners on actions they have taken to affirmatively market the available units and compare these records to the program's requirements. If insert program jurisdiction finds that the required actions have been carried out as specified, it will judge the owners to have made good faith efforts to carry out the program requirements;
- b. Insert program jurisdiction will assess whether or not tenants from a variety of income levels and minority groups have applied for occupancy and have become tenants in the HOME assisted units. If it finds that this variety is present, or substantial outreach efforts were made and no such diversity is present, it will judge the owner to be in compliance with program requirements. However, if insert program jurisdiction finds that a diversity of tenants is not present and the required efforts are insufficient, it will review the Subrecipients/CHDOs/owner's procedures and determine what changes would make the affirmative marketing more effective.

Insert program jurisdiction will ask Subrecipients/CHDOs/owners, and other pertinent organizations for their analysis and suggestions concerning its affirmative marketing practices.

Insert program jurisdiction will take corrective actions if it finds that any potential homeowners, tenants, and owners of rental properties fail to carry out the program requirements, or fail to maintain the records on applicants and tenants in accordance with Section 92.351. If, after discussions with the Subrecipients/CHDOs/owner on ways to improve affirmative marketing requirements, insert program jurisdiction will consider disqualifying the Subrecipients/CHDOs/owner from future participation in the HOME Program.

Insert program jurisdiction will carry out the assessment of activities and prepare a written report on the affirmative marketing efforts in time to report results in the Consolidated Annual Performance and Evaluation Report [CAPER] prepared annually. Pertinent information will also be placed in the Annual Action Plans prepared by insert program jurisdiction and submitted to HUD.

Anti-displacement Plan

Insert Consortium name if applicable are required to comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act, as amended (URA), and 24 CFR §92.353.

The policies and requirements of these laws are described in HUD Handbook 1375, Tenant Assistance, Relocation and Real Property Acquisition.

Insert program jurisdiction policy is to make all reasonable efforts to insure activities undertaken through the use of Entitlement Grant Funds awarded by the United States Department of Housing and Urban Development's Community Development Block Grant [CDBG] Program, Home Investment Partnership Act [HOME] Program/American Dream Down Payment Initiative [ADDI] Program, and the Emergency Shelter Grant [ESG] Program funds will not cause unnecessary displacement or relocation. In fact, insert program jurisdiction policy is to provide HUD grant financial assistance to projects which contain no plans for displacement. The insert program jurisdiction will continue to administer its HUD Entitlement Grants Programs in this manner. Careful consideration will be given during the planning phase with regard to avoiding displacement. Displacement of any nature shall be reserved as a last resort action necessitated only when no other alternative is available.

If displacement is precipitated by activities which require the acquisition (either in whole or in part) of real property directly by insert program jurisdiction, all appropriate benefits required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (84 Stat. 1894; 42 U.S.C. 4601 et. seq.; Pub. L. 91-646), as amended, and referred to as the "Uniform Act", shall be provided to any displaced person(s). Persons displaced by rehabilitation, or "Non-Uniform Act" acquisition, financed (in whole or in part) with HUD Entitlement Grant funds shall be provided relocation assistance in accordance with one of the following: (1) the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as required under Section 570.606(a) and HUD implementing regulation at 24 CFR Part 42; (2) the requirements in Section 570.606(b) governing the Residential Anti-displacement and Relocation Assistance Plan under Section 104(d) of the Housing and Community Development Act of 1974, as amended; (3) the relocation requirements of Section 570.606 (c) governing displacement subject to Section 104(k) of the Act; (4) the relocation requirements of Section 570.606(d) governing optional relocation assistance under Section 105(a)(II) of the Act; and/or, (5) the provisions of 24 CFR Part 92.353 for the HOME Program. Note: Beginning with Program Year [PY] 2009, NSP funds are subject to the URA.

I. Residential Anti-Displacement and Relocation Assistance Plan

A. Provisions for “One-for-One” Replacement

Insert program jurisdiction will replace all occupied and vacant low/moderate-income dwelling units demolished or converted to a use other than as low/moderate income housing as a direct result of activities assisted with funds provided under the Housing and Community Development Act of 1974, as amended, and as described in 24 CFR Part 570.606(b). Low/moderate income replacement

units may include public housing or existing housing receiving Section 8 certificate or voucher assistance.

All replacement housing will be provided within three years of the commencement of the demolition, or rehabilitation, relating to conversion, and will meet the following requirements:

- The units will be located within the **insert program jurisdiction**;
- The units will meet all applicable **insert program jurisdiction** housing, building, and zoning ordinances;
- The units will be designed* to remain low/moderate income dwelling units for at least 10 years from the date of initial occupancy.

Note: * Design refers to fiscal structure as well as building structure.

Before obligating or expending HUD Entitlement Grant funds that will directly result in such demolition or conversion, the **insert program jurisdiction** will make public and submit to HUD the following information in writing:

1. A description of the proposed assisted activity;
2. Once identified, the general location on a county map, including the approximate number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than low/moderate income dwelling units;
3. A time schedule for commencement and completion of the demolition or conversion;
4. Once identified, the general location on a county map and the approximate number of dwelling units by size (number of bedrooms) that will be provided as replacement units;
5. The **insert program jurisdiction** will identify the source of funding at the time of submittal, and will provide the replacement dwelling units within three years of demolition or conversion;
6. The basis for concluding that each replacement dwelling unit will remain a low/moderate income dwelling unit for at least 10 years from the date of initial occupancy.

Consistent with the goals and objectives of activities assisted under this Act, the **insert program office** will take the following actions as a result of HUD Entitlement Grant assisted activities:

1. If a major housing demolition program is ever contemplated, it will be structured so that only vacant, dilapidated units will be inspected and considered for demolition;

2. If the proposed project involves demolition and reconstruction on the actual site, **insert program jurisdiction** will meet its “one-for-one” replacement requirement once the housing units are fully reconstructed. The **insert program jurisdiction** may choose to provide temporary relocation assistance for the families involved;
3. Provide information to keep citizens involved in the process regarding pending zoning and rezoning actions that threaten the preservation of residential areas.

B. Provisions for Relocation Assistance for Residential Anti-Displacement

Insert program jurisdiction will provide relocation assistance, as described in 24 CFR 570.606(b)(2) and in 24 CFR 92.353 to each low/moderate household displaced by the demolition of housing or by the conversion of a low/moderate-income dwelling to another use as a direct result of HUD Entitlement Grant-assisted activities. Persons that are relocated are entitled to:

1. A choice between actual reasonable moving expenses as described in the Federal regulations, or a fixed expense and dislocation allowance, as described in the Federal regulation;
2. Advisory services as described in 24 CFR Part 42, Subpart C;
3. Reimbursement for reasonable and necessary security deposits and credit checks under Section 104(d). [Not applicable under URA];
4. Replacement housing assistance which may include a Section 8 housing voucher/certificate and referral to an assisted unit; cash rental assistance to reduce the rent and utility costs or lump sum payment equal to the present value of rental assistance installments to be used toward purchasing an interest in a housing cooperative or mutual housing association for a period of up to five years.

II. Section 104(k) Relocation Requirements

Insert program jurisdiction will provide reasonable relocation assistance to persons (families, individuals, businesses, non-profit organizations, or farms) displaced (moved permanently and involuntarily) as a result of the use of HUD Entitlement Grant assistance to acquire or substantially rehabilitate property. Assistance to displaced persons may include:

- A. A choice of a “fixed-move” payment for both residential and nonresidential persons, or a payment for actual moving and relocation expenses, documented by receipts and/or vouchers from service providers and utility companies. Non-residential persons who elect to take a payment or reimbursement for moving expenses will be entitled to other move related payments unique to non-residential moves. The documents shall be submitted to

the **insert program office** prior to the disbursement of payment. For nonresidential persons who elect to take an actual move payment, a reestablishment payment will be made if the non-residential person elects to continue their business operation at another site.

- B. Advisory services necessary to help in relocating;
- C. Financial assistance sufficient to enable the **displaced residential person** to lease and occupy a suitable, decent, safe and sanitary replacement dwelling where the cost of rent and utilities does not exceed 30 percent of the household gross income for a period of up to forty-two [42] months.
- D. Under Section 104[d], financial assistance sufficient to enable the displaced **residential person** to lease and occupy a suitable, decent, safe and sanitary replacement dwelling **for a period up to 60 months**. The **insert program office** has the option of offering you that assistance in cash or under the Section 8 Rental Certificate or Voucher Program. The **insert program office** will indicate which option it will provide to the displacee. This assistance is computed by subtracting the Total Tenant Payment [TTP] from the cost of rent and utilities for the new home [or a comparable replacement home, if that cost is lower]. The monthly need, if any, is multiplied by 60 to determine the total amount the displacee will receive. This amount is directly paid to the displacee. However, the **insert program office** may elect to provide assistance in monthly installments, other forms of periodic payments, or in a lump sum.

NOTE: The TTP is the amount a tenant is expected to contribute towards the monthly rent. It is computed at 30% of a family's adjusted monthly income or 10% of the family's monthly gross income or a designated allowance under certain welfare programs.

III. Optional Relocation Assistance

At its discretion, **insert program jurisdiction** may provide relocation payments and other relocation assistance for individual families, businesses, non-profit organizations, and farms displaced by projects that do not receive HUD Entitlement Grant funds in any activity of the project and therefore are not subject to the provision of the Uniform Relocation Act, Residential Anti-Displacement and Relocation, or Section 104(k) Relocation Requirements. Person(s) voluntarily electing to participate in this optional relocation assistance program may, but not necessarily, be provided benefits at the **insert program jurisdiction** option, contingent upon the nature and amount of the benefits derived by the person from the assisted activity and the availability of other resources to the person(s). When suitable public housing or governmental rental assistance (Section 8 Housing Certificates or vouchers, etc.) is not available, or appropriate, the following benefits may be provided if it is determined by the **insert program jurisdiction** that such benefits are warranted and appropriate:

A. Temporary Relocation Benefits

If it is determined by the **insert program office** that the occupant(s) of a dwelling should be relocated temporarily in order to permit rehabilitation or replacement of a dwelling, the **insert program office** may find a decent, safe and sanitary dwelling for their temporary use. Benefits, if provided, will be limited to increases in monthly housing costs incurred by the occupant in an amount equal to the lesser of twelve (12) times the increase, or \$2,000, and reasonable moving and storage expenses. **insert program jurisdiction** may waive the maximum limits or costs for Temporary Relocation benefits, on a case-by-case basis.

B. Permanent Relocation Benefits

If it is determined by the **insert program office** that occupants of a dwelling should be permanently relocated, the **insert program office** may assist in the relocation to a decent, safe, and sanitary dwelling unit. Benefits, if provided, will be limited to increases in monthly housing costs incurred by the occupant in an amount equal to the lesser of 24 times the increase, or \$3,600, and reasonable moving and storage expenses.

C. Moving and Storage Expenses

For dwelling occupants temporarily or permanently displaced, fixed benefits for storage and moving may be allowed. Those benefits may include:

1. Utility connection fees up to \$500 - only if the fee is the responsibility of the tenant;
2. Storage expenses, not to exceed \$500;
3. Moving costs based on the latest published schedule published in the Federal Register by the United States Department of Transportation, Federal Highway Administration. [See Attachments, under the Uniform Relocation Assistance and Real Property Acquisition Policies Act, as amended, Fixed Residential Moving Cost Schedule, under 49 CFR Part 24.302;[Moving costs would be allowed per the same schedule for both moves required for temporary relocation.]
4. Insurance for the replacement value of the property in connection with the move, and storage up to \$500; and
5. **Insert program jurisdiction** may waive the limits on costs for temporary moving and storage expense on a case-by-case basis.

IV. Tenant Assistance Policy/Rental Rehabilitation

- A. It is not **insert program jurisdiction** policy to displace families in rental units. Participating landlords must warrant that the proposed rehabilitation will not cause any tenant to be permanently displaced unless the owner will be able to relocate the tenant displaced in accordance with HUD/ **insert program jurisdiction** relocation criteria. Rental Rehab funds will

not be used to rehabilitate any structures, if the rehabilitation will cause displacement of very low income families.

- B. If it becomes necessary for an owner to move a tenant from a unit as a direct result of rehabilitation assisted through rental rehabilitation funds, the owners will assure that the tenant is offered a decent, safe and sanitary dwelling unit at an affordable rate, as described in the applicable regulation. No tenant will be considered displaced if the owner has offered the tenant a decent, safe, sanitary and affordable unit and the temporary relocation does not exceed 12 months. **If the displacement exceeds 12 months, the tenant will be considered “permanently displaced”.**
- C. Should displacement become necessary for a lower income family as a result of the rental rehabilitation assistance, the owner will assure that tenants will be provided the necessary financial assistance, information, counseling, and referrals, housing location options, information regarding Federal Fair Housing rights, and other relocation services as needed, without regard to race, color, religion, sex, age, handicap, or national origin, so as to enable the family to obtain decent, safe and sanitary housing at an affordable rent.

Reporting

A. **Background and Overview:**

1. HOME Program regulations require **insert program jurisdiction** to submit an Annual Performance Report [APR] to HUD within 90 days of the close of the Program Year. This is in accordance with the Consolidated Plan regulations at 24 CFR §Part 91.
2. The HOME Annual Performance Report (APR) is now included in the Consolidated Annual Performance and Evaluation Report (CAPER).
3. The Performance Report incorporates not only the HOME APR, but also the reporting requirements for the Community Development Block Grant (CDBG) and Emergency Solution Grants (ESG) programs.

4. **Reporting and IDIS:**

- **Insert program jurisdiction** is required to utilize HUD's Integrated Disbursement & Information System [IDIS] to comply with current reporting requirements.
- As part of the mandated reporting requirement, **insert program jurisdiction** must update all current activities in IDIS to include all financial and performance metrics.

B. Submission and Review of the Performance Report:

1. Prior to submitting its CAPER, **insert program jurisdiction** must make the report available to the public for examination and comment for a period of at least 30 days.
2. Performance Reports must be received by The HUD Field Office no later than 90 days after the close of the Consolidated Plan Program Year.
3. HUD will review **insert program jurisdiction** Performance Reports and determine if they are satisfactory. If a satisfactory report is not submitted, HUD may:
 - Request additional information
 - Suspend funding until a satisfactory report is submitted; or
 - Withdraw and reallocate funding if HUD determines, after notice and opportunity to comment that the report will not become satisfactory.
4. Following submission, **insert program jurisdiction** will provide copies of the report submitted to HUD available for examination by the public, upon request. This will include a summary of comments received as a result of the public participation process.

Conflict of interest

A. Requirements for PJs and Subrecipients:

1. **Overview:** The HOME Program regulations require that the **insert Consortium name if applicable** and Subrecipients (including CHDOs that are acting as Subrecipients) to comply with two different sets of conflict-of-interest provisions. The first set of provisions comes from 2 CFR §200.317-326.
 2. **Activities covered by CFR provisions:** In the procurement of property and services by **insert program jurisdiction** and its subrecipients, the conflict-of-interest provisions at 2 CFR §200.317-326 apply. These regulations require any participating jurisdiction and Subrecipients to maintain written standards governing the *performance of their employees engaged in awarding and administering contracts*. At a minimum, these standards must:
 - require that no employee, officer, agent of **insert program jurisdiction**, or any Subrecipient, shall participate in the selection, award or administration of a contract supported by HOME if a *conflict-of-interest, either real or apparent*, would be involved;
 - require that **insert program jurisdiction** or Subrecipient employees, officers and agents not accept gratuities, favors or anything of monetary value from contractors, potential contractors or parties to sub agreements; and
 - stipulate provisions for penalties, sanctions or other disciplinary actions for violations of standards.
- A conflict would arise when any of the following has a **financial or other interest** in a firm selected for award:
 - an employee, agent or officer of **insert program jurisdiction** or Subrecipient;
 - any member of an employee's, agent's or officer's immediate family;
 - an employee's, agent's or officer's partner; or
 - an organization that employs or is about to employ an employee, agent or officer of **insert program jurisdiction** or Subrecipient.
3. **Activities Covered by HOME Regulations:** In cases not covered by 2 CFR §200.317-326 the HOME regulations in 24 CFR §92.356 governing conflict-of-interest apply. These provisions cover employees, agents, consultants, officers and elected or appointed officials of **insert**

program jurisdiction, or Subrecipient. The HOME regulations state that no person covered who exercises or has exercised any functions or responsibilities with respect to HOME activities or who is in a position to participate in decisions or gain inside information:

- may obtain a financial interest or benefit from a HOME activity; or
- have an interest in any contract, subcontract or agreement for themselves or for persons with business or family ties.

➤ This requirement applies to covered persons during their tenure and for one year after leaving the PJ, or Subrecipient entity.

4. **Exceptions:** Upon written request, exceptions to both sets of provisions may be granted by HUD, on a case-by-case basis only after insert program jurisdiction has:

- disclosed the full nature of the conflict and submitted proof that the disclosure has been made public, and
- provided a legal opinion from insert program jurisdiction stating that there would be no violation of state or local law if the exception were granted.

B. Provisions for Nonprofit and For-Profit Owners, Developers and Sponsors:

1. The HOME Final Rule includes a new conflict-of-interest provision applicable to for-profit and nonprofit owners, developers and sponsors of HOME-assisted housing. This provision states that no owner, developer or sponsor of HOME-assisted housing, including their officers, employees, agents, consultants or elected or appointed officials, may occupy a HOME-assisted unit in a development. This provision **does not** apply to:

- an individual receiving HOME funds to acquire or rehabilitate his/her principal residence, or
- an individual living in a HOME-assisted rental housing development where he/she is a project manager or a maintenance worker in that development.

2. **Exceptions:** Exceptions to this conflict-of-interest provision (governing owners, developer and sponsors of HOME-assisted housing) may be granted by the PJ on a case-by-case basis based on the following factors as set forth in the regulations:

- whether the person receiving the benefit is a member of a group or class of low-income persons intended to be the beneficiaries of assisted housing, and the exception will permit him or her to receive generally the same interests or benefits as are being made available or

provided to the group as a whole;

- whether the person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted housing in question;
- whether the tenant protection requirements of CFR 92.253 (prohibited lease terms, termination of tenancy and tenant selection) are being observed;
- whether the affirmative marketing requirements are being observed and followed; and
- any other factor relevant to **insert program jurisdiction** determination, including the timing of the requested exception.

Record keeping

The **insert Consortium name if applicable** asserts the right to, at any given time with written prior notice, perform an on-site monitoring of client records on any project receiving HOME funding at any period once the project has been set-up in the Integrated Disbursement Information System [IDIS]. These records are to be readily available during the compliance period or affordability period, whichever is longer in length.

Pursuant to HOME record keeping regulations found in 24 CFR §92.508, subrecipients are required to establish and maintain sufficient records to enable the **insert Consortium name if applicable** to determine whether the minimum HOME requirements have been met for each project and activity.

Every Subrecipient is required to establish and maintain **at least three major categories** of records:

- 1. Administrative records:** These are files and records that apply to the overall administration of the Subrecipient's HOME activities. They include the following:
 - a) Personnel files
 - b) Property management files.
 - c) General program files: files relating to the Subrecipient's application to the grantee, the Subrecipient Agreement, program policies and guidelines, correspondence with grantee and reports, etc.
 - d) Legal files: articles of incorporation, bylaws of the organization, tax status, board minutes, contracts and other agreements.
- 2. Financial records:** These include the chart of accounts, a manual on accounting procedures, accounting journals and ledgers, source documentation (purchase orders, invoices, canceled checks, etc.), procurement files, bank account records, financial reports, audit files, etc.

The Subrecipient shall maintain financial records of the expenditure of all HOME funds it receives, such records to be maintained in accordance with **24 CFR 200.302** (3) and **24 CFR Part 92.508**, as applicable. All records shall be made available, upon **insert program jurisdiction** request, for inspection(s) and audit(s) by the **insert program jurisdiction**, or by its representatives. If a financial audit(s) determines that the Subrecipient has improperly expended HOME funds, resulting in the disallowance of such expenditures by the **insert program jurisdiction** and/or by the U.S. Department of Housing and Urban Development, the **insert program jurisdiction** reserves the right to recover from the Subrecipient other non-HOME monies to fund such disallowed HOME expenditures.

3. Project/case files: These files document the activities undertaken with respect to specific individual beneficiaries, property owners, and/or properties.

The Subrecipient shall provide, on a monthly basis, sufficient information to the **insert program jurisdiction** on services carried out for all persons served and on HOME-eligible persons served by activities receiving HOME assistance under this Agreement. The purpose of the monthly reporting is to enable the **insert program jurisdiction** to prepare and submit periodic and annual reports to the U.S. Department of Housing and Urban Development. **These Subrecipient-prepared reports shall be submitted in a format provided by the insert program jurisdiction [See Exhibit 2, if applicable to this Agreement]** and at a time no later than the 15th calendar day of each month of each year until all HOME funds for the activity(s) shall be fully expended, plus **five (5) years**. The **five (5) year** reporting period should not be confused with the "continued use" provisions of this agreement, as specified in Exhibit 2, "Scope of Services." The **insert program jurisdiction** shall provide reporting forms and technical assistance to the Subrecipient on the procedures to be followed to collect and report these programmatic data.

I. File Organization and Maintenance

Subrecipient should structure its project/case files and other records to comply with the general **HOME Program standard for record keeping** that records must be *accurate, complete and orderly*. Records should demonstrate that each activity undertaken meets met all HOME requirements. At a minimum, the following records are needed:

2. Project File Documentation

- a) The underwriting and subsidy layering guidelines adopted in accordance with § **92.250** that support the participating jurisdiction's Consolidated Plan certification.
- b) A full description of each project assisted with HOME funds, including the location (address of each unit), form of HOME assistance, and the units or tenants assisted with HOME funds.

- c) The source and application of funds for each project, including supporting documentation in accordance with 2 CFR 200.302; and records to document the eligibility and permissibility of the project costs, including the documentation of the actual HOME-eligible development costs of each HOME-assisted unit (through allocation of costs, if permissible under § 92.205(d)) where HOME funds are used to assist less than all of the units in a multi-unit project.
- d) Records demonstrating that each rental housing or homeownership project meets the minimum per-unit subsidy amount of § 92.205(c), the maximum per-unit subsidy amount of § 92.250(a), and the subsidy layering and underwriting evaluation adopted in accordance with § 92.250(b).
- e) Records (e.g., inspection reports) demonstrating that each project meets the property standards of § 92.251 at project completion. In addition, during the period of affordability, records for rental projects demonstrating compliance with the property standards and financial reviews and actions pursuant to § 92.504(d).
- f) Records demonstrating that each family is income eligible in accordance with § 92.203.
- g) Records demonstrating that each tenant-based rental assistance project meets the written tenant selection policies and criteria of § 92.209(c), including any targeting requirements, the rent reasonableness requirements of § 92.209(f), the maximum subsidy provisions of § 92.209(h), property inspection reports, and calculation of the HOME subsidy.
- h) Records demonstrating that each rental housing project meets the affordability and income targeting requirements of § 92.252 for the required period. Records must be kept for each family assisted.
- i) Records demonstrating that each multifamily rental housing project involving rehabilitation with refinancing complies with the refinancing guidelines established in accordance with § 92.206(b).
- j) Records demonstrating that each lease for a tenant receiving tenant-based rental assistance and for an assisted rental housing unit complies with the tenant and participant protections of § 92.253. Records must be kept for each family.
- k) Records demonstrating that the purchase price or estimated value after rehabilitation for each homeownership housing project does not exceed 95 percent

of the median purchase price for the area in accordance with § 92.254(a)(2). The records must demonstrate how the estimated value was determined.

- l) Records demonstrating that each homeownership project meets the affordability requirements of § 92.254 for the required period.
- m) Records demonstrating that any pre-award costs charged to the HOME allocation meet the requirements of § 92.212.
- n) Records demonstrating that a site and neighborhood standards review was conducted for each project which includes new construction of rental housing assisted under this part to determine that the site meets the requirements of 24 CFR 983.57(e)(2) and (e)(3), in accordance with § 92.202.
- o) Records (written agreements) demonstrating compliance with the written agreements requirements in § 92.504.

3. Community Housing Development Organizations (CHDOs) Records

- a) Written agreements committing HOME funds to CHDO projects in accordance with § 92.300(a).
- b) Records setting forth the efforts made to identify and encourage CHDOs, as required by § 92.300(b).
- c) The name and qualifications of each CHDO and amount of HOME CHDO set-aside funds committed.
- d) Records demonstrating that each CHDO complies with the written agreements required by § 92.504.
- e) Records concerning the use of CHDO set aside funds, including funds used to develop CHDO capacity pursuant to § 92.300(b).
- f) Records concerning the use of funds for CHDO operating expenses and demonstrating compliance with the requirements of §§ 92.208, 92.300(e) and 92.300(f).
- g) Records concerning the tenant participation plan required by § 92.303.

- h) Records concerning project-specific assistance to CHDOs pursuant to § 92.301, including the impediments to repayment, if repayment is waived.

4. Period of Record Retention

All records pertaining to each fiscal year of HOME funds must be retained for the most recent five year period, except as provided below.

- a) For rental housing projects, records may be retained for five years after the project completion date; except that records of individual tenant income verifications, project rents and project inspections must be retained for the most recent five year period, until five years after the affordability period terminates.
- b) For homeownership housing projects, records may be retained for five years after the project completion date, except for documents imposing recapture/resale restrictions which must be retained for five years after the affordability period terminates.
- c) For tenant-based rental assistance projects, records must be retained for five years after the period of rental assistance terminates.
- d) Written agreements must be retained for five years after the agreement terminates.
- e) Records covering displacements and acquisition must be retained for **five years** after the date by which all persons displaced from the property and all persons whose property is acquired for the project have received the final payment to which they are entitled in accordance with § 92.353.
- f) If any litigation, claim, negotiation, audit, monitoring, inspection or other action has been started before the expiration of the required record retention period records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the required period, whichever is later.

D. HOME PROGRAM REQUIREMENTS

This section addresses all factors of administration and compliance activities in carrying out the HOME Program and addresses both the roles of the PJ (Participating Jurisdiction) and its Subrecipients/contractors in implementing a local HOME Program.

Eligible HOME Activities

States and localities may use their HOME Funds to:

1. Meet development costs, including:

- Acquisition of property.
- Construction of new housing for rent or ownership.
- Moderate or substantial rehabilitation of rental or owner-occupied units.
- Site improvements for HOME-assisted projects.
- Demolition of dilapidated housing to make way for a HOME-assisted development.
- Payment of relocation expenses.
- Other reasonable and necessary expenses related to the development of non-luxury housing.

2. Administer the HOME program through activities that include:

- Program planning and administration (up to 10 percent of the PJ's annual allocation).
- Staff and overhead costs directly related to a HOME-assisted project.
- Operating costs for community housing development (up to 5 percent of the PJ's annual allocation).

3. Provide home purchase or rehabilitation financing assistance to low-income homeowners and new homebuyers through, for example:

- Direct loans.
- Help with down payments or closing costs.
- Loan guarantees or other forms of credit enhancement.

4. Assist low-income renters through tenant-based rental assistance:

- rental assistance or payment of security deposits

Insert program jurisdiction utilizes HOME funds to increase affordable housing through the following HOME eligible activities:

- New Construction:** HOME funds are used for new construction of both rental and ownership housing. Any project that includes the addition of dwelling units outside the existing walls of a structure is considered new construction.

- **Rehabilitation:** This includes the alteration, improvement or modification of an existing structure. It also includes moving an existing structure to a foundation constructed with HOME funds. Rehabilitation may include adding rooms outside the existing walls of a structure, but adding a housing unit is considered new construction.
- **Reconstruction:** This refers to rebuilding a structure on the same lot where housing is standing at the time of project commitment. HOME funds are used to build a new foundation or repair an existing foundation. Reconstruction also includes replacing a substandard manufactured house with a new manufactured house. During reconstruction, the number of rooms per unit may change, but the number of units may not.
- **Conversion:** Conversion of an existing structure from another use to affordable residential housing is usually classified as rehabilitation. If conversion involves additional units beyond the walls (envelope) of an existing structure, the entire project will be deemed new construction. Conversion of a structure to commercial use is prohibited.
- **Site Improvements:** Site improvements must be in connection with improvements to other HOME eligible activities. They include new, on-site improvements (sidewalks, utility connections, sewer and water lines, etc.) where none were previously present. They are essential to the development or repair of existing improvements. Building new, off-site utility connections to an adjacent street is also eligible. Off-site infrastructure is not eligible as a HOME expense, but may be eligible for match credit.
- **Acquisition of Property:** Acquisition of existing property, [standard or substandard property] in need of rehabilitation is eligible as either a homebuyer program or a rental housing project. After acquisition, rental units must meet HOME rental occupancy, affordability, and lease requirements.
- **Acquisition of vacant land:** HOME funds are used for acquisition of vacant land only if construction will begin on a HOME project within **12 months of purchase**. **Land banking is prohibited.**
- **Demolition:** Demolition of an existing structure may be funded through HOME only if construction will begin on the HOME project within 12 months.
- **Project-related Soft Costs:** These must be reasonable and necessary. Examples of eligible project soft costs include:
 - Finance-related costs;
 - Architectural, engineering and related professional services;
 - Tenant and home buyer counseling [provided the recipient of counseling ultimately becomes the tenant or owner of a HOME-assisted unit]

- Project audit costs;
- Affirmative marketing and fair housing services to prospective tenants or owners of an assisted project; and
- Staff costs directly related to projects (not including **TBRA**).

Ineligible HOME Activities

Those activities on which are prohibited under HOME fall into four general categories:

I. Public and assisted housing modernization, operation, and preservation activities for which HUD already provides other dedicated funding:

- Annual Contributions Contracts (ACCs) that fund the development of public and HUD-assisted housing.
- Public housing modernization.
- Preservation of HUD-assisted rental housing under the Low-Income Housing Preservation Acts of 1987 and 1990 (unless the project is being purchased by a nonprofit organization or another entity recognized as a priority purchaser under these statutes).

2. Activities that support the ongoing operation of rental housing:

- Operating subsidies for rental housing.
- Reserve accounts that accumulate capital, either to fund major improvement or replacement of building systems and structures or to fund unanticipated increases in operating costs.
- Tenant subsidies for certain special mandated purposes under Section 8.

3. Matching funds for other Federal programs: HOME Program funds may not be used as the “non-federal” match for other federal programs, except to match McKinney Act funds.

4. Other Prohibited Activities:

Double-Dipping: During the first year after project completion, additional HOME funds can be committed to a project. However, after the first year no additional HOME funds may be provided to a HOME-assisted project during the relevant period of affordability, **except** that:

- Rental assistance to families may be renewed.

- Rental assistance may be provided to families that will occupy housing previously assisted with HOME funds.
- A homebuyer may be assisted with HOME funds to acquire a unit that was previously assisted with HOME funds.

Acquisition of PJ-Owned Property: HOME Program funds cannot be used to reimburse the PJ for property in its inventory or property purchased for another purpose. However, in anticipation of a HOME project, a PJ may use HOME funds to:

- Acquire property.
- Reimburse itself for property acquired specifically for a HOME project with other funds.

HOME Rental Activities

Insert program jurisdiction invests HOME funds in rental housing and/or rental assistance and ensures that at least 90 percent of families benefiting from HOME assistance have incomes that are no more than 60 percent of the median family income for the area and that the remaining families have incomes less than 80 percent of the area median. In addition, the insert program jurisdiction requires each rental project meet these following affordability tests:

- Rents fall at or below the local FMR or 30 percent of the income of a family earning 65 percent of the area median, whichever is less.
- Insert program jurisdiction will establish maximum monthly allowances for utilities and services (excluding telephone) and update the allowances annually. insert program jurisdiction will use the HUD Utility Schedule Model or otherwise determine the utility allowance for the project based on the type of utilities used at the project.
- Projects remain affordable for a period of time based on the average HOME subsidy per unit:

Activity	HOME Subsidy	Unit Must Remain Affordable for at Least:
Rehabilitation	Less than \$15,000	5 years
	\$15,000–\$40,000	10 years
	Greater than \$40,000	15 years
Rehabilitation with refinancing	Any amount	15 years
New construction	Any amount	20 years

In assisted projects with five or more units, at least **20 percent of the units must be rented to very low-income families at affordable rents** (equal to no more than 30 percent of their monthly gross adjusted income.)

- If HOME funds are combined with Federal or State project-based assistance, **insert program jurisdiction** may charge up to the maximum rent allowable under that assistance program, provided that the rents are affordable and the assisted families have incomes below 50 percent of the area median.
- Rental units that have been provided HOME funding are required to be rented to a HOME income eligible client within 18 months of the project being completed as required by 24 CFR §92.252 or the HOME funds invested in that project must be returned to HUD. If a rental property is not leased within six months, a marketing plan must be created and submitted to HUD showing the efforts to ensure that unit will be able to be rented out.
- During the period of affordability, **insert program jurisdiction** will perform on-site inspections of HOME-assisted rental housing to determine compliance with the property standards of 24 CFR § 92.251 and to verify the information submitted by the owners in accordance with the requirements of 24 CFR §92.252.
- The on-site inspections must occur within 12 months after project completion and at least once every 3 years thereafter during the period of affordability. If there are observed deficiencies for any of the inspectable items in the property standards established by the **insert program jurisdiction**, in accordance with the inspection requirements of 24 CFR §92.251, a follow-up on-site inspection to verify that deficiencies are corrected must occur within 12 months. **insert program jurisdiction** may establish a list of non-hazardous deficiencies for which correction can

be verified by third party documentation (e.g., paid invoice for work order) rather than re-inspection. Health and safety deficiencies must be corrected immediately, in accordance with § 92.251. **insert program jurisdiction** will document and provide to the property owner a more frequent inspection schedule for properties that have been found to have health and safety deficiencies.

- Inspections must be based on a statistically valid sample of units appropriate for the size of the HOME-assisted project, as set forth by HUD through notice. For projects with one-to-four HOME-assisted units, **insert program jurisdiction** will inspect 100 percent of the HOME-assisted units and the inspectable items (site, building exterior, building systems, and common areas) for each building housing HOME-assisted units.

Homeownership Activities

All HOME funds used for homeownership assistance in **insert program jurisdiction** benefits new homebuyers or existing homeowners whose family income does not exceed 80 percent of the area median income and adheres to the following:

- The assisted housing must be the owner's principal residence.
- The estimated value of the property—which may be either acquired or newly constructed standard housing or acquired then rehabilitated housing—must not exceed 95 percent of the median area purchase price.
- For those homeownership activities that have been completed must be occupied by a HOME eligible homebuyer within 9 months from the completion date. As determined through 24 CFR §92.254(a)(3), if this does not occur within 9 months, the property is required to convert to a rental unit.

HOME Property Standards

All HOME-assisted units in **insert program jurisdiction** adheres to all local codes and standards and conform to the model codes identified in the program rule at 24 CFR §92.251. **insert program jurisdiction** has written standards to guide HOME-assisted acquisition and rehabilitation activities that adhere to the following:

State and local standards: State and local codes and ordinances apply to any HOME-funded project regardless of whether the project involves acquisition, rehabilitation, or new construction.

Housing Quality standards: For **acquisition-only and rental** projects, if there are no state or

local codes or standards, the insert program jurisdiction will enforce Section 8 Housing Quality Standards (HQS).

ADA Standards: The insert program jurisdiction does require all projects to be in compliance with ADA codes.

HOME Match Requirement

Insert program jurisdiction insert Consortium name if applicable requires each subrecipient to provide matching contributions of 25% of their non-administrative or operating funds that are provided by the HOME Program. These matching contributions shall be provided to the insert program office, as prescribed in 24 CFR 92.§220, and as further described in HUD CPD Notice 97-03. These methods may be used to provide the required matching funds.

An accurate Match Log must be kept by each subrecipient documenting all Match credits and debits. This log shall, at the end of each Federal Fiscal Year (September 30), be balanced and reflect a cumulative total match of no less than 25% of drawn project costs. A copy of a Match Log must be provided to the insert Consortium name if applicable by October 1st of each year.

Eligible sources of a match for HOME funds include:

- Cash.
- Donated construction materials or voluntary labor.
- Value of donated land or real property.
- Value of foregone interest, taxes, fees, or charges levied by public or private entities.
- Investments in on- or off-site improvements.
- Proceeds from bond financing.
- The cost of supportive services provided to families living in HOME units.
- The cost of homebuyer counseling to families purchasing HOME units.

Subrecipients will be notified of this requirement annually through a letter and once the form and amount of match are approved, a letter will be issued to the subrecipients stating that that year's match amounts have been satisfied.

Income Limits

A comprehensive list of HOME Income Limits can be found at the following HUD program web pages:

A. HOME Income Limits:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/programs/home/limits/income

The HOME income limits are calculated using the same methodology that HUD uses for calculating the income limits for the Section 8 program, in accordance with Section 3(b)(2) of the U.S. Housing Act of 1937, as amended. These limits are based on HUD estimates of median family income, with adjustments based on family size.

2018 HOME Program Income Limits

Effective June 1, 2018

Family Size	Extremely Low 30%	Very Low Income 50%	Moderate Income 60%	Low Income 80%
1	\$15,750	\$26,200	\$31,440	\$41,900
2	\$18,000	\$29,950	\$35,940	\$47,900
3	\$20,250	\$33,700	\$40,440	\$53,900
4	\$22,450	\$37,400	\$44,880	\$59,850
5	\$24,250	\$40,400	\$48,480	\$64,650
6	\$26,050	\$43,400	\$52,080	\$69,450
7	\$27,850	\$46,400	\$55,680	\$74,250
8	\$29,650	\$49,400	\$59,280	\$79,050

Source: U. S. Department of Housing and Urban Development [HUD] www.huduser.gov

*Income of all persons living in the household

B. Home Program Rent Limits: <https://www.hudexchange.info/programs/home/home-rent-limits/>

Per 24 CFR [Part 92.252](#), HUD provides the following maximum HOME rent limits. The maximum HOME rents are the lesser of:

1. The fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR §888.111; or
2. A rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. The HOME rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.

2018 HOME Program Rent Limits
Effective on June 1, 2018

The high rent limit is the most rent that can be charged per unit [minus utility adjustment]. No more than 80% of the units can be at this limit. The low rent limit is the most rent that can be charged per unit [minus utility adjustment]. At least 20% of the units must be at this level.

# of Bedrooms Limit	High Rent Limit 80% of Units	Low Rent Limit 20% of Units
0	\$873	\$655
1	\$898	\$701
2	\$990	\$785
3	\$1,031	\$842
4	\$1,344	\$972
5	\$1,651	\$1,085
6	\$1,899	\$1,197

Source: U. S. Department of Housing and Urban Development [HUD] www.huduser.gov
 *Income of all persons living in the household

C. HOME Per-unit Subsidy Limits

Due to the discontinuation of the Section 221(d)(3) mortgage insurance program, alternate maximum per-unit subsidy limits must be used for the HOME Program. HUD is required to undertake rulemaking to establish new maximum per-unit subsidy limits for the HOME Program because it is no longer updating and publishing limits for the Section 221(d)(3) mortgage insurance program. Until a new rule can be published, HUD published a Notice establishing an interim policy that Field Office staff and participating jurisdictions (PJs) must follow directing PJs to use the Section 234-Condominium Housing basic mortgage limits, for elevator-type projects, as an alternative to the Section 221(d)(3) limits in order to determine the maximum amount of HOME funds a PJ may invest on a per-unit basis in HOME-assisted housing projects. This interim policy remains in effect until the effective date of the new final rule provisions, amending the existing provisions of 24 CFR 92.250(a). **HOME per-unit subsidy limit at 240 percent of the Section 234 basic mortgage limit.** Annual Section 234-Condominium Housing basic mortgage limits, for elevator-type projects can be found at:

<https://www.hudexchange.info/resource/2315/home-per-unit-subsidy/>

Home High Cost Percentage is less than <240% for all HOME-assisted projects. Actual funding levels will vary project by project and may be lower based on cost reasonableness and needs of project.

Projects Containing both HOME and Non-Home Units: HOME funds may be used to assist one or more housing units in a multi-unit project that contains other non-Home units. However, the following additional restrictions apply:

- Only the actual HOME eligible development costs may be supported by the HOME program.
- Actual Costs can be determined by the following:
 - If the assisted and non-assisted units are not comparable (non-HOME units may contain luxury materials, for example) the actual costs may be determined based on a method of cost allocation.
 - If the assisted and non-assisted units are comparable in terms of size, features and number of bedrooms, the actual cost of the HOME assisted units can be determined by pro-rating the total HOME eligible development costs of the project so that the proportion of the total development costs charged to the HOME program does not exceed the proportion of the HOME-assisted units in the project.

Basic Statutory Mortgage Limits for Calendar Year 2020

Example of How to Calculate the Per Unit Subsidy

To determine the cost allocation for multi-unit projects, complete the following:

Step 1: Obtain the HUD current year HOME per subsidy limits. Be sure to use the amounts listed under **Section 234 – Condominium Housing – Elevator** per HUD regulation.

Step 2: Identify the amount of HOME funds going towards Project.

Step 3: Identify the number of HOME units for the Project. For example, 6 – 2 bedroom apartments and 4 – 3 bedroom apartments for a total of 10 - HOME units.

Step 4: Determine the High Cost Percentage (HCP). This percentage is an estimate. The HCP must not exceed 240 percent of the Section 234 basic mortgage limit. The HCPs should be identical.

High Cost Percent
n/a
n/a
109.20%
109.20%

Percentages are identical and do not exceed 240% of Section 234.

Step 5: To determine the **Per Unit Subsidy (PUS)**, multiply the HCP by the HUD Subsidy Limit (SL).

HUD 2016 Section 234 Condominium Housing -Elevator Subsidy Limits		White Circle High Cost Percent	White Circle Per Unit Subsidy
Zero Bedrooms	\$58,787.00	n/a	n/a
One Bedrooms	\$67,947.00	n/a	n/a
Two Bedrooms	\$81,947.00	109.20%	\$89,487.77

Calculation: $\$81,947.00 * 109.20\% = \$89,487.77$

Step 6: To determine the **Total Unit Subsidy (TUS)**, multiply the PUS by the number of HOME units in the Project.

White Circle Per Unit Subsidy	White Circle Total Unit Subsidy	Number of HOME Units
n/a	n/a	n/a
n/a	n/a	n/a
\$89,487.77	\$536,926.63	6

Calculation: $\$89,487.77 * 6 = \$536,926.63$

Step 7: To check the HCP, divide the PUS by the HUD SL.

HUD 2016 Section 234 Condominium Housing -Elevator Subsidy Limits		White Circle High Cost Percent	White Circle Per Unit Subsidy
Zero Bedrooms	\$58,787.00	n/a	n/a
One Bedrooms	\$67,947.00	n/a	n/a
Two Bedrooms	\$81,947.00	109.20%	\$89,487.77

Calculation: $\$89,487.77 / \$81,947.00 = 109.20\%$

Step 8: Ensure that the TUS equals the total HOME investment amount.

White Circle Total Unit Subsidy	
n/a	
n/a	
\$536,926.63	
\$463,073.37	
n/a	
Total	\$1,000,000.00

Note: Total HOME investment for this Project is \$1M.

I. Minimum Expenditures

The minimum amount of HOME funds that must be invested in any project is \$1,000 times the number of HOME-assisted units in the project. The minimum only relates to HOME funds, not to any other funds that might be used for project costs, including match.

2. Maximum Expenditures

The maximum per-unit HOME subsidy varies by metropolitan area and is based on **Section 234-Condominium Housing basic mortgage limits, for elevator-type projects**. Each year HUD calculates these maximum amounts by area. Project files should be spot-checked to ensure that HOME limits have been accurately calculated and applied.

- The maximum limit only relates to HOME funds and is applied only to HOME-assisted units within a project.**
- The maximum HOME limits also relate to the total **HOME dollars invested**, not amounts invested at any one time in a project.

D. HOME Maximum Purchase Price or After – Rehab Value Limits:

Current Section 203(b) mortgage limits exceed the 95 percent maximum purchase or after rehabilitation value limits authorized by the HOME statute. In accordance with the guidance provided by HUD's February 2020 [HOME Homeownership Value Limits](#), participating jurisdictions are authorized to use either the Section 203(b) mortgage limits established as of February 2008 or the actual 95 percent of median sales price limits for their areas, whichever is higher.

HUD has issued a [Value Limits spreadsheet](#) for containing the current limits for each county in the U.S. HUD will periodically update these limits. Participating jurisdictions also have the option of determining their own limits in accordance with the procedures described in the HOME regulations at [24 CFR 92.254](#).

The most recent Section 203b limits can be found at:

https://www.hud.gov/program_offices/housing/sfh/ins/203b--df

Maximum Property Value

Section 215(b) of NAHA requires that the initial purchase price or after-rehabilitation value of homeownership units assisted with HOME funds not exceed 95 percent of the area median purchase price for single family housing, as determined by HUD. Historically, HUD used the FHA Single Family Mortgage Limit (known as the 203(b) limit) as a surrogate for 95 percent of area median purchase price. However, statutory changes require the 203(b) limits to be set at 125 percent of area median purchase price. Consequently, PJs can no longer use the 203(b) limit as the HOME program homeownership value limit (i.e., initial purchase price or after rehabilitation value).

Section 92.254(a)(2)(iii) of the Final Rule published on July 24, 2013, HUD established new homeownership value limits for the HOME Participating Jurisdictions (PJs). These new limits apply to homeownership housing to which HOME funds are committed on or after August 23, 2013, and remain in effect until HUD issues new limits.

Newly Constructed Housing. The new HOME homeownership value limits for newly constructed HOME units is 95 percent of the median purchase price for the area based on Federal Housing Administration (FHA) single family mortgage program data for newly constructed housing. Nationwide, HUD has established a minimum limit or floor based on 95 percent of the U.S. median purchase price for new construction for nonmetropolitan areas. This figure is determined by the U.S. Census Bureau. HUD has used the greater of these two figures as their HOME homeownership value limit for newly constructed housing in each area.

Existing Housing. The new HOME homeownership value limits for existing HOME units is 95 percent of the median purchase price for the area based on Federal FHA single family mortgage program data for existing housing and other appropriate data that are available nation-wide for sale of existing housing in standard condition. Nationwide, HUD has established a minimum limit or floor based on 95 percent of the state-wide nonmetropolitan area median purchase price using this data. HUD has used the greater of these two figures as their HOME homeownership value limit for existing housing in each area.

PJ-Determined Limits. In lieu of the limits provided by HUD, a PJ may determine 95 percent of the median area purchase price for single family housing in the jurisdiction annually in accordance with procedures established at § 92.254(a)(2)(iii). The PJ must submit these limits as part of its Consolidated Plan/Annual Action Plan.

Units in Structure	Median Purchase Price	95% Calculation
1	\$205,910	\$196,000
2		\$250,000
3		\$303,000
4		\$376,000

RESALE/RECAPTURE PROVISIONS

Insert program jurisdiction HOME PROGRAM RESALE/RECAPTURE PROVISIONS

Revised 1/1/2020

I. BACKGROUND

Section 215 of the HOME statute establishes specific requirements that all HOME-assisted homebuyer housing must meet in order to qualify as affordable housing. Specifically, all HOME-assisted homebuyer housing must have an initial purchase price that does not exceed 95 percent of the median purchase price for the area, be the principal residence of an owner whose family qualifies as low-income at the time of purchase, and be subject to either resale or recapture provisions. The HOME statute states that resale provisions must limit subsequent purchase of the property to income-eligible families, provide the owner with a fair return on investment, including any improvements, and ensure that the housing will remain affordable to a reasonable range of low-income homebuyers. The HOME statute also specifies that recapture provisions must recapture the HOME investment from available net proceeds in order to assist other HOME-eligible families. The **insert program jurisdiction** HOME Program utilizes the resale/recapture methods for HOME homebuyer programs in accordance with 24 CFR 92.254(a)(5).

The HOME rule at §92.254(a)(5) establishes the resale and recapture requirements HOME PJs must use for all homebuyer activities. These provisions are imposed for the duration of the period of affordability on all HOME-assisted homebuyer projects through a written agreement with the homebuyer, and enforced via lien, deed restrictions, or covenants running with the land. The resale or recapture provisions are triggered by any transfer of title, either voluntary or involuntary, during the established HOME period of affordability.

When undertaking HOME-assisted homebuyer activities, *including projects funded with HOME program income*, the **insert program jurisdiction** HOME Program must establish resale or recapture provisions that comply with HOME statutory and regulatory requirements and set forth the provisions in its Consolidated Plan. HUD must determine that the provisions are appropriate. The written resale/recapture provisions that the **insert program jurisdiction** submits in its Annual Action Plan must clearly describe the terms of the resale/recapture provisions, the specific circumstances under which these provisions will be used, and how the **insert program jurisdiction** will enforce the provisions.

II. DEFINITIONS

Development Subsidy – a development subsidy is defined as financial assistance provided by the **insert program jurisdiction** to offset the difference between the total cost of producing a housing unit and the fair market value of the unit. When provided independently and absent any additional subsidy that could be classified a direct subsidy, development subsidy triggers resale.

Direct Subsidy – a direct subsidy is defined as financial assistance provided by the **insert program jurisdiction** that reduces the purchase price for a homebuyer below market value or otherwise subsidizes the homebuyer [i.e. down-payment loan, purchase financing, assistance to CHDO to develop and sell unit below market, or closing cost assistance]. A direct subsidy triggers recapture.

Net Proceeds – the sales price minus superior loan repayment (other than HOME funds) and any closing costs.

III. PERIOD OF AFFORDABILITY

The HOME rule at §92.254(a)(4) establishes the period of affordability for all homebuyer housing. How the **insert program jurisdiction** calculates the amount of HOME assistance in each unit and therefore the applicable period of affordability varies depending on whether the unit is under resale or recapture provisions.

a. Period of Affordability Under Resale Provisions

Under resale, §92.254(a)(5)(i) of the HOME rule states that the period of affordability is based on the *total* amount of HOME funds invested in the housing. In other words, the total HOME funds expended for the unit determines the applicable affordability period. Any HOME program income used to assist the project is included when determining the period of affordability under a resale provision.

b. Period of Affordability Under Recapture Provisions

For HOME-assisted homebuyer units under the recapture option, the period of affordability is based upon the HOME-funded *Direct Subsidy* provided to the homebuyer that enabled the homebuyer to purchase the unit. Any HOME program income used to provide direct assistance to the homebuyer is included when determining the period of affordability

The following table outlines the required minimum affordability periods.

If the total HOME investment (resale) or Direct Subsidy (recapture) in the unit is:	The Period of Affordability is:
Under \$15,000	5 years
Between \$15,000 and \$40,000	10 years
Over \$40,000	15 years

IV. RESALE PROVISIONS

The **insert program jurisdiction** Resale Provisions shall ensure that, when a HOME-assisted homebuyer sells or otherwise transfers his or her property, either voluntarily or involuntarily, during the affordability period:

- 1) The property is sold to another low-income homebuyer who will use the property as his or her principal residence;
- 2) The original homebuyer receives a fair return on investment, (i.e., the homebuyer's downpayment plus capital improvements made to the house); and
- 3) The property is sold at a price that is "affordable for a reasonable range of low-income buyers."

a. Applicability

When provided independently and absent any additional subsidy that could be classified a direct subsidy, development subsidy triggers Resale Provisions. The **insert program jurisdiction** shall apply the Resale Provisions to projects receiving development subsidies only, with no direct subsidy to the homebuyer. In the event the **insert program jurisdiction** provides a development subsidy (i.e. the difference between the total cost of producing the unit and the fair market value of the property) to CHDOs or subrecipients and a direct subsidy is subsequently provided to the homebuyer, only the direct subsidy shall be considered and the Recapture (not Resale) Provisions shall be applied.

b. Effect

The HOME rule at §92.254(a)(3) requires that all HOME-assisted homebuyer housing be acquired by an eligible low-income family, and the housing must be the principal residence

of the family throughout the Period of Affordability. Under Resale Provisions, if the housing is transferred, voluntarily or otherwise, during the Period of Affordability, it must be made available for subsequent purchase *only* to a buyer whose household qualifies as low-income, and will use the property as its principal residence.

c. Fair Return on Investment

The **insert program jurisdiction** Resale Provisions shall ensure that, if the property is sold during the period of affordability, the price at resale provides the original HOME-assisted homebuyer a fair return on investment (including the original homebuyer's initial investment and any capital improvement). The value of capital improvements is defined by the **insert program jurisdiction** as the actual, documented costs of permanent structural improvements or the restoration of some aspect of a property that either will enhance the property value or will increase the useful life of the property. Capital improvements are generally non-recurring expenses, such as the cost of an addition, a remodel, or a new roof. Repairs and regular maintenance are not capital improvements. To be considered by the **insert program jurisdiction** in determining fair return on investment, the actual costs of the capital improvements must be documented with receipts, cancelled checks, or other documents acceptable to the **insert program jurisdiction**.

The **insert program jurisdiction** shall consider a fair return on investment achieved when the original homebuyer (now the seller) receives from the sale a percentage return on investment based on the change in the *Median Sale Price* for the Project Statistical Area, as published periodically by HUD with the *FHA Mortgage Limits* (also known as the “203(b) limits”).

$$\text{Fair Return} = (\text{initial investment} + \text{value of improvements}) \times \frac{\text{Median Sale Price}^c}{\text{Median Sale Price}^i}$$

Where *Median Sale Price*^c is the current area median sale price at the time of resale and *Median Sale Price*ⁱ is the initial area median sale price at the time of the homeowner's original purchase transaction.

For example, in 2009 an eligible homebuyer purchases a house that has received a HOME development subsidy and is subject to Resale Provisions. The homebuyer provides \$5,000 for a downpayment and in 2011 spends \$10,000 to remodel and upgrade the kitchen. In 2012 the homeowner sells the home. In 2009 the median sale price for the area was \$250,000 and in 2012 the figure is \$268,000. In this example, the fair return on investment is \$16,080.

$$Fair\ Return = (\$5,000 + \$10,000) \times \frac{\$268,000}{\$250,000}$$

d. Continued Affordability

In addition to ensuring that the HOME-assisted homebuyer receives a fair return on his or her investment, the **insert program jurisdiction** Resale Provisions shall ensure that the housing under a Resale Provision will remain affordable to a reasonable range of low-income homebuyers. Accordingly, the **insert program jurisdiction** shall ensure that the sales price of a home resold under Resale Provisions is within the maximum mortgage capacity of a target population of potential buyers with incomes ranging from 50% to 80% of the Area Median Income (AMI). More specifically, the **insert program jurisdiction** defines “affordable to a reasonable range of low-income homebuyers” as a price at which a family at 50 to 80 percent of area median income pays no more than 30 percent of their income for principal, interest, property taxes, and insurance.

In the event the resale price necessary to provide fair return is not affordable to the subsequent low-income homebuyer, the **insert program jurisdiction** will provide additional HOME assistance to the new low-income buyer in order to ensure that the price to the buyer is affordable, and the original owner gets a fair return on investment.

e. Presumption of Affordability

In certain neighborhoods, housing can be presumed to provide a fair return to an original homebuyer upon sale, to be available and affordable to a reasonable range of low-income homebuyers, and to serve as the primary residence of a low-income family during the period of affordability. In such cases, the **insert program jurisdiction** must complete a market analysis of the neighborhood in which the housing is located, and submit the analysis for HUD review and approval.

The **insert program jurisdiction** makes no Presumption of Affordability regarding neighborhoods in its jurisdiction.

f. Imposing Resale Provisions

A clear, detailed written agreement, executed before or at the time of sale, ensures that all parties are aware of the specific HOME requirements applicable to the unit (i.e., period of affordability, principal residency requirement, terms and conditions of either the resale or recapture requirement). The HOME written agreement must be a separate legal document from any loan instrument and must, at a minimum, comply with the requirements at §92.504(c)(5) of the HOME rule. If the **insert program jurisdiction** provides HOME funds to

a subrecipient or CHDO to develop and sell affordable housing, the **insert project jurisdiction** must prepare and execute the agreement with the buyer, or be a party to the agreement along with the entity it funded.

While mortgage and lien documents are used to secure repayment of the HOME subsidy, these documents are not sufficient to enforce the Resale Provisions. Separately recorded deed restrictions will be used to impose the Resale Provisions (§92.254(a)(5)(i)(A)) in HOME-assisted homebuyer projects under the resale option. The purpose of these enforcement mechanisms is to secure and retain the affordable re-use of the property, while providing a fair return to the seller.

g. Foreclosure

In HOME-assisted homebuyer projects, the affordability restrictions imposed by deed restrictions, covenants running with the land, or other similar mechanisms may terminate upon foreclosure, transfer in lieu of foreclosure or assignment of an FHA insured mortgage to HUD. In such cases, the termination of the affordability restrictions does not satisfy the requirement that the property remains qualified as affordable housing under §92.254 for the period of affordability.

Consequently, for HOME-assisted homebuyer housing under a Resale Provision, if the affordability is not preserved by a subsequent purchase at a reasonable price by a low-income homebuyer who will use the property as its principal residence, and who agrees to assume the remainder of the original affordability period, the **insert program jurisdiction** shall repay the full amount of the HOME investment.

h. Enforcement

In the event of non-compliance by the homebuyer which includes failure: to maintain property as principal residence, pay taxes, assessments or insurance premiums, failure to comply with any of the enforcement terms, the **insert program jurisdiction** will consider this as a breach of covenant and the **insert program jurisdiction** may, at its option and without notice, declare the entire indebtedness due.

V. RECAPTURE PROVISIONS

Unlike the resale approach, the **insert program jurisdiction** Recapture Provisions permit the original homebuyer to sell the property to any willing buyer, at any price the market will bear, during the period of affordability while the **insert program jurisdiction** is able to recapture all or a portion of the HOME-assistance provided to the original homebuyer.

a. Applicability

Recapture Provisions are the **insert program jurisdiction** preferred mechanism for securing HOME Program investments and are generally applicable to all **insert program jurisdiction** homebuyer activities, unless circumstances otherwise require Resale Provisions be used. Specifically, Recapture Provisions are always used in cases involving a Direct Subsidy to a homebuyer. Recapture provisions cannot be used when a project receives only a Development Subsidy and is sold at fair market value, because there is no direct HOME subsidy to recapture from the homebuyer. Instead, Resale Provisions must be used in this case.

b. Effect

If a homeowner chooses to sell during the Period of Affordability, the full amount of the HOME Program Direct Subsidy (specifically excluding the amount of any Development Subsidy) shall be recaptured and repaid to the **insert program jurisdiction** provided that net proceeds are sufficient. Recaptured funds shall be returned to the **insert program jurisdiction** HOME Trust Fund to be reinvested in other affordable housing for low to moderate income persons. If net proceeds are insufficient to repay the total HOME investment due, only a pro-rata share of the net proceeds, as set forth in the formulas below, will be recaptured. In the event that net proceeds are zero (as is usually the case with foreclosure), the recapture provision still applies, but there are no funds to recapture.

c. Imposing Recapture Provisions

A clear, detailed written agreement, executed before or at the time of sale, ensures that all parties are aware of the specific HOME requirements applicable to the unit (i.e., period of affordability, principal residency requirement, terms and conditions of either the resale or recapture requirement). The HOME written agreement must be a separate legal document from any loan instrument and must, at a minimum, comply with the requirements at §92.504(c)(5) of the HOME rule. If the **insert program jurisdiction** provides HOME funds to a subrecipient or CHDO to develop and sell affordable housing, the **insert project jurisdiction** must prepare and execute the agreement with the buyer, or be a party to the agreement along with the entity it funded.

The written agreement between the homebuyer and the **insert program jurisdiction**, as well as mortgage and lien documents are all used to impose the Recapture Provisions in HOME-assisted homebuyer projects under the recapture option. The purpose of these enforcement mechanisms is to ensure that the **insert program jurisdiction** recaptures the Direct Subsidy to the HOME-assisted homebuyer if the HOME-assisted property is transferred. Unlike the resale option, deed restrictions, covenants running with the land, or

other similar mechanisms are not required by the HOME rule to be used in homebuyer projects under the recapture option.

As provided in §92.254 (a)(5)(ii)(A), there are several options that the **insert program jurisdiction** may use that are acceptable to HUD to recapture funds and no option may capture more than the net proceeds, if any. The option that **insert project jurisdiction** has elected to use, in the event that the net proceeds are not sufficient to recapture the entire Direct HOME Subsidy amount, is the *Shared net proceeds option*:

Shared net proceeds. If the net proceeds are insufficient to recapture the full HOME investment, only a pro-rata share of the net proceeds, as set forth in the formulas below, will be recaptured.

Formula will include the sales price minus loan repayment (other than HOME funds) and closing costs. The net proceeds may be divided proportionally as set forth in the following mathematical formulas:

HOME Investment

$$\frac{\text{HOME Investment}}{(\text{HOME Investment} + \text{homeowner investment})} \times \text{Net Proceeds} = \text{HOME Amount to be recaptured}$$

Homeowner Investment

$$\frac{\text{Homeowner Investment}}{(\text{HOME Investment} + \text{homeowner investment})} \times \text{Net Proceeds} = \text{Amount to homeowner}$$

d. Foreclosure

Homebuyer housing with a Recapture Provision is not subject to the affordability requirements after the **insert program jurisdiction** has recaptured the HOME funds in accordance with its written agreement. If the ownership of the housing is conveyed pursuant to a foreclosure or other involuntary sale, the **insert program jurisdiction** shall attempt to recoup any net proceeds that may be available through the foreclosure sale. The **insert program jurisdiction** is subject to the limitation that when there are no net proceeds or net proceeds are insufficient to repay the HOME investment due, the **insert program jurisdiction** may only recapture the actual net proceeds, if any. Upon distribution of proceeds, all obligations for continued affordability are satisfied.

D. Enforcement

In the event of non-compliance by the homebuyer which includes failure: to maintain property as principal residence, pay taxes, assessments or insurance premiums, the **insert program jurisdiction** will consider this as a breach of covenant and the **insert program jurisdiction** may, at its option and without notice, declare the entire indebtedness due.

VI. REFINANCING POLICY

The **insert program jurisdiction** shall carefully review all requests for subordination on a case-by-case basis in order to protect its interests and the interests of the homebuyer. The conditions under which the **insert program jurisdiction** will agree to subordinate to new debt are as follows:

- 1) The refinancing must be necessary to reduce the owner's overall housing costs, or
- 2) The refinancing must otherwise make the housing more affordable, AND
- 3) Refinancing for the purpose of taking out equity is not permitted.

Upon receipt of a subordination request from a lender or homebuyer, the **insert program jurisdiction** will review the terms of the refinancing to determine whether the above criteria are met. The **insert program jurisdiction** may require additional documentation from the homeowner or lender in order to make its determination. Once complete information is received, a subordination decision is made within 15 business days.

VII. MONITORING RESALE & RECAPTURE PROVISIONS

For HOME-assisted homebuyer projects, the **insert project jurisdiction** shall require its CHDOs and subrecipients, through written CHDO or Subrecipient agreements, to perform ongoing monitoring of the principal residency requirement during the period of affordability. Confirmation that the buyer is using the property as his or her principal residence may be accomplished by verifying that the buyer's name appears on utility company records or insurance company records for the home. In addition, postcard or letters mailed with "do not forward" instructions may demonstrate whether the buyer is receiving mail at the home.

Failure to comply with the resale or recapture requirements means that:

- 1) the original HOME-assisted homebuyer no longer occupies the unit as his or her principal residence (i.e., unit is rented or vacant), or
- 2) the home was sold during the period of affordability and the applicable resale or recapture provisions were not enforced.

In cases of noncompliance under either resale or recapture provisions, the **insert project jurisdiction** must repay to its HOME Investment Trust Fund in accordance with §92.503(b), any outstanding HOME funds invested in the housing. The amount subject to repayment is the total amount of HOME funds invested in the housing (i.e., any HOME development subsidy to the developer plus any HOME downpayment or other assistance (e.g., closing costs) provided to the homebuyer) minus any HOME funds already repaid (i.e., payment of principal on a HOME loan). Any interest paid on the loan is considered program income and cannot be counted against the outstanding HOME investment amount.

VIII. APPROVAL OF CHDO & SUBRECIPIENT PROVISIONS

CHDOs and Subrecipients carrying out development and/or homebuyer activities on behalf of the **insert Consortium name if applicable** shall be contractually bound to apply and implement these same Resale and Recapture Provisions, *verbatim*. As such, review and approval of the **insert Consortium name if applicable** Provisions shall constitute an effective review and approval of the provisions used by the **insert Consortium name if applicable** CHDOs and subrecipients.

Primary Residence Requirements (1/1/2020)

Throughout the Affordability Period, insert project jurisdiction HOME-assisted housing units must be occupied by income-eligible households.

1. **Rental Housing:** When units become vacant during the Affordability Period, subsequent tenants must be income-eligible and must be charged the applicable HOME rent.
2. **Homebuyer Assistance:** If a home purchased with HOME assistance is sold during the Affordability Period, resale or recapture provisions apply to ensure the continued provision of affordable homeownership. **insert project jurisdiction** Subrecipients will use either the **resale** or **recapture** provisions pending the type of direct HOME-assistance provided to the homebuyer or nonprofit developer.

Community Housing Development Organizations [CHDOs]

Under the HOME Program, a Community Housing Development Organization (CHDO) is a private nonprofit, community-based service organization that has obtained or intends to obtain staff with the capacity to develop affordable housing for the community it serves.

Insert project jurisdiction **insert Consortium name if applicable** sets aside a **minimum of 15 percent** [per Consortium member] of its HOME allocations for housing development activities in which qualified CHDOs are the owners, developers and/or sponsors of the housing.

Insert Consortium name if applicable HOME Compliance Manual (2020)

Eligible set-aside activities in which a CHDO acts as an owner, sponsor, or developer of the project include:

- The acquisition and/or rehabilitation of rental housing;
- New construction of rental housing;
- Acquisition and/or rehabilitation of homebuyer properties;
- New construction of homebuyer properties; and
- Direct financial assistance to purchasers of HOME-assisted housing that has been sponsored or developed with HOME funds by the CHDO.

All approved CHDO's for **insert project jurisdiction** are provided a copy of HUD's CHDO Survivor Manual. A copy of this manual is included in the Appendix and can be downloaded at the following link:
<https://www.hudexchange.info/resource/2385/chdo-survivor-kit/>

August 2018

NOTICE CPD-18-10: SUSPENSION OF 24-MONTH HOME COMMITMENT REQUIREMENT FOR DEADLINES OCCURRING IN 2016, 2017, 2018, 2019, AND 2020.

A copy of this Notice can be downloaded at:

<https://www.hud.gov/sites/dfiles/OCHCO/documents/18-10cpdn.pdf>

This Notice explains Section 242 of Title I of Division K of the Consolidated Appropriations Act, 2017 (Public Law 115-36) and Section 235 of Title II of Division L of the Consolidated Appropriations Act, 2018 (Public Law 115-141) (collectively the “Appropriation Acts”), which suspended the 24-month commitment requirement for HOME Investment Partnerships Program (HOME) funds. The Acts suspended the commitment requirement for funds with deadlines occurring in 2016, 2017, 2018, 2019, and 2020. This Notice also explains the treatment of other HOME deadline requirements for deadlines occurring in these years.

As such, HUD will not enforce the 24-month HOME commitment requirement for deadlines occurring in calendar years 2016, 2017, 2018, 2019, and 2020.

Commitment Requirement (HOME Investment Trust Fund Treasury account)

The HOME regulation at § 92.500(d)(2)(iii) requires the PJ to commit all fiscal year (FY) 2014 and prior year allocations by the commitment deadline for the FY 2015 allocation, which is 24 months after the last day of the month in which HUD notified the PJ of HUD's execution of the FY 2015 HOME Investment Partnership Agreement.

In addition, § 92.500(d)(1)(i) requires the PJ to commit FY 2015 and subsequent year funds from a specific fiscal year allocation within 24 months after the last day of the month in which HUD notifies the PJ of HUD's execution of the specific fiscal year HOME Investment Partnership Agreement.

Subsidy Layering

There are no projects within the **insert project jurisdiction** HOME Program that require or use subsidy layering requirements. In the event that future projects utilize subsidy layering as part of their HOME funded project, the provisions of 24 CFR §92.250 (b) shall apply to that project. For additional information or assistance regarding subsidy layering, please contact the **insert project office**.

Financial Management Activities

The requirements for the HOME Program Financial Management systems and reporting are found in 2 CFR §200.317-326. The purpose of these requirements is to ensure that a Subrecipient receiving funds has a Financial Management system sufficient to:

- a) provide effective control over and accountability for all funds, property, and other assets;
- b) identify the source and application of funds for activities, including verification of the "reasonableness, allowability and allocability" of costs, and verification that the funds have not been used in violation of any of the restrictions or prohibitions that apply to this assistance;
- c) permit the accurate, complete and timely disclosure of financial results, in accordance with the federal reporting requirements; and,
- d) minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by the PJ and Subrecipients.

Insert project jurisdiction utilizes a "reimbursement process" for all subrecipients in the HOME Grant Programs. All Program funds will be paid by insert project jurisdiction to subrecipients upon submission of acceptable payment documentation to the insert project office by the subrecipient in a timeframe required by the insert project office. Subrecipients cannot hold request for reimbursements for more than two months. All expenses incurred by the Subrecipient between January-September 30th of the current Program Year should be submitted to the insert project office no later than October 10th. Reimbursement payments by the insert project office will be made using the normal 30 day payment schedule for all subrecipient disbursements.

In no case will the insert Consortium name if applicable reimburse any portion of any cost determined to be ineligible under this Agreement or under HOME regulations, regardless of any mistaken determination of eligibility at the time the costs were incurred, nor will the insert Consortium name if applicable reimburse any cost which has been or will be reimbursed from another source.

If goods or services are necessary to carry out such activities, the procurement of all such goods and services shall be carried in accordance with the requirements of 2 CFR § 200.317-326 and with the written procurement requirements of Subrecipient/CHDO, the more restrictive of which shall apply.

HOME Monitoring

In accordance with 24 CFR §504 (a), insert project jurisdiction utilizes a risk-based monitoring system on an annual basis for all HOME funded projects and subrecipients. Staff will utilize HUD Monitoring Handbook for both internal and external procedures for conducting risk assessments and subsequent monitorings as follows:

Risk Assessment

In December of each year, the Affordable Housing Programs Manager is to complete a Risk Analysis Matrix for each active HOME Subrecipient. Previous versions of these forms are to be found in the office of the Affordable Housing Programs Manager. When completing these forms for each subrecipient, the Affordable Housing Programs Manager will evaluate and analyze the risk factor for the following areas: Review of open grants and progress towards the scope of work; review of total dollar value of all open grants; and assign risk values based upon four functional areas of practice financial, management, national objectives, and regulations/planning.

The total number of points will be added together and an overall risk analysis score will be assigned to each subrecipient.

- Once completed, they are to be provided to the Managing Director for review and approval.
- After approval of the Managing Director, they should be placed in to the Risk Analysis Matrix Binder.
- This process is to be repeated each December.

Monitoring (on-site)

Prior to the date (s) of monitoring

- Based upon the results of the annual Risk Analysis Matrix assessment of the current HOME subrecipients, set up an annual monitoring schedule plan and provide that plan to both the Managing Director and Deputy Director no later than January 1st of each calendar year.
- During the composition of the monitoring plan for subrecipients, a determination is to be made by the Affordable Housing Programs Manager for what particular items or documents will require examination during the monitoring visit.
- Once the necessary documents for review have been identified, there should be a monitoring letter drafted that will be sent to the subrecipients. This letters must contain, at a minimum, the following information:
 - Date (s) of monitoring;
 - Time and duration to be on-site;
 - Location for monitoring visit;
 - Lists for specific projects to review;
 - List of staff members to be interviewed; and
 - Materials/reports to be reviews.

- This letter should provide a minimum of a 30-day notice to the subrecipients.

During the monitoring visit

- Prior to beginning project/file reviews for the monitoring, an entrance conference with all applicable staff members of the subrecipient should take place to provide information regarding the monitoring and what will be reviewed.
- Maintain a detailed record of the steps that were followed during this review including what was reviewed, findings of the review, etc.
- After all necessary reviews are completed, conduct an exit conference with the staff members of the subrecipient that may have been present during the entrance conference.
- Present tentative findings from the monitoring, which will provide the subrecipient the opportunity to correct any discrepancies or provide additional supporting documentation to substantiate their position (s).

After the monitoring visit

- Within 30 days of the monitoring visit, provide formal feedback to the subrecipient in the form of a monitoring letter. *Findings are issued at this point in the event that there non-compliance issues found based upon HUD HOME Regulations.*
 - The letter should include deadlines for compliance for each individual area found to be non-compliant.
- After receiving the response from the subrecipient and all findings have been satisfied, a final closing letter is to be sent stating that the monitoring is closed and compliance has been met.

Uniform Administrative Requirements

A. Insert Consortium name if applicable and Other Non-governmental Subrecipients:

Insert project jurisdiction and other governmental entities receiving HOME funds, including those receiving HOME funds as a Subrecipient, must comply with certain administrative requirements, generally pertaining to the financial management and *audit* standards that federal funding recipients as described in the following regulations:

Subpart D – Federal Award Requirements – Standards for Financial and Program Management [200.300-309]

Procurement Standards [200.317-326]

Performance & Financial Reporting [200.327-329]

Subrecipient Monitoring and Management [200.330-332]

Subpart E – Cost Principles [200.400-419]

Subpart F – Audit Requirements [200.500-512]

Environmental Requirements

On behalf of the **insert Consortium name if applicable**, the **insert project office** is responsible for undertaking Environmental Reviews in accordance with the requirements imposed on "recipients" in 24 CFR §58. Instructions and formats for reviews are found in HUD CPD Notice 94-18 and Publication HUD-399-CPD, "Environmental Reviews at the Community Level." Reviews must be completed, and Requests for Release of Funds (RROF) submitted to HUD before HOME funds are committed for non-exempt activities. Each project and subsequent activity receiving HOME funds is subject to the environmental review process pursuant to 24 CFR §58.

Included in the environmental review process for each project utilizing HOME funds, there will be an assessment of the flood hazard area surrounding the property. Section 202 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4106) requires that HOME funds shall not be provided to an area that has been identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards unless the community is participating in the National Flood Insurance Program, or it has been less than a year since the community was designated as having special flood hazards; and flood insurance is obtained.

Labor Standards

A. Members of the **insert Consortium name if applicable** must comply with certain regulations on wage and labor standards. In the case of Davis-Bacon and the Contract Work Hours and Safety Standards Acts, every contract for the construction of housing (rehabilitation or new) that contains **12 or more units** assisted with HOME funds triggers the requirements.

- I. **Davis-Bacon and Related Acts (40 USC 276(A)-7)**: Ensures that mechanics and laborers employed in construction work under federally assisted contracts are paid wages and fringe benefits equal to those that prevail in the locality where the work is performed. This act also provides for the withholding of funds to ensure compliance, and excludes from the wage requirements apprentices enrolled in bona fide apprenticeship programs.

2. **Contract Work Hours and Safety Standards Act. As amended (40 USC 327-333):** Provides that mechanic and laborers employed on federally assisted construction jobs are paid time and one-half for work in excess of 40 hours per week, and provides for the payment of liquidated damages where violations occur. This act also addresses safety and health working conditions.
 3. **Copeland (Anti-kickback) Act (40 USC 276c):** Governs the deductions from paychecks that are allowable. Makes it a criminal offense to induce anyone employed on a federally assisted project to relinquish any compensation to which he/she is entitled, and requires all contractors to submit weekly payrolls and statements of compliance.
 4. **Fair Labor Standards Act of 1938. As Amended (29 USC. Et. Sep.):** Establishes the basic minimum wage for all work and requires the payment of overtime at the rate of at least time and one-half. It also requires the payment of wages for the entire time that an employee is required or permitted to work, and establishes child labor standards.
- B. Insert Consortium name if applicable members may either utilize an electronic (internet service) system provided by HUD; by the U.S. Department of Commerce, or the PJ can use the HUD Field Office Labor Standards staff to obtain wage determinations.
- C. Insert project jurisdiction as the lead entity for the insert Consortium name if applicable is, in coordination with other members, responsible for all payroll reviews and must follow all HUD labor standards.

Lead-Based Paint

HUD has published final regulations implementing Title X of the Housing and Community Development Act of 1992, which revises the lead-based paint requirements for HOME. These new regulations shift the focus of lead-based paint efforts from abating all lead-based paint to controlling lead-based paint hazards.

Current lead-based paint regulations include:

- notification to tenant and homebuyers,
- disclosure of lead-based paint information,
- identification of defective paint surfaces,
- treatment of defective surfaces, and
- response to children with elevated blood lead levels (EBLs).

The following types of projects and activities are exempt from lead-based paint requirements:

- units built after January 1, 1978;

- units that serve only elderly residents; and
- zero bedroom units

Lead-based paint notification involves two activities:

- Brochure;** Insert project jurisdiction distributes the EPA/HUD/Consumer Product Safety Commission (CPSC) brochure entitled, "Protect Your Family from Lead in Your Home" to all homebuyers, tenants, and owner-occupants of pre-1975 housing. This brochure is available from the Government Printing Office (call the order desk at (202) 512-1800) or on HUD's homepage on the World Wide Web (address - <http://www.hud.gov>). All homeowners are required sign and submit to the insert Consortium name if applicable a Lead-Based Paint Homeowner Certification form stating that they have received the above reference pamphlet. This form is to be signed and place in the project file prior to the commitment and disbursement of HOME Funds.
- Disclosure: Under Section 1015 of Title X, all property owners must disclose the known presence of lead-based paint and provide prospective buyers or tenants with records and reports of any lead-based paint testing (See 24 CFR Part 35 and 40 CFR Part 754).

Fair Housing and Equal Opportunity

- A. Insert project jurisdiction and insert Consortium name if applicable member activities must comply with all of the following federal laws, executive orders and regulations pertaining to fair housing and equal opportunity. They are summarized below.
- B. **Title VI of the Civil Rights Actor 1964, as Amended (42 U.S.C. 2000d et seq.):** States that no person may be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity receiving federal financial assistance on the basis of race, color, or national origin. The regulations implementing the Title VI Civil Rights Act provisions for HUD programs may be found in 24 CFR Part I
- C. **The Fair Housing Act (42 U.S.C. 3601-3620):** Prohibits discrimination in the sale or rental of housing, the financing of housing, or the provision of brokerage services against any person on the basis of race, color, religion, sex, national origin, handicap or familial status. Furthermore, section 104(b)(2) of the Act requires that each grantee certify to the Secretary of HUD that it is affirmatively furthering fair housing. The certification specifically requires grantees to conduct a fair housing analysis, develop a fair housing plan, take appropriate actions to overcome the effects of any impediments identified and maintain records on the analysis, plan and actions in this regard. Fair Housing Act implementing regulations for HUD programs may be found in 24 CFR Parts 100-115.

- D. **Equal Opportunity in Housing (Executive Order 11063, as Amended by Executive Order 12259)**: Prohibits discrimination against individuals on the basis of race, color, religion, sex or national origin in the sale, rental, leasing or other disposition of residential property, or in the use or occupancy of housing assisted with federal funds. Equal Opportunity in Housing regulations may be found in 24 CFR Part 107,
- E. **Age Discrimination Act of 1975, as Amended (42 U.S.C. 6101)**: Prohibits age discrimination in programs receiving federal financial assistance. Age Discrimination Act regulations may be found in 24 CFR Part 146

Accessibility

The HOME regulations require adherence to the three following regulations governing the accessibility of federally assisted buildings, facilities and programs.

- A. **Americans with Disabilities Act (42 U.S.C. 12131; 47 U.S.C. 155, 201,218 and 225)**: Provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, state and local government services and telecommunications. The Act, also referred to as the ADA, also states that discrimination includes the failure to design and construct facilities (built for first occupancy after January 26,1993) that are accessible to and usable by persons with disabilities. The ADA also requires the removal of architectural and communication barriers that are structural in nature in existing facilities. Removal must be readily achievable, easily accomplishable and able to be carried out without much difficulty or expense.
- B. **Fair Housing Act**: Multi-family dwellings must also meet the design and construction requirements at 24 CFR 100.205, which implement the Act (42 U.S.C. 3601-19).
- C. **Section 504**: Section 504 of the Rehabilitation Act of 1973 prohibits discrimination in federally assisted programs on the basis of handicap. Section 504 imposes requirements to ensure that "qualified individuals with handicaps" have access to programs and activities that receive federal funds. Under Section 504, recipients and Subrecipients are defined more broadly than under the HOME Program. Section 504 recipients and Subrecipients include any entity that receives federal funding (for example, a Subrecipient or (CHDO).
 - I. For any recipient or Subrecipient principally involved in housing or social services, all of the activities of the agency - not just those directly receiving federal assistance are covered under Section 504.
 - 2. Contractors and vendors are subject to Section 504 requirements only in the work they do on behalf of a recipient or Subrecipient.

3. The ultimate beneficiary of the federal assistance is not subject to Section 504 requirements.
- D. Under Section 504, recipients and Subrecipients are not required to take actions that create undue financial and administrative burdens or alter the fundamental nature of the program.

Procurement

Insert project jurisdiction, in addition to following established insert project jurisdiction procurement guidelines, will strictly adhere to the required procurement policies established by HUD, which may be found in 2 CFR §200.317-326.

Program Income Requirements

Program income as defined by 24 CFR §92.503 means **gross** income received by the participating jurisdiction, State recipient, or a subrecipient directly generated from the use of HOME funds or matching contributions. When program income is generated by housing that is only partially assisted with HOME funds or matching funds, the income shall be prorated to reflect the percentage of HOME funds used. Program income includes, but is not limited to, the following:

- (1) Proceeds from the disposition by sale or long-term lease of real property acquired, rehabilitated, or constructed with HOME funds or matching contributions;
- (2) Gross income from the use or rental of real property, owned by the participating jurisdiction, State recipient, or a subrecipient, that was acquired, rehabilitated, or constructed, with HOME funds or matching contributions, less costs incidental to generation of the income;
- (3) Payments of principal and interest on loans made using HOME funds or matching contributions;
- (4) Proceeds from the sale of loans made with HOME funds or matching contributions;
- (5) Proceeds from the sale of obligations secured by loans made with HOME funds or matching contributions;
- (6) Interest earned on program income pending its disposition; and
- (7) Any other interest or return on the investment permitted under 24 CFR §92.205(b) of HOME funds or matching contributions.

HOME Project Underwriting Requirements

Insert project jurisdiction utilizes the following underwriting process for all HOME funded new construction and acquisition projects before, during, and after construction:

1. Scope-of-Work [Work specifications with price or cost analysis]

Proposal is to establish that property standards are met, that project costs are reasonable, that there is a reliable construction schedule, and that environmental and labor standards have been reviewed and cleared.

2. Financial Package [Sources and Uses, needs, subsidy layering, when applicable, and time of funds]

Purpose is to assure adequate project financing for predevelopments, construction, and permanent financing phases of each HOME-funded multi-family rental project.

3. Debt to Income Ratio

Purpose is to assure a viable HOME Project, once it is completed. This criteria assesses all projected incomes, with projected expenses, to come up with reasonable costs for each. Included, herein, are reasonable profits, "HOME rents", and related income and expense factors.

3. HOME Program Requirements

Purpose is to assure long-term affordability of all HOME multi-family rental units for low/moderate income residents. Included within this Underwriting criteria are the following factors:

- a. Maximum and minimum per unit HOME subsidies.
- b. Number of HOME-assisted units.
- c. Period of affordability.
- d. Maximum Rents.
- e. Occupancy requirements.
- f. Regular monitoring & inspections.
- g. Affirmative marketing.
- h. Fair housing.
- i. Handicapped accessibility requirements.
- j. Labor standards.
- k. Related factors.