



HOME PROGRAM COMPLIANCE CHECKLIST

HOME-Funded Single Family Affordable Housing New Construction

HOME Program applicants must review and demonstrate compliance with all relevant sections of this checklist for the selected priority.

All proposed activities must be eligible, and not prohibited, as per *HOME Final Rule, effective July 24, 2013.*

GENERAL INFORMATION

APPLICANT NAME:

PROGAM:

CONTACT PERSON:

PHONE:

EMAIL:

ALL PROJECTS

- Minimum \$1,000 of HOME Program assistance
- Discussion with assigned DCED HOME grant manager
- This project has been reviewed to determine if any of the project is within the designated FLOODWAY using the best available data, and it has been determined **that it is** **or is not** located in the FLOODWAY.

Identify FIRM MAP or other source used for this determination: _____

SINGLE FAMILY AFFORDABLE HOUSING – NEW CONSTRUCTION

- Unit assisted is the principal residence of the owner (recorded deed and/or promissory note must incorporate this requirement)
- Estimated value does not exceed 95% of the median purchase price for housing in the area (as determined by information provided by HUD and published on an annual basis)
- Maximum amount of assistance not to exceed the HOME maximum per-unit subsidy
- Housing will be occupied by an income eligible household in compliance with HOME income limits – determination
- Identified affordability and compliance as follows:

HOME Investment provided to buyer	Affordability Period
Homebuyer*	
Less than \$15,000	5 years
\$15,000 - \$40,000	10 years
\$40,000 +	15 years

**depends on resale (total HOME dollars) or recapture (direct assistance)*

- New construction meets requirements of PA Uniform Construction Code (UCC) and any locally adopted/approved amendments *if applicable*
- Enforcement of affordability restrictions via deed restrictions, land covenants or similar mechanisms.
- Application complies with DCED Subsidy Layering / Underwriting Guidelines.

RECAPTURE PROVISIONS

- Recapture provision for the full HOME investment out of the net proceeds for return to the Applicant's Home Program. The definition of net proceeds is the sale price minus loan repayment and closing costs
- The HOME investment amount may be reduced pro-rata. This is based on the time the homeowner has owned and occupied the unit measured against the required affordability period
- If the net proceeds (i.e., the sales price minus loan repayment, other than HOME funds, and closing costs) are not sufficient to recapture the full (or a pro-rata amount) HOME investment to enable the homeowner to recover the amount of down payment and any capital improvement investment, the recapture provision may allow the net proceeds to be shared proportionately as set forth in the formulas below:

$$\frac{\text{Home Investment}}{\text{Home Investment} + \text{Homeowner Investment}} \times \text{Net Proceeds} = \text{HOME amount to be recaptured}$$

$$\frac{\text{Homeowner Investment}}{\text{Home Investment} + \text{Homeowner Investment}} \times \text{Net Proceeds} = \text{amount to homeowner}$$

- HOME investment subject to recapture is the amount of HOME assistance which enabled the homebuyer to purchase the dwelling unit. This includes any HOME assistance that reduced the purchase price from fair market value to an affordable price, but excludes the amount between the actual cost of the unit and the market value of the property (i.e., development subsidy)
- If no Home funds are subject to recapture, then resale restrictions apply for the period of affordability. All HOME assistance, whether a direct subsidy to the homebuyer or a construction or development subsidy, is considered for the purpose of determining the term of affordability
- The affordability period may be terminated upon recapture of HOME funds used in a single-family homebuyer project with 2 to 4 units
- All proceeds received in the form of program income and homebuyer recapture must be reported to DCED for receipt.
- Although HOME Assistance is provided for new construction, grantee has an obligation and must comply with DCED underwriting policies ensuring low-moderate income homebuyers meet HUD homebuyer policies.

RESALE RESTRICTIONS

- Resale restrictions applicable only in the event there are no HOME funds subject to recapture
- The unit must be made available for subsequent purchase to an eligible low-income homebuyer who will utilize the property as their principal residence
- Owner to receive a fair return on investment, including any improvements

COMPLIANCE

As Chief Elected Official of the grantee, I certify compliance with the HOME Program requirements.

Signature, Chief Elected Official

Date

Typed Name and Title