

# HOME PROGRAM

Program Guidelines | September 2020



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## Section I – General Information

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### A. Introduction

The **HOME Investment Partnership Program (HOME)** was established by the Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended, to expand the supply of decent, safe, sanitary, and affordable housing; make new construction, rehabilitation, substantial rehabilitation, and acquisition of affordable housing feasible; and to promote the development of partnerships, public, private, for-profit and non-profit, to utilize resources to provide for more affordable housing. The Commonwealth, by Act 172 of 1992, the Pennsylvania Affordable Housing Act, sought to promote the health, safety and welfare of its inhabitants and to address its housing needs by providing assistance for affordable housing through the renovation of blighted buildings, the conversion of obsolete buildings and the construction of single-family and multi-family housing. The creation of new and preservation of existing affordable housing options and opportunities are as essential to the health and welfare of many families as to the economic well-being of the commonwealth. The Pennsylvania Department of Community and Economic Development's (DCED) HOME Program is the commonwealth's primary vehicle to provide affordable housing in Pennsylvania's communities.

Pennsylvania's HOME Program is a financial tool for housing activities that promotes community stability by creating and preserving affordable housing units through new construction and/or rehabilitation. HOME funds can be used in a variety of ways, including market-oriented approaches that offer opportunities to revitalize communities with new investment – namely, homeownership and rental opportunities. HOME Program funds are provided to DCED from the U.S. Department of Housing and Urban Development (HUD) through the annual entitlement appropriation process.

To create economic prosperity for communities and families DCED's HOME Program has established the following priorities:

- Rental Housing – New Construction and/or Rehabilitation
- First Time Homebuyers – Acquisition with/without Rehabilitation
- Existing Owner-Occupied Housing Rehabilitation
- Single Family Affordable Housing - New Construction

These activities will assist as a generator of economic growth, increase housing starts and home sales and represent renewed economic confidence in communities.

### B. Eligible Applicants

Eligible applicants for HOME funds are units of local government, including cities, towns, counties, boroughs and townships. Non-profit organizations, community development or community housing development corporations may not apply directly to DCED for HOME funding, however an eligible HOME applicant may apply for funding on behalf of the non-profit organization or developer.

HOME Participating Jurisdictions (PJs), those municipalities which receive a direct allocation of HOME funds from the U.S. Department of Housing and Urban Development, are eligible to apply for DCED HOME funds only in certain circumstances. (1) For those PJs whose annual allocation of HOME funds from HUD was less than \$500,000 in the most recently published Community Planning and Development (CPD) Program Formula Allocations, they may apply for DCED HOME funds in any eligible category, although they must contribute local HOME funds to the project.



(2) HOME PJs that were allocated more than \$500,000 in the most recently published CPD Formula Allocations are ONLY eligible to apply for activities that qualify as a Community Housing Development Organization (CHDO) set-aside project, and must contribute local HOME funds to the project. Lead entities of a HUD-designated HOME consortia are eligible to apply for CHDO Set-Aside projects. For purposes of determining if an entity qualifies as a HOME PJ or not, HOME consortia members communities are considered collectively with the consortia to be a PJ.

The HOME Program is integrated into DCED's Single Application process. This approach allows municipal applicants and DCED to combine federal and state resources to help finance local comprehensive community development strategies.

DCED will adhere to the Commonwealth of Pennsylvania's Keystone Principles for Growth, Investment & Resource Conservation in selection of projects to receive HOME funds. The priorities for housing contained in these HOME guidelines are consistent and flow from the Keystone Principles.

### **C. Overview of the HOME Program in Pennsylvania**

The commonwealth will distribute the HOME Investment Partnerships Program allocation each fiscal year in accordance with the PA Consolidated Plan, the requirements of the National Affordable Housing Act of 1990, the Final HOME Rule - 24 CFR Part 92, as amended, September 16, 1996, the May 28, 1997 Technical Amendment and August 22, 1997, streamlining to the Final Rule, the October 21, 1998 amendments to the Appropriations Act, and the revised HOME Rule published on July 24, 2013.

In accordance with the commonwealth's Consolidated Plan and detailed in the Annual Action Plan, DCED administers the HOME Program but also allocates a portion of its appropriation to the Pennsylvania Housing Finance Agency (PHFA) as a state-recipient to administer rental and homebuyer projects.

PHFA uses the portion of the commonwealth's annual allocation of HOME funds it receives for rental housing construction and development for projects through its PennHOMES Program. For more information on the PennHOMES Program, contact PHFA at (717) 780-3800.

The HOME Program is administered by DCED through a competitive application review process that is performed by DCED. The competitive scoring will rank applications based on priority and several other categories including risk analysis activity design and capacity to administer and manage the project or activity. Therefore, a low priority activity could be funded over a high priority activity based on the quality and thoroughness of the application.

DCED funds HOME prioritized activities rather than programs.

### **D. Priorities for Housing Funds**

DCED has implemented a new framework to more effectively identify potential projects receiving funds. The purpose of the criteria outlined here is to assure that housing funds are used to address the most critical housing needs in the commonwealth. The process to select projects and award funding will be based on projects most adequately addressing the priorities as listed below. DCED's HOME priorities:

1. **High Priority**
  - a. Rental Housing – New Construction and/or Rehabilitation (less than total 10 units)
  - b. First Time Homebuyers – Acquisition with/without Rehabilitation
2. **Moderate Priority**
  - a. Existing Owner-Occupied Housing Rehabilitation

### 3. Low Priority

#### a. Single Family Affordable Housing - New Construction

Prohibited activities under the HOME Program:

- Public housing upgrade and modernization
- Tenant subsidies for certain special mandated purposes under Section 8
- Matching Funds for other federal programs
- Annual Contributions Contracts (ACC)
- Activities under the Emergency Low-Income Housing Preservation Act of 1987 and 1990, except that assistance may be provided to priority purchasers as defined in 24 CFR 248.101
- Acquisition of certain real estate property owned by an applicant
- Operating subsidies for rental housing

## E. Overview of the HOME Application Process

Successful applicants are those that meet the priorities and requirements of the HOME Program, who demonstrate a critical need for the proposed activity, the ability to carry out the proposed activity and the potential for the proposed activity to be implemented in a timely manner.

For administrative and other practical reasons, a unit of local government must submit applications for HOME funds. As a state recipient, a unit of local government will be granted direct access to the Integrated Disbursement and Information System (IDIS). Applications submitted by a unit of local government may be submitted on behalf of other public agencies, nonprofit organizations, certified Community Housing Development Organizations (CHDOs), and/or private developers.

HOME regulations require 15% of the commonwealth's HOME allocation be set aside for eligible projects owned, developed or sponsored by certified CHDOs. CHDO certification is project-based and therefore eligible entities must be re-certified, for each CHDO project. DCED CHDO Certification Applications and all required documentation must be submitted in concert with the project funding application. Information regarding CHDO Certification can be obtained by contacting the DCED HOME Program office at (717) 787-5327. Certified CHDOs are eligible to request operating assistance through the HOME Program. A CHDO can receive up to 50% of its annual operating budget or \$100,000.00 -- whichever is greater -- to a maximum of \$100,000. Applications for CHDO operating funding must also be submitted at the same time as the project funding and CHDO Certification application submissions. Applications for CHDO operating funding are submitted separately through the Electronic Single Application and require the submission of the General Application only.

Successful applicants will receive an award letter which will denote any conditions of the award. Conditions may include completion of the Environmental Review Record (ERR) in accordance with National Environmental Protection Act (NEPA), final financing or construction documents, final construction/activity schedule, affirmative marketing plan or other requirements consistent with the HOME Final Rule and requirements for written agreements. Once all award conditions are met, a contract will be initiated.

Because of the complexity of federal regulations and requirements associated with the HOME Program, a minimum application amount of \$50,000 is required. DCED competitively evaluates applications through a posted funding cycle(s). Documentation which adheres to the provisions of the HOME regulatory requirements, specific to the project activity, must be submitted. Funding cycles will be posted through DCED Community & Housing Development CD&H email alerts and the *Pennsylvania Bulletin*. Please contact the DCED HOME Program office at (717) 787-5327 to receive this communication.

Applicants must demonstrate and provide documentation of need; program design descriptions; and detailed management plans demonstrating staff capacity. Applicants will also be required to have a Citizen Participation Plan in place, conduct a public hearing on the proposed HOME project, and submit a Citizen's Participation Report as a part of their application. All HOME applicants proposing an activity must confirm the commitment of all other funding sources, if additional funding is required to complete the proposed activity. HOME applications must be submitted on the forms provided. DCED's web-based Electronic Single Application must be completed as part of the application process.

## F. DCED Program and Policy Priorities for HOME

The commonwealth's HOME Program is administered in accordance with the requirements of the National Affordable Housing Act of 1990, as amended, and implementing regulations found at 24 CFR 92 and the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Award codified in 2 CFR 200, as amended, as well as all other applicable issued laws and regulations. Some of the program requirements, with specific detailed attention given to those areas where DCED policy have been instituted, are described in this section.

- Applicants seeking funding for Existing Owner-Occupied Housing Rehabilitation and Homebuyer activities will be limited to a maximum of \$500,000 as a town, borough or township. Cities and county applicants are limited to \$750,000.
- Applicants seeking rental housing and homebuyer - new construction activities will be limited to a maximum funding request of the per unit subsidy limits for the Metropolitan Statistical Area for the proposed activity.
- Applicants must demonstrate matching contributions equal to 25% or greater for ALL HOME rental housing projects. Eligible match contributions may include cash contributions from non-federal sources, value of donated property, forbearance of fees, cost of on-site infrastructure improvements directly required for the HOME-assisted project and other eligible sources more specifically detailed in 24 CFR 92.220.
- Priority consideration will be provided to applicants seeking HOME funds that meet the 15% CHDO Set-Aside requirement on behalf of a non-profit. The non-profit must be certified by DCED as a CHDO for the project for which funds are sought. DCED CHDO Certification Applications will be submitted with the project funding application and receive notice regarding certification as applications as processed.
- All applicants must confer with a DCED HOME grant manager when considering submission of an application for HOME funds. Each potential applicant will receive confirmation by email of the discussion for inclusion in the application submission. Applicants may contact DCED at (717) 787-5327.

## G. Other Federal and State Requirements

1. **National Environmental Polices Act of 1969 (NEPA)** – Prior to committing HOME funds for HOME-assisted affordable housing activities, the activities must be assessed in accordance with NEPA. Selected applicants will receive a conditioned award letter requiring an Environmental Review Record (ERR) be prepared within 60 days of award. No Contract will be issued until the ERR is secured.
2. **Davis Bacon Act** – Contracts for construction and/or rehabilitation of 12 or more HOME-assisted units are covered by the Davis Bacon Act.
3. **Uniform Relocation and Real Property Acquisition Policies Act of 1970 (URA)** – HOME program funds are covered by the requirements of the URA.
4. **PA Prevailing Wage Act of 1964** – as amended (43 P.S. ss 165-1 through 165-17) (Please refer to PA–DCED – CD&H Alert of July – 2016 on the applicability of Davis Bacon vs. State Prevailing wage rates.)

5. **DCED Floodplain Policy** – No federal funds may be used to assist properties located in a floodway. The project must be reviewed to determine if any of the project is within the designated floodway using the best available data.

DCED will not fund new residential development in the identified 100-year floodplain. In accordance with the Flood Disaster Protection Act of 1973, funds may not be used for projects to acquire or rehabilitate property located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless:

- The community in which the area is situated is participating in the National Flood Insurance Program, and
  - The selected applicant assures that flood insurance is obtained for all assisted housing units located in the identified 100 - year floodplain.
  - All structures, defined at 44 CFR 59.1, designed principally for residential use and located in the 100-year (or 1 percent annual chance) floodplain that receive assistance for new construction, repair of substantial damage, or substantial improvement, as defined at 24 CFR 55.2(b)(10), must be elevated with the lowest floor, including the basement, at least two feet above the base flood elevation.
    - Alternatively, grantees may choose to adopt the design flood elevation standards of ASCE 24 if it results in an elevation higher than two feet above base flood elevation. Mixed use structures with no dwelling units and no residents below two feet above base flood elevation must be elevated or floodproofed, in accordance with FEMA floodproofing standards at 44 CFR 60.3(c)(3)(ii) or successor standard, up to at least two feet above base flood elevation.
6. **Pennsylvania Agricultural Land Preservation Policy** – It is the commonwealth’s policy to protect, through the administration of all agency programs and regulations, the commonwealth’s prime agricultural land from irreversible conversion to uses that result in the land’s loss as an environmental and essential food production resource. Commonwealth funds and commonwealth administered federal funds shall not be used to encourage the conversion of “prime agricultural land” to other uses when feasible alternatives are available.
7. **Subpart H Other Federal Requirements** – Additional other federal requirements are identified in 24 CFR 92 Subpart H which include, but are not limited to:
- 92.350 Other Federal requirements and nondiscrimination
  - 92.351 Affirmative marketing; minority outreach program
  - 92.355 Lead-based paint
  - 92.356 Conflict of Interest
  - 92.357 Executive Order 12372
  - 92.358 Consultant Activities
  - 92.359 VAWA Requirement (Violence Against Women)

## H. HOME Supplemental Materials

Following is a list of supplemental materials that are available upon request from DCED's Community and Housing Development or by accessing the DCED Federal Programs Library ([www.dced.pa.gov/library](http://www.dced.pa.gov/library)) and the HUD Exchange ([www.hudexchange.info/home](http://www.hudexchange.info/home)):

- HOME Program, 24 CFR Part 92, as amended
- HOME Program Definitions found at 24 CFR 92.2
- HOME Income Limits (updated annually by HUD)
- HOME 95% Value Limits (updated annually by HUD) – HOME Ownership Value Limits, 92.254(a)(2)(iii)
- PA Department of Revenue, Realty Transfer Tax, Common Level Ratios (updated by the PA Department of Revenue)
- Section 234 HOME Maximum Per-Unit Subsidy Limits (updated annually by HUD)
- HOME Rent Limits (updated annually by HUD)
- Application for CHDO Certification and Operating Assistance
- Cash Management and Information System Flow Chart
- Affirmative Marketing Plan
- DCED Housing Rehabilitation Guidebook
- DCED Neighborhood Market Analysis
- DCED Income Eligibility Technical Assistance Manual & Training (June & July 2020)
- HUD Webinar: Determining Income for the HOME Program
- HUD Webinar: Building HOME – A HOME Program Primer
- HUD Webinar: Determining Income for the HOME Program
- HUD Document: Compliance in HOME Rental Projects
- HUD Tool: Calculating Income Eligibility
- Technical Guide for Determining Income and Allowance for the HOME Program
- Homebuyer Underwriting Guidelines
- American Community Survey (ACS) Data



## Section II – HOME Program Application

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### A. HOME Application Submission Procedures

The DCED HOME Program application must be submitted electronically through DCED’s Electronic Single Application. Applicants must submit an individual online application for each priority activity selected. Additional information such as application tools and relevant DCED policies can be found on the DCED website. Multiple applications and activities from the same applicant will be reviewed and considered independent of each other.

### B. HOME Application Contents

**Application Documentation** – To apply for funding, the applicant must submit the electronic on-line DCED Single Application for assistance located at [www.esa.dced.state.pa.us](http://www.esa.dced.state.pa.us). If the program you are applying under requires multiple copies of the applications, each should be submitted via the ESA Single Application. If addenda are required, it must be attached electronically to the application on the Addenda tab.

Each required application document **must** be labeled and uploaded accordingly. **If an applicant wishes to apply for more than one priority area, a separate, complete application must be submitted for each priority.** Applicants *submitting more than one application* must also indicate which application is their internal priority. Applications *submitted for multiple jurisdictions* do not need to be prioritized by the applicant unless more than one application is being submitted for a jurisdiction.

#### **HOME Program Activities**

Rental Housing – New Construction and/or Rehabilitation First Time Homebuyers –

Acquisition with/without Rehabilitation Existing Owner-Occupied Housing

Rehabilitation

Single Family Affordable Housing – New Construction

