

HOME PROGRAM: APPENDIX III FIRST TIME HOMEBUYERS

Acquisition with/without Rehabilitation | September 2019



HOME Funded First Time Homebuyers

Acquisition with/without Rehabilitation

The Pennsylvania Department of Community and Economic Development's (DCED) needs assessment and goals for the 2019-2023 Consolidated Plan found affordable homeownership opportunities lacking across the commonwealth. In order to address the need DCED's HOME Program has identified homeownership opportunities for first-time homebuyers purchasing existing properties as a priority for HOME funds.

There are two methods of accomplishing first-time homebuyer assistance. The first method is down-payment and closing cost assistance where potential homebuyers have identified the home they wish to purchase. The potential homebuyer applies to the municipality for down-payment and closing cost assistance. The application is underwritten by the municipality to determine the amount of assistance necessary. Local program design should establish a "not to exceed" amount of assistance but must also indicate the method to determine the maximum amount of assistance allowable based on underwriting standards.

Underwriting by local staff or third-party administrators must be completed to determine the amount of assistance required per first-time homebuyer. Local program design can cap the amount of assistance provided, providing a flat amount of assistance to each homebuyer is not permitted. All units must be inspected for code deficiencies and brought up to code prior to occupancy. HOME funds may be used to address code deficiencies identified. All units receiving assistance must meet DCED's Housing Rehabilitation Standards.

The second method of first-time homebuyer assistance is where the grantee or developer (non-profit or for-profit) have identified properties to purchase, renovate and sell to potential first-time homebuyers. Down-payment and closing cost assistance can also be provided to these potential buyers and the same underwriting criteria will apply.

In both scenarios the units must be inspected for code violations and all code violations must be addressed prior to occupancy. When the program provides assistance for homebuyer who have identified a property, the unit may not have code violations.

Applicants for HOME funded first-time homebuyers must use Appendix I and Appendix II of the HOME Application Guidelines. All sections of Appendix I 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.

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. Applications are to be submitted to DCED's HOME Program office through DCED's Single application process.

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 eligible CHDO Set-Aside project and must remain a CHDO for the duration of the minimum period of affordability. 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.)

Applicants must also determine at time of application whether they are going to use Resale or Recapture as detailed at 92.254 (a) (5). The next section of this Appendix contains the program regulations associated with first-time homebuyers and details investment and affordability period.

First Time Homebuyers General Policies and Procedures

§92.254 Qualification as affordable housing: Homeownership.

- (a) **Acquisition with or without rehabilitation.** Housing that is for acquisition by a family must meet the affordability requirements of this paragraph (a).
- (1) ***The housing must be single family housing.***
 - (2) The housing must be ***modest housing*** as follows:
 - (i) In the case of acquisition of newly constructed housing or standard housing, the housing has a purchase price for the type of single family housing that does not exceed 95 percent of the median purchase price for the area, as described in paragraph (a)(2)(iii) of this section.
 - (ii) In the case of acquisition with rehabilitation, the housing has an estimated value after rehabilitation that does not exceed 95 percent of the median purchase price for the area, described in paragraph (a)(2)(iii) of this section.
 - (iii) If a Grantee intends to use HOME funds for homebuyer assistance or for the rehabilitation of owner-occupied single- family properties, the Grantee must use the HOME affordable homeownership limits provided by HUD for newly constructed housing and for existing housing. HUD will provide limits for affordable newly constructed housing based on 95 percent of the median purchase price for the area using Federal Housing Administration (FHA) single family mortgage program data for newly constructed housing, with a minimum limit based on 95 percent of the U.S. median purchase price for new construction for nonmetropolitan areas. HUD will provide limits for affordable existing housing based on 95 percent of the median purchase price for the area using Federal FHA single family mortgage program data for existing housing data and other appropriate data that are available nation-wide for sales of existing housing, with a minimum limit based on 95 percent of the state-wide nonmetropolitan area median purchase price using this data.
 - (3) The housing must be acquired by a homebuyer whose family qualifies as a low-income family, and the housing must be the principal residence of the family throughout the period described in paragraph (a)(4) of this section. If there is no ratified sales contract with an eligible homebuyer for the housing within 9 months of the date of completion of construction or rehabilitation, the housing must be rented to an eligible tenant in accordance with §92.252. In determining the income eligibility of the family, the grantee must include the income of all persons living in the housing. The homebuyer must receive housing counseling from a certified HUD Housing Counselor.
 - (4) ***Periods of affordability.*** The HOME-assisted housing must meet the affordability requirements for not less than the applicable period specified in the following table, beginning after project completion. The per unit amount of HOME funds and the affordability period that they trigger are described more fully in paragraphs (a)(5)(i) (resale) and (ii) (recapture) of this section.

| Homeownership assistance HOME amount per-unit | Minimum period of affordability in years |
|--|---|
| Under \$15,000 | 5 |
| \$15,000 to \$40,000 | 10 |
| Over \$40,000 | 15 |

- (5) ***Resale and recapture.*** The grantee must establish the resale or recapture requirements that comply with the standards of this section and set forth the requirements of the state's consolidated plan.

- (i) **Resale.** Resale requirements must ensure, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability that the housing is made available for subsequent purchase only to a buyer whose family qualifies as a low-income family and will use the property as the family's principal residence. The resale requirement must also ensure that the price at resale provides the original HOME-assisted owner a fair return on investment (including the homeowner's investment and any capital improvement) and ensure that the housing will remain affordable to a reasonable range of low-income homebuyers. The Grantee must specifically define "fair return on investment" and "affordability to a reasonable range of low-income homebuyers," and specifically address how it will make the housing affordable to a low-income homebuyer in the event that the resale price necessary to provide fair return is not affordable to the subsequent buyer. The period of affordability is based on the total amount of HOME funds invested in the housing.
 - (A) Except as provided in paragraph (a)(5)(i)(B) of this section, deed restrictions, covenants running with the land, or other similar mechanisms must be used as the mechanism to impose the resale requirements. The affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure or assignment of an FHA insured mortgage to HUD. The Grantee may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure to preserve affordability. The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event, obtains an ownership interest in the housing.
- (ii) **Recapture.** Recapture provisions must ensure that the Grantee recoups all or a portion of the HOME assistance to the homebuyers, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability. The Grantee may structure its recapture provisions based on its program design and market conditions. The period of affordability is based upon the total amount of HOME funds subject to recapture described in paragraph (a)(5)(ii)(A)(5) of this section. Recapture provisions may permit the subsequent homebuyer to assume the HOME assistance (subject to the HOME requirements for the remainder of the period of affordability) if the subsequent homebuyer is low-income, and no additional HOME assistance is provided.
 - (A) The following options for recapture requirements are acceptable to HUD. The Grantee may adopt, modify or develop its own recapture requirements for HUD approval. In establishing its recapture requirements, the Grantee is subject to the limitation that when the recapture requirement is triggered by a sale (voluntary or involuntary) of the housing unit, the amount recaptured cannot exceed the net proceeds, if any. The net proceeds are the sales price minus superior loan repayment (other than HOME funds) and any closing costs.
 - (1) **Recapture entire amount.** The Grantee may recapture the entire amount of the HOME investment from the homeowner.
 - (2) **Reduction during affordability period.** The Grantee may reduce the HOME investment amount to be recaptured on a pro-rata basis for the time the homeowner has owned and occupied the housing measured against the required affordability period.

- (3) **Shared net proceeds.** If the net proceeds are not sufficient to recapture the full HOME investment (or a reduced amount as provided for in paragraph (a)(5)(ii)(A)(2) of this section) plus enable the homeowner to recover the amount of the homeowner's down-payment and any capital improvement investment made by the owner since purchase, the Grantee may share the net proceeds. The net proceeds are 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:

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

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

- (4) **Owner investment returned first.** The Grantee may permit the homebuyer to recover the homebuyer's entire investment (down payment and capital improvements made by the owner since purchase) before recapturing the HOME investment.
- (5) **Amount subject to recapture.** The HOME investment that is subject to recapture is based on the amount of HOME assistance that enabled the homebuyer to buy 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 cost of producing the unit and the market value of the property (i.e., the development subsidy). The recaptured funds must be used to carry out HOME-eligible activities in accordance with the requirements of this part. If the HOME assistance is only used for the development subsidy and therefore not subject to recapture, the resale option must be used.
- (6) **Special considerations for single-family properties with more than one unit.** If the HOME funds are only used to assist a low-income homebuyer to acquire one unit in single-family housing containing more than one unit and the assisted unit will be the principal residence of the homebuyer, the affordability requirements of this section apply only to the assisted unit. If HOME funds are also used to assist the low-income homebuyer to acquire one or more of the rental units in the single-family housing, the affordability requirements of §92.252 apply to assisted rental units, except that the Grantee may impose resale or recapture restrictions on all assisted units (owner-occupied and rental units) in the single-family housing. If resale restrictions are used, the affordability requirements on all assisted units continue for the period of affordability. If recapture restrictions are used, the affordability requirements on the assisted rental units may be terminated, at the discretion of the Grantee, upon recapture of the HOME investment. (If HOME funds are used to assist only the rental units in such a property then the requirements of §92.252 would apply and the owner-occupied unit would not be subject to the income targeting or affordability provisions of §92.254.)
- (7) **Contract to purchase.** If HOME funds are used to assist a homebuyer who has entered into a contract to purchase housing to be constructed, the homebuyer must qualify as a low-income family at the time the contract is signed.

- (b) **Rehabilitation not involving acquisition.** Housing that is currently owned by a family qualifies as affordable housing only if:
- (1) The estimated value of the property, after rehabilitation, does not exceed 95 percent of the median purchase price for the area, described in paragraph (a)(2)(iii) of this section; and
 - (2) The housing is the principal residence of an owner whose family qualifies as a low-income family at the time HOME funds are committed to the housing. In determining the income eligibility of the family, the Grantee must include the income of all persons living in the housing.
- (c) **Ownership interest.** The ownership in the housing assisted under this section must meet the definition of “homeownership” in §92.2, except that housing that is rehabilitated pursuant to paragraph (b) of this section may also include inherited property with multiple owners, life estates, living trusts and beneficiary deeds under the following conditions. The Grantee has the right to establish the terms of assistance.
- (1) **Inherited property.** Inherited property with multiple owners: Housing for which title has been passed to several individuals by inheritance, but not all heirs reside in the housing, sharing ownership with other nonresident heirs. (The occupant of the housing has a divided ownership interest.) The Grantee may assist the owner-occupant if the occupant is low-income, occupies the housing as his or her principal residence, and pays all the costs associated with ownership and maintenance of the housing (e.g., mortgage, taxes, insurance, utilities).
 - (2) **Life estate.** The person who has the life estate has the right to live in the housing for the remainder of his or her life and does not pay rent. The Grantee may assist the person holding the life estate if the person is low-income and occupies the housing as his or her principal residence.
 - (3) **Inter vivos trust, also known as a living trust.** A living trust is created during the lifetime of a person. A living trust is created when the owner of property conveys his or her property to a trust for his or her own benefit or for that of a third party (the beneficiaries).

The trust holds legal title and the beneficiary holds equitable title. The person may name him or herself as the beneficiary. The trustee is under a fiduciary responsibility to hold and manage the trust assets for the beneficiary. The Grantee may assist if all beneficiaries of the trust qualify as a low-income family and occupy the property as their principal residence (except that contingent beneficiaries, who receive no benefit from the trust nor have any control over the trust assets until the beneficiary is deceased, need not be low-income). The trust must be valid and enforceable and ensure that each beneficiary has the legal right to occupy the property for the remainder of his or her life.
 - (4) **Beneficiary deed.** A beneficiary deed conveys an interest in real property, including any debt secured by a lien on real property, to a grantee beneficiary designated by the owner and that expressly states that the deed is effective on the death of the owner. Upon the death of the owner, the grantee beneficiary receives ownership in the property, subject to all conveyances, assignments, contracts, mortgages, deeds of trust, liens, security pledges, and other encumbrances made by the owner or to which the owner was subject during the owner's lifetime. The Grantee may assist if the owner qualifies as low-income and the owner occupies the property as his or her principal residence.
- (d) **New construction without acquisition.** Newly constructed housing that is built on property currently owned by a family which will occupy the housing upon completion, qualifies as affordable housing if it meets the requirements under paragraph (a) of this section.

- (e) **Providing homeownership assistance through lenders.** Subject to the requirements of this paragraph (e), the Grantee may provide homeownership assistance through for-profit or nonprofit lending institutions that provide the first mortgage loan to a low-income family.
- (1) The homeownership assistance may be provided only as specified in a written agreement between the Grantee and the lender. The written agreement must specify the forms and amounts of homeownership assistance that the Grantee authorizes the lender to provide to families and any conditions that apply to the provision of such homeownership assistance.
 - (2) Before the lender provides any homeownership assistance to a family, the Grantee must verify that the family is low-income and must inspect the housing for compliance with the property standards in §92.251.
 - (3) No fees (e.g., origination fees or points) may be charged to a family for the HOME homeownership assistance provided pursuant to this paragraph (e), and the Grantee must determine that the fees and other amounts charged to the family by the lender for the first mortgage financing are reasonable. Reasonable administrative costs may be charged to the HOME program as a project cost. If the Grantee requires lenders to pay a fee to participate in the HOME program, the fee is program income to the HOME program.
 - (4) If the nonprofit lender is a subrecipient or contractor that is receiving HOME assistance to determine that the family is eligible for homeownership assistance, but the Grantee or another entity is making the assistance to the homebuyer (e.g., signing the documents for the loan or the grant), the requirements of paragraphs (e)(2) and (3) of this section are applicable.
- (f) **Homebuyer program policies.** The Grantee must have and follow written policies for:
- (1) Underwriting standards for homeownership assistance that evaluate housing debt and overall debt of the family, the appropriateness of the amount of assistance, monthly expenses of the family, assets available to acquire the housing, and financial resources to sustain homeownership;
 - (2) Responsible lending, and
 - (3) Refinancing loans to which HOME loans are subordinated to ensure that the terms of the new loan are reasonable.

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** Include Environmental Review Clearance for Tier 1 (to be submitted if conditioned award letter is received) and Tier 2 (to be submitted for each identified project)*

HOME Program Compliance Checklist

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. _____

First Time Homebuyers – Acquisition with/without Rehabilitation

- ☐ 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)
- ☐ Identified affordability and compliance as follows:

| HOME Investment per Unit | 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 regulations (*as applicable*)

If ownership is to be transferred to homebuyer prior to rehabilitation, the following must be addressed

- ☐ Unit inspected and deficiencies identified which may compromise health and safety of occupants
- ☐ Prospective purchaser notified of work required to repair deficiencies, time frame to complete required work and applicable codes/property standards stipulating compliance
- ☐ All identified deficiencies corrected within six (6) months of transfer, prior to occupancy
- ☐ Upon transfer of ownership, property complies with the minimum property standards as referenced in DCED's *Housing Rehabilitation Guidebook* (March 2017) and any additional locally enacted requirements
- ☐ Enforcement of affordability restrictions via deed restrictions, land covenants or similar mechanisms

- ☐ Termination of affordability restrictions upon any of the following occurrences: Foreclosure, transfer in lieu of foreclosure, or assignment of an FHA insured mortgage to HUD. The affordability restrictions shall be revived according to original terms if, during the original affordability period, the owner of record or an 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 before the termination event.

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

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

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

Signature, Chief Elected Official

Date

Typed Name and Title

Program/Activity Description – First Time Homebuyers Acquisition with/without Rehabilitation

Housing Needs/Community Assessment

Provide a description of the project, the proposed project area and all factors used in making the project determination. 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 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, additional information expanding on the program type – **First Time Homebuyers** – with/without Rehabilitation including anticipated number of units, specific or unique project circumstances or characteristics must be provided.

Statement assuring compliance with DCED's *Housing Rehabilitation Guidebook*, as well as, energy-saving construction elements and reference to HUD's CPD Green Building checklist: **DCED's housing rehabilitation standards must be applied to each unit that receives HOME assistance including documentation in each file the inspection was conducted and it will meet DCED minimum rehabilitation standards prior to occupancy.** In the event a unit does not require rehabilitation it must also be noted in file documentation. Affirm the project has been reviewed to determine if any of the project is within the designated floodway using the best available data. Identify FIRM MAP or other source used for this determination. Applicants must provide a copy of their locally adopted program policies for homebuyer programs that include underwriting guidelines which determine the appropriate amount of subsidy necessary to assist the low-income buyers. An assessment of a buyer's ability to purchase and remain in the home (e.g. housing and consumer debt ratios, anticipated income and available assets); and anti-predatory lending and subordination policies. Please review 24 CFR 92.254(f).

Note: Local program design may not establish the same flat-rate HOME amount for each applicant, local program design can, however, cap the amount of assistance provided. Each application for assistance must be underwritten to ensure only the necessary amount of subsidy is provided.

Site Control

If the proposed project includes acquisition/rehabilitation of properties for sale by a developer, the Applicant should have identified project sites and demonstrate site control in the form of a deed, option to purchase, or sales agreement. If properties have not been identified at time of application, a plan and schedule must be included which details the actions necessary to obtain site control of properties, if awarded funds. Projects which are proposed to be undertaken by a CHDO in order to meet the HUD CHDO Set-Aside, MUST demonstrate site control at the time of application. Site Control is evidenced in the form of a deed, option to purchase, or sales agreement.

Completion of the environmental review process is mandatory before taking a physical action on a site or making a commitment or expenditure of HUD or non-HUD funds for property acquisition, rehabilitation, conversion, lease, repair or construction activities. "Non-HUD funds" means any other Federal, state, local, private, or other funds. Further, participating jurisdictions, insular areas, state recipients, and subrecipients, may not commit HOME funds until HUD or the state has approved the Request for Release of Funds and related certification (RROF) unless the activity has been determined exempt in accordance with 24 CFR §58.34 and §58.35(b). Contractors, owners and developers (including Community Housing Development Organizations) may not commit or expend funds on HOME projects until the participating jurisdiction or state recipient has completed the environmental review process.

Responsible entities (RE) may enter into an agreement for the conditional commitment of HOME funds for a specific project prior to the completion of the environmental review process. The RE must ensure that any such agreement does not provide the state recipient, subrecipient or contractor any legal claim to any amount of HOME funds to be used for the specific project or site unless and until the site has received environmental clearance.

Management Plan/Local Staff Capacity

Capacity/Experience

Applicant must provide information to demonstrate that all administration and development team members have sufficient capacity and experience to carry out the functions necessary to complete and manage the proposed project including required HUD Certified First-Time Homebuyer counseling.

Copies of executed agreements or contracts with any entities (other than those under direct management 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.

Copies of rehabilitation standards, locally adopted underwriting policies and procedures and housing counseling policies, etc. must be attached.



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: |

Project Completion Timetable

Beginning with the application submission date, outline below a timetable for project completion. Include all significant milestones, emphasizing those related to environmental clearance, application intake, financing, underwriting, inspections for property standards, including assessment of lead-based paint where applicable, project bidding, award of local construction contracts, construction schedule including firm completion dates. Successful HOME applicants must recognize that DCED HOME contracts may contain up to a maximum 36 months for the period of performance. DCED would suggest a not to exceed 18-month time frame for completion of all projects. Applicants with questions specific to construction schedules, time frames for completion, etc. should contact your respective DCED HOME grant manager.



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 | | | | |
| a. Rehabilitation | | | | |
| b. New Construction | | | | |
| 3. Relocation | | | | |
| 4. Related Soft Costs | | | | |
| a. Project Delivery | | | | |
| b. Architectural Services | | | | |
| c. Engineering Services | | | | |
| d. Other (Developer Fee) | | | | |
| 5. CHDO Operating Expense | | | | |
| 7. _____ | | | | |
| 8. _____ | | | | |
| 9. _____ | | | | |
| 10. Administration (Limited to 6%) | | | | |
| a. Admin. / Planning | | | | |
| b. Audit | | | | |
| 11. TOTAL | | | | |

ADMINISTRATION SUMMARY

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 \$100,000.00.) 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 at the Federally Funded HUD Programs Link.