

# HOME PROGRAM: APPENDIX II RENTAL HOUSING

New Construction and/or Rehabilitation | August 2018



## HOME Funded Rental Housing

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The Pennsylvania Department of Community and Economic Development's (DCED) needs assessment and goals for the 2014-2018 Consolidated Plan Substantial Amendment III found the availability of affordable rental housing to be lacking in areas of the commonwealth. In order to address the need DCED's HOME Program has identified the development of affordable rental housing either in new construction or rehabilitation of existing properties as a high or first priority for funding.

Applicants for HOME funded rental housing must use Appendix I and Appendix II of the HOME Application Guidelines. All sections of Appendix I and Appendix II must be completed in their entirety to have an application considered for funding. Incomplete applications will be denied. Applications not funded will not be held over but can be resubmitted as a new application in a subsequent funding round/year.

Applications must be submitted by units of local government (cities, towns, counties, boroughs and townships). The application can be on behalf of a non-profit organization or for-profit developer. Projects of nine units or less are to be submitted to DCED's HOME Program office through DCED's Single Application process. Projects of nine units or less will be underwritten by DCED staff prior to approval.

Rental housing development projects can be new construction or rehabilitation. The type of project and funds invested will determine long term affordability period. The next section of this Appendix contains the program regulations associated with rental housing development and details the affordability period and investment.

Should an application be on behalf of a non-profit organization, the non-profit may seek status as a Community Housing Development Organization (CHDO). Non-profits can only be designated as a CHDO if they are receiving funds for a CHDO Set-Aside project. CHDOs are designated for a specific CHDO Set-Aside project and must remain a CHDO for the duration of the affordability period. A CHDO can receive up to 50% of its annual operating budget or \$50,000.00 whichever is greater as CHDO operating funds. (NOTE: The DCED HOME Program has capped all CHDO operating assistance at \$100,000.00 per CHDO Set-Aside project per current round.)

### General Policies and Procedures

#### **§92.252 Qualification as affordable housing: Rental housing.**

The HOME-assisted units in a rental housing project must be occupied by households that are eligible as low-income families and must meet the requirements of this section to qualify as affordable housing. If the housing is not occupied by eligible tenants within six months following the date of project completion, HUD will require the participating jurisdiction to submit marketing information and, if appropriate, submit a marketing plan. HUD will require the participating jurisdiction to repay HOME funds invested in any housing unit that has not been rented to eligible tenants 18 months after the date of project completion. The affordability requirements also apply to the HOME- assisted non-owner-occupied units in single-family housing purchased with HOME funds in accordance with §92.254. The tenant must have a written lease that complies with §92.253.

- (a) **Rent limitation.** HUD provides the following maximum HOME rent limits. The rent limits apply to the rent plus the utilities or the utility allowance. The maximum HOME rents (High 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.

- (b) **Additional rent limitations (Low HOME Rents).** The participating jurisdiction may designate (in its written agreement with the project owner) more than the minimum HOME units in a rental housing project, regardless of project size, to have Low HOME Rents that meet the requirements of this paragraph (b). In rental projects with five or more HOME-assisted rental units, at least 20 percent of the HOME-assisted units must be occupied by very low-income families and meet one of the following rent requirements:
- (1) The rent does not exceed 30 percent of the annual income of a family whose income equals 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. HUD provides the HOME rent limits which include average occupancy per unit and adjusted income assumptions. However, if the rent determined under this paragraph is higher than the applicable rent under paragraph (a) of this section, then the maximum rent for units under this paragraph is that calculated under paragraph (a) of this section.
  - (2) The rent does not exceed 30 percent of the family's adjusted income. If the unit receives Federal or State project-based rental subsidy and the very low-income family pays as a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program.
- (c) **Additional rent limitations for Single Room Occupancy (SRO) projects.** (1) For SRO units that have both sanitary and food preparation facilities, the maximum HOME rent is based on the zero-bedroom fair market rent. The project must meet the requirements of paragraphs (a) and (b) of this section.
- (2) For SRO units that have no sanitary or food preparation facilities or only one of the two, the maximum HOME rent is based on 75 percent of the zero-bedroom fair market rent. The project is not required to have low HOME rents in accordance with paragraph (b)(1) or (2) of this section but must meet the occupancy requirements of paragraph (b) of this section.
- (d) **Initial rent schedule and utility allowances.** (1) The participating jurisdiction must establish maximum monthly allowances for utilities and services (excluding telephone) and update the allowances annually. The participating jurisdiction must 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.
- (2) The participating jurisdiction must review and approve rents proposed by the owner for units, subject to the maximum rent limitations in paragraphs (a) or (b) of this section. For all units subject to the maximum rent limitations in paragraphs (a) or (b) of this section for which the tenant is paying utilities and services, the participating jurisdiction must ensure that the rents do not exceed the maximum rent minus the monthly allowances for utilities and services.
- (e) **Periods of affordability.** The HOME-assisted units must meet the affordability requirements for not less than the applicable period specified in the following table, beginning after project completion.
- (1) The affordability requirements:
    - (i) Apply without regard to the term of any loan or mortgage, repayment of the HOME investment, or the transfer of ownership;
    - (ii) Must be imposed by a deed restriction, a covenant running with the land, an agreement restricting the use of the property, or other mechanisms approved by HUD and must give the participating jurisdiction the right to require specific performance (except that the participating jurisdiction may provide that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure); and
    - (iii) Must be recorded in accordance with State recordation laws.

- (2) The participating jurisdiction may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure or deed in lieu of foreclosure in order to preserve affordability.
- (3) The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the project or property.
- (4) The termination of the restrictions on the project does not terminate the participating jurisdiction's repayment obligation under §92.503(b).

<u>Rental housing activity</u>	<u>Minimum period of affordability in years</u>
Rehabilitation or acquisition of existing housing per unit	
amount of HOME funds: Under \$15,000 .....	.5
\$15,000 to \$40,000 .....	.10
Over \$40,000 or rehabilitation involving refinancing .....	.15
New construction or acquisition of newly constructed housing .....	.20

- (f) **Subsequent rents during the affordability period.** (1) The maximum HOME rent limits are recalculated on a periodic basis after HUD determines fair market rents and median incomes. HUD then provides the new maximum HOME rent limits to participating jurisdictions. Regardless of changes in fair market rents and in median income over time, the HOME rents for a project are not required to be lower than the HOME rent limits for the project in effect at the time of project commitment.
  - (2) The participating jurisdiction must provide project owners with information on updated HOME rent limits so that rents may be adjusted (not to exceed the maximum HOME rent limits in paragraph (f)(1) of this section) in accordance with the written agreement between the participating jurisdiction and the owner. Owners must annually provide the participating jurisdiction with information on rents and occupancy of HOME-assisted units to demonstrate compliance with this section. The participating jurisdiction must review rents for compliance and approve or disapprove them every year.
  - (3) Any increase in rents for HOME-assisted units is subject to the provisions of outstanding leases, and in any event, the owner must provide tenants of those units not less than 30 days prior written notice before implementing any increase in rents.
- (g) **Adjustment of HOME rent limits for an existing project.** (1) Changes in fair market rents and in median income over time should be sufficient to maintain the financial viability of a project within the HOME rent limits in this section.
  - (2) HUD may adjust the HOME rent limits for a project, only if HUD finds that an adjustment is necessary to support the continued financial viability of the project and only by an amount that HUD determines is necessary to maintain continued financial viability of the project. HUD expects that this authority will be used sparingly.

- (h) **Tenant income.** The income of each tenant must be determined initially in accordance with §92.203(a)(1)(i). In addition, each year during the period of affordability the project owner must re-examine each tenant's annual income in accordance with one of the options in §92.203 selected by the participating jurisdiction. An owner of a multifamily project with an affordability period of 10 years or more who re-examines tenant's annual income through a statement and certification in accordance with §92.203(a)(1)(ii), must examine the income of each tenant, in accordance with §92.203(a)(1)(i), every sixth year of the affordability period. Otherwise, an owner who accepts the tenant's statement and certification in accordance with §92.203(a)(1)(ii) is not required to examine the income of tenants in multifamily or single-family projects unless there is evidence that the tenant's written statement failed to completely and accurately state information about the family's size or income.
- (i) **Over-income tenants.** (1) HOME-assisted units continue to qualify as affordable housing despite a temporary noncompliance caused by increases in the incomes of existing tenants if actions satisfactory to HUD are being taken to ensure that all vacancies are filled in accordance with this section until the noncompliance is corrected.  
  
(2) Tenants who no longer qualify as low-income families must pay as rent the lesser of the amount payable by the tenant under State or local law or 30 percent of the family's adjusted income, except that tenants of HOME-assisted units that have been allocated low-income housing tax credits by a housing credit agency pursuant to section 42 of the Internal Revenue Code of 1986 (26 U.S.C. 42) must pay rent governed by section 42. In addition, in projects in which the Home units are designated as floating pursuant to paragraph (j) of this section, tenants who no longer qualify as low-income are not required to pay as rent an amount that exceeds the market rent for comparable, unassisted units in the neighborhood.
- (j) **Fixed and floating HOME units.** In a project containing HOME-assisted and other units, the participating jurisdiction may designate fixed or floating HOME units. This designation must be made at the time of project commitment in the written agreement between the participating jurisdiction and the owner, and the HOME units must be identified not later than the time of initial unit occupancy. Fixed units remain the same throughout the period of affordability. Floating units are changed to maintain conformity with the requirements of this section during the period of affordability so that the total number of housing units meeting the requirements of this section remains the same, and each substituted unit is comparable in terms of size, features, and number of bedrooms to the originally designated HOME-assisted unit.
- (k) **Tenant selection.** The tenants must be selected in accordance with §92.253(d).
- (l) **Ongoing responsibilities.** The participating jurisdiction's responsibilities for on-site inspections and financial oversight of rental projects are set forth in §92.504(d).

## Table of Contents – Appendix II

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### Rental Housing – New Construction and /or Rehabilitation

- A. HOME Program Compliance Checklist
- B. Project Narrative
  - 1. Housing Needs/Community Assessment
    - a. Community need/trends
    - b. Demographics
    - c. Site Location Map
    - d. Photographs of site and surrounding area
  - 2. Project Description/Scope of Work
    - a. Activity to be undertaken
    - b. Type of Units
- C. Program Administration – Management Plan/Local Staff Capacity (as applicable)
  - 1. Administrative Team
  - 2. Development Team
  - 3. Construction Management
- D. Project Completion Timetable / Construction Schedule with identifiable milestones in a linear format
- E. Site Control
- F. Schematic Plans
- G. Accessible Units
- H. Utility Information
- I. Environmental Review\*
  - 1. SHPO & Historic Preservation Documentation
  - 2. Include Flood Plain Map with project location identified
  - 3. Submit appropriate ERR documentation to DCED
- J. Appraisals
- K. Funding/Financing/Letters of Credit
- L. Tenant Displacement
  - 1. Anti-Displacement Plan
  - 2. Uniform Relocation Requirements
- M. Neighborhood Market Analysis
- N. Marketing Plan
- O. Pro-Forma
- P. Budget with narrative
- Q. 3 Years of Audited Financials
- R. Property/Rental Housing Management Plan
- S. HOME Match Financing Plan
- T. Letters of Support (Optional)

*\* Environmental Review Clearance to be submitted if conditioned award letter is received*

# HOME Program Compliance Checklist

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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.

## 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. \_\_\_\_\_

## Rental Housing – New Construction and/or Rehabilitation

- Maximum amount of assistance not to exceed the HOME maximum per-unit subsidy limits (Section 234) as published annually by HUD’s Office of Multifamily Housing
- Occupied by individuals of households in compliance with HOME income limits
- Meets maximum HOME rent limitations
- Fixed or Floating Units
- Identified affordability and compliance as follows:

HOME Activity	HOME Investment per Unit	Length of Compliance/ Affordability Period
<b>Rental Housing - Acquisition and/or Rehabilitation:</b>	Less than \$15,000	5 years
	- \$40,000 \$5,000	10 years
	\$40,000 +	15 years
<b>Rental Housing - New Construction:</b>	Any \$	20 years
<b>Rental Housing - Refinance:</b>	Any \$	15 years

- New construction meets requirements of PA Uniform Construction Code (UCC) and any locally adopted/approved regulations (*as applicable*)
- Rehabilitation meets the requirements of DCED’s *Housing Rehabilitation Guidebook* and any locally adopted/approved regulations (*as applicable*)
- Compliance with tenant protections regarding lease terms, tenancy termination and tenant selection
- Units assisted with HOME funds require the grantee to determine an individual utility allowance by utilizing the HUD Utility Schedule Model or otherwise determining the allowance based upon the specific utilities used at the project

The HUD Utility Schedule Model enables the user to calculate utility schedules by housing type after inputting utility rate information. The HUD Model can be found at: [www.huduser.gov/portal/resources/utilallowance.html](http://www.huduser.gov/portal/resources/utilallowance.html)

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

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Signature, Chief Elected Official

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Date

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Typed Name and Title



## **Program/Activity Description – Rental Housing**

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### **Housing Needs/Community Assessment**

Provide a clear description of the proposed project. Attach a map showing proposed site(s) and/or geographic location and the surrounding area. List the zip code(s)/census tract which comprises the geographic area contributing to the proposed project. If the proposed project includes one site/specific location, provide photographs of the site from several perspectives. The photos should be clear, color originals or copies and include date taken.

Provide a clear and specific description of the community need that will be addressed by the project or activity. Provide the number of age- and income-qualified renter and homeowner households for the primary demographic area including a five-year projection, if possible. Discuss the population trend and factors that are impacting this trend. Sources of data, projections and estimates should be clearly identified. Data should reflect the most recent decennial Census reports, current America Community Survey information, and/or data acquired from third-party providers.

1. Provide the total/sum of the renter and homeowner households in the subject area by age and income qualifications.
2. Evaluate the suitability of the project location or selected site(s) by describing economic and social benefits to the area and residents, including accessibility to services and employment and compatibility with surrounding area.
3. List any similar projects funded and completed within the last five (5) years within the primary demographic area. Such projects to include; subsidized owner-occupied rehab, subsidized multi-family rental rehab and subsidized multifamily for-sale or other subsidized housing projects inclusive of public housing authority properties. Please include occupancy levels and/or size of waiting lists where applicable.
4. Discuss the availability of housing options for the target population (where applicable). Describe the age, condition, etc. of housing within the proposed geographic or site area and if possible, identify any issues of substandard housing.

### **Project Description / Scope of Work**

In addition to the project overview included on the single-application, provide additional information expanding on the program type – **Rental Housing** – New Construction and/or Rehabilitation including anticipated number of units, specific or unique project circumstances or characteristics must be provided.

Statements assuring compliance with DCED’s and locally adopted housing standards must be noted, as well as, energy-saving construction elements and reference to HUD’s CPD Green Building checklist. Affirm the project has been reviewed to determine if any of the project is within a designated floodway using the best available data. Identify Flood Insurance Rate Map (FIRM) or other source used for this determination.

In the event of new construction, a detailed scope of work and plans prepared by a design professional must be submitted at time of application. The scope of work should describe construction type, methods of insulation, interior and exterior finishes, mechanical systems, and any special features of the project that may increase qualification ranking.

Building plans required at time of application must include floor plans/unit layouts identifying all spaces including square footage, room dimensions and graphic scale. All accessible units must be clearly identified on the floor plans. In addition, plans submitted with the application must at minimum include a front elevation. Photographs with proposed work noted, may be submitted for existing building where rehabilitation is proposed.

## **Site Control**

Applicant must submit evidence of control of all real estate included in project proposal. Documents providing evidence of site control must list name of the applicant making application or evidenced through agreements between the applicant or CHDO/Developer.

If an option, agreement of sale, or a lease is submitted as evidence of site control, evidence of site ownership by seller, grantor, or lessor (in the form of a deed or other formal instrument) must be provided to verify that the party conveying the property to the applicant has the authority to do so.

If the property is currently owned by the municipality making application, a letter from the appointed solicitor must be included providing any specific details or agreements regarding continued ownership and/or any pending agreements with selected developer.

## **Appraisals**

An appraisal by a PA Licensed Property Appraiser may be required if there is a discrepancy or costs associated with acquisition of the property appear questionable or unreasonable. An appraisal would be required if property is being acquired with HOME funds or if a property is being used as match.

Appraisals must be dated within 12 months from date of application and included with the application.

## **Financing and Funding**

DCED requires evidence that applicant has secured all other necessary funding at time of application. Documentation must be provided for each source of funding and/or financing being utilized in conjunction with funds being sought through this application. If the applicant is proposing either the use of construction and/or permanent financing, a current letter of intent for each source of financing must be submitted with the application.

Pending or tentative letters of credit or demonstrated funding sources will not be considered at time of application review.

## **Neighborhood Market Analysis**

This information focuses on neighborhood market conditions to ensure that there is an adequate need for the HOME project. The format for the market analysis is available on the DCED website in the Federal Programs Resource Library under HOME.

## **Marketing Plan**

A marketing plan must be included to detail the process for initial and ongoing rent-up of units. The plan should incorporate means and methods to ensure adequate tenancy to meet all financial obligations through, at a minimum, the affordability period.

## **Management Plan**

Provide a description of the project management plan.

## **Pro-forma**

In addition to the overall general budget and budget narrative a pro-forma must be provided detailing, at a minimum, the following areas: development budget, sources and uses of funds, construction budget, operating budget, operating cash flows, construction cash flow, units and revenue, affordability period projections, etc. Per unit subsidy limits, rent limits, and utility allowances must also be provided. This documentation will be used to underwrite the project to ensure success.

## **Management Plan/Local Staff Capacity**

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### **Capacity/Experience**

Applicant must provide information to demonstrate that all administration, development and property management team members have sufficient capacity and experience to carry out the functions necessary to complete and manage the proposed project through the affordability period.

Copies of executed agreements or contracts with any entities (other than those under direct supervision of the applicant) having involvement with the project must be provided. This may include, but not limited to, procurement of a contract administrator, developer or management agent and long-term affordability monitoring.



# HOME PROGRAM CERTIFICATION OF CAPACITY

The following information is required to evaluate the experience of the administration and/or development team associated with the proposed HOME project. Please complete the sections applicable to the type of project for which funding is being sought. **A staff directory or individual resumes are not to be submitted.** If any questions remain on which sections must be completed or clarification of the information being requested, please contact the assigned HOME Program grant manager. Include additional pages as necessary.

## PROJECT ADMINISTRATOR

NAME:		TITLE:	
ADDRESS:			
PHONE NUMBER:	FAX NUMBER:	EMAIL:	

## AGENCY (COMPANY) OR MUNICIPALITY

Please list the last 3 HOME / Housing projects administered by above named individual, completed and /or currently in process, where HOME Program funding was secured through PA Department of Community and Economic Development (DCED) or HUD. In lieu of HOME specific projects, other project activity(ies) may be provided after consultation with assigned HOME Program grant manager. Include additional pages as necessary for other projects and/or other relevant project team members or partners.

### PROJECT NAME (1-3)

TYPE OF PROJECT:		LOCATION:	
TOTAL FUNDING/PROJECT COST:	NUMBER OF UNITS:	PROJECT STATUS:	

### PROJECT DEVELOPER

NAME OF LEAD OR PRIMARY CONTACT:		TITLE:	
ADDRESS:			
PHONE NUMBER:	FAX NUMBER:	EMAIL:	
EXPERIENCE CRITERIA:			

### HOUSING MANAGER / MANAGEMENT CONSULTANT

NAME OF LEAD OR PRIMARY CONTACT:		TITLE:	
AGENCY (COMPANY):			
ADDRESS:			
PHONE NUMBER:	FAX NUMBER:	EMAIL:	
EXPERIENCE CRITERIA:			

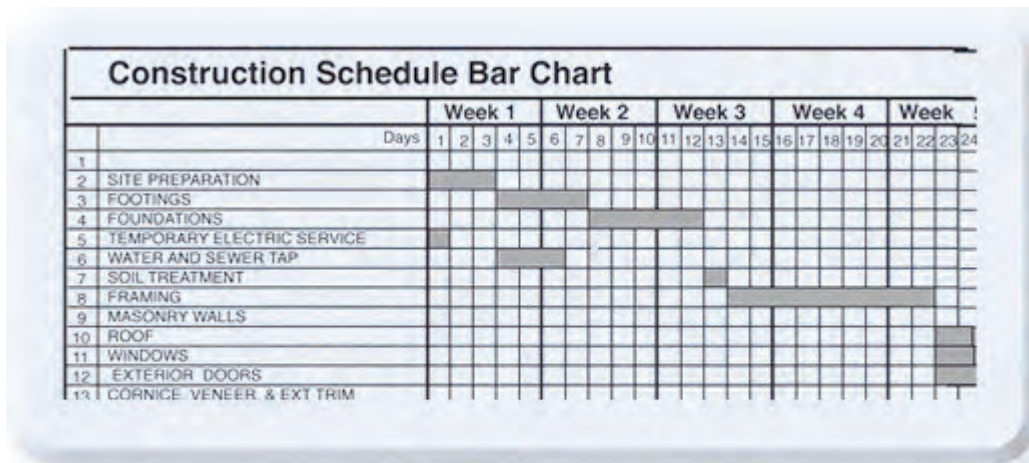
## CERTIFICATION

**As Chief Elected Official of the grantee, I certify compliance with the Certification of Capacity requirements.**

SIGNATURE, CHIEF ELECTED OFFICIAL:	
TYPED NAME AND TITLE:	DATE:

## Insert Project Completion Timetable

Insert a time schedule delineating time frames for completion of the various project activities. In construction projects such as rental housing development, whether rehabilitation or new construction, the schedule must contain a linear calendar. The schedule must depict accurate and reliable time frames for the various construction trades associated with the shovel ready project activity. DCED will track and monitor the progress of the HOME activity against the linear calendar provided. Successful HOME applicants must recognize that DCED HOME contracts may contain up to a maximum 3-year period of performance. Applicants who want to assure that they have the maximum 18 months to market and lease all HOME assisted rental units must be timely in meeting or exceeding the construction schedule they provide. DCED would suggest a not to exceed 18-month time frame for completion of all rental construction projects. Applicants with questions specific to construction schedules, time frames and/or the linear calendar should contact the respective DCED HOME grant manager. *(Note example below.)*





## HOME PROGRAM BUDGET AND NARRATIVE

APPLICANT:	DATE:	ORIGINAL:
NAME OF PROJECT:	PROGRAM YEAR:	REVISION:

	HOME AMOUNT REQUEST	OTHER FUNDS		TOTAL APPROVED
		Committed	Secured	
1. Acquisition .....				
2. Development Costs .....				
aRehabilitation .....				
bNew Construction .....				
3. Relocation.....				
4. Related Soft Costs .....				
aProject Delivery .....				
bArchitectural Services .....				
cEngineering Services .....				
dOther (Developer Fee) .....				
5. CHDO Operating Expense .....				
7. _____ .....				
8. _____ .....				
9. _____ .....				
10. Administration (Limited to 6%) .....				
aAdmin. / Planning .....				
bAudit .....				
11. <b>TOTAL</b> .....				

<b>ADMINISTRATION SUMMARY</b>	
6% of HOME Grant	
Total HOME Request .....	\$ _____
Administration .....	\$ _____
Percent .....	_____ %

## HOME Program Budget and Narrative Instructions

Use this guide to adequately describe the costs, where appropriate, noted on the HOME Program Budget. The budget must also include a written narrative detailing the budget items.

### 1. Category Explanations

#### Line 1: Acquisition

Acquisition costs are limited to purchase price and costs that are not listed as related soft costs in Line 4a or 4b. Acquisition assistance to homebuyers should be identified here.

#### Line 2: Development Costs

Include demolition of existing structures, project site improvements and utility connection costs in the estimate of expenses for the following categories.

- a. **Rehabilitation:** The actual cost of rehabilitating the dwelling unit. Completed units must meet the DCED Housing Rehabilitation Standards. Eligible expenses include refinancing of existing debt on single family owner occupied dwellings when HOME funds are loaned and the overall housing costs of the owner are reduced, energy related improvements, improvements that permit use by disabled persons, radon mitigation, and the abatement of lead based paint.
- b. **New Construction:** Costs of constructing units to the HOME Property Standards as specified on Page 12 and 13 of the HOME Program Guidelines.

#### Line 3: Relocation

These costs include relocation payments and other relocation assistance for permanently and temporarily relocating individuals, families, businesses, nonprofit organizations, and farm operations where assistance is required and appropriate. Relocation payments include: replacement housing payments, payments for moving expenses and payments for reasonable out-of-pocket expenses for temporary relocation purposes. Other relocation assistance includes: staff and overhead expenses related to providing advisory and other relocation services to persons that are displaced. Applicant should review the requirements the Uniform Relocation Act at 49 CFR Part 24.

#### Line 4: Related Soft Costs

Related reasonable and necessary costs associated with financing the development of assisted housing. These costs are borne by the owner, grantee or subrecipient.

- a. **Project Delivery:** Staff and overhead costs directly related to carrying out the project. Services assisting potential owners, tenants, and homebuyers may be charged to HOME only if the project is funded and the individual becomes the owner or tenant of the HOME assisted project.
- b. **Architectural Fees**
- c. **Engineering Fees**
- d. **Other:** Cost of financing and closing a project (including lenders fees, credit reports, legal fees, appraisal fees, builders and developer's fees), affirmative marketing and fair housing information costs, initial operating deficits for substantial rehabilitation and new construction, and impact fees.

#### Line 5: CHDO Operating Expenses

May not exceed 50% of a Community Housing Development Organization's (CHDO) total operating expenses for the prior fiscal year or \$50,000.00, whichever is more. (Note: DCED has capped CHDO operating assistance at \$50,000.00.) The 50% or \$50,000 per fiscal year limitation applies to CHDO operating expenses as well as administrative funds received for its capacity as a subrecipient, the budget should show the non-HOME amount and the budget narrative should provide the source, use and timing of the non-HOME funds. The CHDO's fiscal year operating budget is required. CHDOs, if not already under contract to do so, must be working on a DCED or PHFA CHDO set-aside project.

#### Line 9-11: Other Fees

**Line 12: Administration**

- a. **Administration and Planning:** Administration costs can be no more than 6% of the total HOME request and are limited to reasonable and necessary expenses incurred in carrying out HOME eligible program activities. (For a list of what reasonable administrative and planning costs include, see 24 CFR 92.207.)
- b. **Audit:** Audit costs include HOME portion of the annual single audit of the local government applying for the assistance. If the grantee intends to subcontract the administration of the project to another governmental agency, the audit costs would then cover the second governmental agency.
- c. Until December 26, 2014, the Single Audit Act of 1996 should be considered when planning and budgeting for any single audit. After December 26, 2014, the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards or Final Rule at 2 CFR Part 200 should be taken in consideration to determine if an audit is required.

**2. Program Income**

If program income is to be realized or has accumulated, a description of the source, actual or projected amount, and the identification of the HOME activities it will fund must be provided on a separate page and be attached to the HOME Program Budget.

**3. Budget Modifications/Revisions**

Budget Modification and Revision Templates with Instructions may be found on the DCED website at [dced.pa.gov](http://dced.pa.gov) at the Federally Funded HUD Programs Link.





## HOME MATCH FINANCING PLAN

APPLICANT	DATE	ORIGINAL
NAME OF PROJECT	PROGRAM YEAR	REVISION

### SECTION A CALCULATING THE REQUIRED MATCH

A1. Total HOME funds requested	
A2. HOME administration	
A3. HOME audit (consider new Single Audit limits-1996 Single Audit Act changes)	
A4. CHDO Operating Grants	
A5. Total of lines A2, A3 and A4	
A6. HOME funds to be matched (line A1 minus A5)	
A7. Match liability: 25% for all activities	25%
A8. Required match (line A6 multiplied by A7)	

### SECTION B COMMITTED MATCH CONTRIBUTIONS

	Amount
B1. Local cash contributions	
B2. Grant Equivalent of below market interest rate loans	
B3. Waived fees and taxes	
B4. Land donations	
B4a. Net value of land not acquired with federal dollars	
B4b. Net value of land acquired with federal dollars	
B5. On and off site improvements	
B6. Donated materials and labor (including sweat equity)	
B7. Contributions to non HOME assisted affordable housing	
B8. Other (specify) _____	
B9. <b>Total</b> (add lines B1 through B8)	

### SECTION C MATCH SUMMARY

C1. Required HOME Match (line A8)	
C2. Total available match (line B9)	
C3. Match surplus (line C2 minus C1)	

## HOME Match Financing Plan Instructions

The HOME Program requires match on new construction rental housing projects and acquisition.

- **Section A – Calculate the Match**
- **Section B – Available Match Contributions**
- **Section C – Match Summary**

*Attach a narrative that explains the source of each match contribution and, if applicable, how the match amount was determined.*

### SECTION B – MATCH SUMMARY

- B1. Local cash contributions to project cost.** Enter the amount of non-state, non-federal cash to be contributed permanently to the affordable housing project. Do not include owner equity, other owner contributions, funds that must be repaid, contributions to administration or other expenses that do not need to be matched. Enter the expected expenditure date of the donated funds.
- B2. Grant equivalent of below market interest rate loans.** Enter the amount of the present value amount of the interest foregone. Show the calculations of the match credit in the narrative. Enter the expected date of the loan closing.
- B3. Waived fees and taxes.** Enter the total amount of one-time fees (building and zoning permits, tap fees, etc.) that are waived and fees and taxes that are waived for a period of years through tax abatement ordinances, Neighborhood Assistance Tax Credits, etc. If a fee or tax is waived for more than one year, the present value of the fee foregone must be calculated in this entry. Show the calculations of the entry in the match narrative. Enter the date the government or governmental agency grants the waiver.
- B4. Land donations**
1. **Net value of land not acquired with federal dollars.** Enter the value of land and/or real property prior to HOME assistance minus any encumbrances on the land. The value must be established by an independent appraiser. A copy of the appraisal must be included as part of the underwriting/layering analysis that is being submitted to PHFA. Enter the expected date of the land transfer.
  2. **Net value of land acquired with federal dollars.** Enter the value of land and/or real property prior to HOME assistance minus the federal dollar contributions. The value must be established by an independent appraiser. (Seller must acknowledge the donation to affordable housing at the time of acquisition with federal assistance.) Provide the same information in the match narrative as noted above.
- B5. On and off-site improvements.** Enter the value of non-federally financed on and off-site improvements that are directly required for the affordable housing assisted with HOME funds. If the improvements benefit both HOME assisted and other housing, the value must be prorated. The match narrative should identify the funds used for the improvements and, if applicable, the basis for the pro-ratio. The improvements can be completed no more than 12 months prior to HOME assistance. Enter the expected date of the expenditure for the infrastructure improvement or if the improvement will be completed prior to commitment of HOME funds, the expected date of the HOME commitment.
- B6. Donated materials and labor.** Enter the value of materials and labor donated to the HOME assisted project. Identify the number of hours anticipated for donated labor and sweat equity in homeownership projects at \$10.00 per hour. For donated construction materials and equipment, list the materials and the cost estimate in the match narrative. Enter the expected date the material will be used for affordable housing, or the expected starting date of the work that will be performed by the donated or sweat equity labor.
- B7. Contributions to non-HOME assisted affordable housing.** Enter project costs. The narrative should provide enough information (include property standards, income determinations, tenant protections and affordability requirements) in order for DCED to determine whether or not the housing assisted with non-federal funds meets the affordable housing standards. Also include the type of housing assisted, date of agreement with owner (manager or developer), source of non-federal assistance, and contact person's name, address and phone number. The expected date of contribution should be the expected (initiation) of the assistance.
- B8. Other (specify).** Enter the value and the expected date of any other match contributions to the project. The narrative should explain value of the contribution.
- B9. Total** (add lines B1 through B8). Total these lines.

### SECTION C – MATCH SUMMARY

- C1. Required HOME Match (line A8).** Enter the amount in line A8.
- C2. Total Available Match (line B9).** Enter the amount in line B9.
- C3. Surplus.** Subtract line C1 from line C2. Enter the amount in this line.