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# HOME Program

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Program Guidelines



August 2014

**Commonwealth of Pennsylvania**  
Tom Wolf, Governor

**Department of Community & Economic Development**



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## **Section I – General Information**

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### **A. Introduction**

The Department of Community and Economic Development's (DCED) HOME Investment Partnership Program (HOME) is the commonwealth's primary vehicle to provide affordable housing in Pennsylvania's communities. The creation of new affordable housing options and opportunities are as essential to the health and welfare of many families as well as to the economic wellbeing of the commonwealth.

Eligible applicants for HOME funds are units of local governments, including cities, counties, boroughs and townships.

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.

Pennsylvania's HOME Program is a flexible financial tool for housing activities that promotes community stability by creating additional affordable housing units through new construction and rehabilitation. HOME funds can be used in a variety of ways, including market-oriented approaches that offer opportunities such as homeownership or rental activities to revitalize communities with new investment. Homeownership creates economic prosperity for communities and families and acts as a dynamic generator of economic growth. Increased housing starts and home sales often represent renewed economic confidence in communities.

HOME assists communities in promoting income diversity by providing support for mixed-income developments. These activities can create environments that enhance economic and social empowerment.

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

The commonwealth will distribute the HOME 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, 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 as updated in the Action Plan, DCED administers the HOME Program but also transfers a portion of the commonwealth's allocation to the Pennsylvania Housing Finance Agency (PHFA) as a sub-recipient to administer rental projects and homebuyer projects.

PHFA uses approximately 35 percent of the commonwealth's annual allocation of HOME funds for rental housing construction and development for projects with ten or more units through its PennHOMES Program. PHFA has also agreed to underwrite all HOME rental development projects requiring underwriting. For more information on the PennHOMES Program, contact Christine Stewart of the PHFA at (717) 780-1895 or via email at [cstewart@phfa.org](mailto:cstewart@phfa.org).

The balance of the HOME funds will be administered by DCED through a competitive application review process that is performed by DCED. Information and data from the review is summarized and provided to the PHFA.

## C. Priorities for Housing Funds

DCED and PHFA have implemented a new framework to more effectively select projects receiving housing funds. The purpose of the criteria outlined here is to assure that housing funds are used in the most effective manner possible. This process to select projects will prioritize and select applications which achieve targeting, leverage, and impact as described below.

Each application approved for funding may not meet all three criteria. The more that an application can demonstrate in these areas, the more likely it will be evaluated higher during the funding consideration process and receive approval. Applications should indicate in the narrative description how a project/proposal will address each of the three criteria.

### 1. Targeting

Establishing a target for funding is primarily a local responsibility and it absolutely requires local priority-setting. Targeting, as defined for these purposes, is something other than a “first-come, first-served” approach to approve the use of funds and make decisions about who receives help and how funds will be spent. (A targeted project may still have some element of first-come, first-served; but, it will not be the sole basis for selecting project participants. First-come, first-served lists must be limited to not more than 25% of the grant amount). Applicants are encouraged to place a priority on targeting areas where other local investment has recently taken place or where a commitment of other local investment has been secured.

There are multiple means of targeting a project, a few examples of what constitutes an acceptable targeting approach include:

- Geographic area, or strategic areas within a large municipality or county
- Entire municipality if its population is small and developed area is concentrated
- Population group (such as: disabled senior citizens, family farms, migrant/seasonal farm workers or other workforce group). A targeted population group must be a subset of the geographical target area/areas.
- Strategic blighted properties
- Other compelling need as outlined via a comprehensive, community strategy

If a project targets multiple areas or goals, the applicant should also define priorities among those targeted areas--indicate what the primary target is and what secondary ones are and further define by percentage of funds allocated to each. All targeted areas should be justified with details about how the established target will either address significant housing needs, blight, stabilization of tipping point neighborhoods, very low income problems, community development needs, revitalization areas, etc. thereby explaining why a target was selected.

Applications should clearly indicate the portion of funds or effort that will be used for each targeted approach in order to allow an appropriate evaluation of the project under this criterion.

### 2. Leverage

Leverage is much more than money and it is not the same as a required program match. Leverage is an assessment of other resources that will contribute to a positive result if an application is approved for funding. Leverage also demonstrates that the local government supports a project through more than an endorsement of the application.

Leverage can include factors such as:

- adding human capital from other sources (e.g., volunteerism)
- supporting regionalism (e.g., affordable housing for multi-municipal zoning)
- coordinating activities with other programs (e.g., rehab with property maintenance code enforcement)
- provision of social and other supportive services (e.g., connection / referral to needed services such as job training, counseling, medical and income supports)
- green building and effective design (e.g., housing that is a walkable distance from downtown)
- gaining private sector funding that would not normally be used for housing (e.g., foundation or business contributions/loans)

*NOTE: Examples in parentheses are explanatory only, not the exhaustive list of what qualifies.*

Leverage also includes projects that enhance or are connected to community assets such as:

- county seats
- higher education institutions
- tourism destinations
- transit oriented development
- key industry clusters
- regional health care facilities

Successful applications should address several of these aspects. The evaluation of leverage is not a quantitative process since several of these factors are not quantifiable. However, applications that demonstrate these elements will be given greater weight in the funding process.

The total amount of funds committed and/or proposed to support a project will also be evaluated as part of all applications. The amount of funds leveraged and project cost will be evaluated in light of the population group to be served, location of the project and nature of the activity (homeownership, rehab, or rental).

Local government financial commitment is critical to demonstrate support for a project. Applicants should show that they have received funds or obtained commitments from either CDBG funds or other local/county municipal revenues to support their projects as a proof that those projects are a local priority. The local commitment aspect of leverage will be evaluated with deference to the applicant or community's: size, access to other funding sources, financial distress, and access to CDBG funding.

### 3. **Impact**

Projects seeking housing funds will be evaluated to determine whether they will have an impact on the community. Such benefits are extremely difficult to prove in a project application but a well-planned project can reasonably identify the anticipated, broader benefits. Projects with such impact are designed to fulfill the following principles:

- community changing on a long-term basis (e.g., comprehensive community improvements, addressing housing, business and other community elements)
- demonstrate a return on the investment of public/HOME funds

- promote housing sustainability (e.g., energy efficiency and maintenance of housing, or education of residents)
- encourage community stability (e.g., create a better balance of housing types or mixed incomes within a community)
- create spin-off private investment (e.g., other privately funded housing improvements or business establishment)
- support economic/business growth and job creation (e.g., creates attractive or affordable housing stock for business recruitment)
- provide other lasting improvements

*NOTE: Examples in parentheses are explanatory only, not the exhaustive list of what qualifies.*

In evaluating projects for their potential impact, DCED and PHFA will give consideration to the capacity of an organization, its community, and/or its development team. While it may be difficult to demonstrate an “impact track record,” the experience and results achieved in other projects will be used to determine the feasibility of the broader goals established in an application. That experience will be a greater factor than the statements and projections made in an application on the impact to be achieved.

## **D. Overview of the HOME Application Process**

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

For administrative and other practical reasons, a unit of local government should submit applications for HOME funds. Units of local government are eligible to become state recipients, which are HOME grantees. As a state recipient, a unit of local government has direct access to the Integrated Disbursement and Information System (IDIS). Applications submitted by a unit of local government may be on behalf of other public agencies, nonprofit organizations or private developers.

Nonprofit organizations may submit applications for Community Housing Development Organization (CHDO) Certification to DCED throughout the year. However, CHDO certification review will only be conducted when a CHDO eligible HOME activity/project is being considered for funding. A local government on its own behalf or on behalf of certified CHDOs may submit applications for CHDO Operating grants, CHDO Technical Assistance and Site Control loans and Seed Money loans throughout the year.

Applicants selected for HOME funding are required to comply with the HOME Statement of Assurances, Anti-displacement/Relocation, Affirmative Action plans and fulfill Fair Housing requirements. In addition, applicants selected for HOME funding are required to adopt a Minority and Women’s Business Enterprise Plan, Excessive Force Policy and the commonwealth’s Affirmative Marketing Policy (rental projects of five or more units).

Because of the complexity of federal regulations and requirements associated with the HOME Program, a minimum application amount of \$50,000 is required, except for CHDO Operating grants and Project Specific Predevelopment loan applications.

DCED competitively evaluates applications through several funding cycles. Documentation of need, program design descriptions, management plans and staff capacity components are carefully evaluated to ensure that grants are administered in a timely manner and according to program requirements. All funds

necessary to complete the proposed program or project should be in place at the time of application. HOME funds used for projects need to be completed within 3 years of the commitment date, as determined by a signature of each party to the written agreement. A one year extension may be granted if it is determined that the circumstances that led to the failure to complete the project by the 3 year deadline were beyond the grantees control. HOME funds expended on activities not completed by applicable contract period must be repaid to DCED.

Successful applicants that propose HOME funds be utilized by for-profit developers and nonprofit housing development corporations for the acquisition, construction or rehabilitation of affordable housing, for sale or rental benefitting income eligible homebuyers or renters, are required to submit further documentation in order to successfully complete subsidy/layering, underwriting and neighborhood market analysis requirements as required.

HOME Applications must be submitted on the forms accompanying these Guidelines. The HOME specific application forms are designed to ensure that proposed projects are developed in accordance with Federal laws and regulations that are applicable to the HOME Program.

Attached to and accompanying the HOME specific application forms must be DCED's Single Application. (See page 28 for Single Application submission procedures.) The completion of the Single Application should be a simple task utilizing information extracted from the HOME forms. The Single Application permits the applicant to specify that its application is for HOME funds and that it should be forwarded to the Center for Community Financing even though the HOME Program is designated, DCED reserves the right to explore alternative sources of funding, either singly or in combination.

The Single Application permits the HOME Application to receive consideration from all possible funding sources that are made available through DCED. In other words, it is the Single Application that transports program proposals through all the potential funding options.

***NOTE:** Please remember that the Single Application is for all competitive programs and assistance offered by DCED. Accordingly, some information requested in the application will not be applicable to your specific proposal. Please address items relevant to your proposal.*

The application management process is as follows:

1. **Application Window Opening** – Applications may be submitted at any time; however competitive DCED programs have recommended application deadlines that are provided to potential applicants annually via the CD&H Practitioners Alerts and Updates. The deadlines for HOME applications are also posted on the DCED website found at [www.newPA.com](http://www.newPA.com).
2. **Account Management Process** – All HOME Applications, with the Single Application accompanying it, must be submitted to DCED's Customer Service Center (CSC) (see HOME Application Submission Procedures), with a copy of the HOME Application sent to the PHFA and the appropriate DCED Regional Office (see last page of Application). The CSC assigns a tracking number to the Application and forwards it to the appropriate office for account management. The appropriate Grant Manager will remain the contact person throughout the application, contracting and grant implementation process, should the application be funded.
3. **Application Review** – All applications are reviewed by DCED Staff. Funding decisions are made periodically throughout the year, subject to availability of funds.

## **E. Community Housing Development Organizations (CHDO)**

The commonwealth, as a participating jurisdiction, is required to set-aside a minimum of 15% of the HOME allocation for project-specific housing activities that are owned, developed, and or sponsored by organizations that qualify as a CHDO. The CHDO application instructions and checklists are available on the DCED website found at [www.newPA.com](http://www.newPA.com) and must be utilized by CHDO applicants for DCED to consider certifying an organization as a CHDO under the HOME Program each time a Non-Profit is seeking HOME set aside funding and/or CHDO Operating funds. CHDOs that are pursuing rental housing development projects of ten total units or more are to apply directly to PHFA (see Page 1B). The Department accepts applications for CHDO activities that are submitted by local governments for rental projects of nine total units or less, and for homebuyer projects.

Applicants proposing this type of HOME CHDO funding must demonstrate that the CHDO is acting as a “developer, owner, or sponsor” and must identify what CHDO definition they will meet as published on July 24, 2013 in the HOME Final Rule found at 24 CFR 92.300.

Applicants proposing to use HOME funds for CHDO development activities must demonstrate that the CHDO has staff with demonstrated housing development experience in order to receive CHDO designation. Nonprofit organizations may meet the organizational capacity requirement for CHDOs through the use of consultants or through a plan for staff to be trained by consultants but only during the first year of the CHDO’s existence. CHDO staff is defined as any paid employee who is responsible for the day-to-day operations of the CHDO (i.e., full time and part-time employees). A CHDO must have a tax exemption ruling from the Internal Revenue Service (IRS) under the Internal Revenue Code’s Section 501(c)(3) for a charitable non-profit or Section 501 (c)(4) for a community or civic organization, as evidenced by a letter or certificate from the IRS. Staff does not include volunteers, board members, consultants or shared staff of the parent organization and or other government agencies, etc.

If a non-profit organization created or sponsored by a for-profit entity seeks designation as a CHDO, the officers or employees of the for-profit entity are prohibited from serving as officers or employees of the CHDO. A government entity is still permitted to create a CHDO, but it is not permitted to control the CHDO by providing its employees to the CHDO as staff or officers.

The CHDO or its parent organization must be able to show one year of serving the community prior to the date the participating jurisdiction provides HOME funds to the organization. In a statement, the organization must describe its history (or its parent organization’s history) of serving the community by describing activities which it provided (or its parent organization provided), such as, developing new housing, rehabilitating existing housing and managing housing stock, or delivering non-housing services that have had lasting benefits for the community, such as counseling, food relief, or childcare facilities. The statement must be signed by the president or other HUD-approved official of the organization.

Any time the commonwealth, as a participating jurisdiction, sub-grants HOME funds from its CHDO set-aside sub-fund to a CHDO for a project, the commonwealth must certify in IDIS that it has evaluated the development capacity of the CHDO staff, and has determined that the CHDO staff has the knowledge, skills, and experience necessary to undertake eligible CHDO set-aside projects.

Applications for CHDO Operating Support and Predevelopment Assistance Loans must be submitted by a local government on behalf of a CHDO. Up to 5% of the commonwealth’s HOME funds may be used for CHDO Operating Expenses, defined as necessary and reasonable costs for the operation of the CHDO.

These include:

- salaries, wages, benefits and other employee compensation
- employee education, training and travel
- rent and utilities
- communication costs
- taxes and insurance
- equipment, materials and supplies

For any fiscal year, a CHDO may not receive more than 50% of its total annual operating budget or \$50,000 annually, whichever is greater. When an application is submitted to DCED for an eligible CHDO set-aside homebuyer project, or a one to nine total unit rental project, operating expenses should be requested simultaneously. CHDO Operating Expenses must be tied to a CHDO eligible project receiving HOME funds.

Predevelopment Assistance Loans - Eligible costs may include project feasibility studies, consulting fees, preliminary financial applications, legal fees, architectural fees, engineering fees, engagement of a development team, option to acquire property, site control and title clearance. General operation expenses of the CHDO are not eligible as predevelopment costs.

CHDO Predevelopment Assistance Loans may not be used to pay CHDO staff or other general administrative costs. All costs must be related to a specific project, which if deemed feasible, would receive HOME funds for development.

Of the 15% set aside required by the HOME regulations at 92.300 for CHDO housing projects, the commonwealth may utilize up to 10% for project specific CHDO Predevelopment Assistance Loans. The maximum amount of loan assistance to a CHDO for predevelopment is \$25,000 per project. These loans will be offered only to CHDOs who achieve certification that they apply for and are successfully awarded PennHOMES funding.

A commitment of a CHDO Predevelopment Assistance Loan by PHFA does not guarantee the commitment of additional financing for the CHDO housing project.

In order to receive CHDO set-aside funding, or CHDO operating expenses an organization must submit a CHDO certification application that is tied to a HOME specific and eligible HOME rental and or homebuyer project. Such organizations should contact Michael Carpenter in the Center for Community Financing at (717) 720-7471 or main telephone number at (717) 787-5327 or email: micarpente@pa.gov with any questions.

## **Section II – HOME Program Eligibility and Requirements**

### **A. Eligible Activities**

HOME funds may be used for a variety of activities to develop and support affordable rental housing and homeownership. Eligible activities include:

- acquisition assistance including homebuyer down payment, closing costs, second mortgages
- homeowner rehabilitation
- rental housing and single family sales housing-rehabilitation and new construction of between one to nine total units (based on total number of units, not on number of units assisted with HOME)
- group home projects
- single room occupancy
- tenant-based rental assistance, including security deposits
- soft costs (architectural and engineering) Costs must be incurred within 24 months of the date that HOME funds were committed to a project, provided that the HOME written agreement with the project owner authorizes such use of the funds.
- real property acquisition
- site improvements
- demolition
- relocation expenses
- other reasonable and necessary expenses related to the development of modest housing; with the forms of assistance being offered as equity investments, interest and non-interest bearing loans or advances, interest subsidies, deferred payment loans, grants, and loan guarantee funds

The commonwealth's HOME program allows up to 6% of the HOME award to be used to pay for administrative costs. Staff and overhead costs attributable to a HOME-assisted project may be charged to project costs as project delivery, or to general administration. However, such costs may not be charged against project delivery if the unit or family is not assisted with HOME funds.

Tenant Based Rental Assistance is conducted and or administered by the Pennsylvania Housing Finance Agency for the Commonwealth of Pennsylvania.

Activities prohibited under the HOME Program include:

- public housing 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
- the acquisition of certain real estate property owned by an applicant
- operation subsidies for rental housing.

## B. Types of HOME Assisted Homebuyer Programs

HOME funds may assist an income eligible homebuyer either directly, such as in down payment and closing cost assistance, or a for-profit or nonprofit developer of modest, affordable single-family sales housing, or a combination of these. In each case, restrictions are required to assure the affordability period. Most often, the amount of the HOME investment in a unit enabling the homebuyer to purchase it is the amount upon which the affordability period is based. Housing involved in homebuyer programs must be modest; having a value no more than 95 percent of median purchase price for the area as determined and published by HUD.

Property value must be established in accordance with the Valuation of Real Property requirements, as specified on page 18 of the HOME Guidelines. The property must be the principal residence of the buyer, and this provision must be incorporated in the deed. Lease/purchase agreements are acceptable as long as they do not exceed 36 months. Restrictions on the resale of the property, or the provisions to recapture all or a portion of the HOME assistance are required. The commonwealth has identified the recapture method of maintaining the unit as affordable. Only if no HOME funds are subject to recapture will the resale restriction be permitted in local programs and at this point the entire amount of HOME funds invested will be used to establish the affordability period.

In the homebuyer programs, a lease purchaser of a HOME assisted unit must be income qualified when the initial lease is signed, or in the case of a contract to purchase housing to be constructed, at the time the contract is signed.

1. **HOME Down Payment and Closing Cost Assistance** – These programs commonly provide assistance to buyers without enough savings to purchase a home and obtain a mortgage on their own. Many require the homebuyer to share the initial expense of buying a home. In addition, homeownership counseling is required before the local HOME administrator commits to a buyer.

Administrators of these kinds of homebuyer programs must be cautious that payments under the Uniform Relocation and Real Property Acquisition Policies Act of 1970 (URA) are not triggered by the purchase of the home. An owner-occupant selling a property to a homebuyer is not eligible for relocation assistance as long as the seller, prior to sale, is informed in writing of the fair market value of the property and that the buyer does not have the power of eminent domain and, therefore, will not acquire the property if negotiations fail to result in an amicable sales agreement. Relocation obligations are more demanding if the owner-occupied property contains rental units or if the single-family property is investor-owned. A tenant displaced from such a property as a result of the acquisition is covered by the URA relocation requirements.

2. **HOME assistance to construct or rehabilitate affordable housing for sale** – Local governments, nonprofit housing corporations and for profit developers may use HOME funds to finance a portion of the development costs to construct or rehabilitate existing affordable housing for sale. This type of use is often seen as a community development tool to stabilize communities by promoting income diversity through the preservation of the housing stock, and/or the construction of new housing close to employment opportunities. Since HOME funding assistance can be used in a variety of ways, these types of projects generally use private bank financing in conjunction with HOME funds for the construction costs, with mortgages provided by the local lending institution. Many are able to obtain commitments from the banks to reduce the application fees, or the long term interest rates and use these reductions as HOME match. Some HOME funds may also be “rolled over” and become direct HOME assistance to the homebuyer. Homebuyer units that have not been sold to an eligible homebuyer within nine months of completion must be converted to a HOME rental unit that complies with all HOME requirements for the period of affordability applicable to such rental units.

As with other types of HOME assistance, the funds are delivered through an Agreement between the applicant and owner of the housing. This Agreement calls for the HOME funds to be loaned to the entity developing housing units for sale. The rates and terms are negotiable; however, a description of them should be included in the narrative portion of the funding application. Applications proposing this type of HOME-assisted project must contain: a neighborhood market analysis supporting the marketability and desirability of the proposed project; evidence of the construction financing; permanent financing for the homebuyers; identification of a site and site control; construction costs; associated fees and charges, including developer's fee, etc. The fair market value of the preconstruction site, and the completed units, and the sales price, if different, must also be identified. (Appraisals completed for the financial lending institution must be provided during the subsidy/layering and underwriting analysis, which takes place prior to the commitment of HOME funds.) The affordability period should be identified as well as the method, (resale and or recapture)by which the HOME funds invested in the property will be resold and or recaptured.

3. **Opportunities for Factory Built Housing in Homebuyer Programs** – Factory built (manufactured) homes are a viable means of providing affordable housing to many low income persons. HOME funds may be used to purchase and/or rehabilitate a manufactured housing unit, or purchase the land upon which a manufactured housing unit is located. Except for existing, owner-occupied manufactured housing that is rehabilitated with HOME funds, the manufactured housing unit must, at the time of project completion, be connected to permanent utility hook-ups and be located on land that is owned by the manufactured housing unit owner or land for which the manufactured housing owner has a lease for a period at least equal to the applicable period of affordability. Manufactured housing must be on a permanent foundation and meet the Manufactured Home Construction and Safety Standards (issued by HUD at 24 CFR 3280) that often pre-empt state and local codes. Compliance must be documented in accordance with established inspection procedures.

## **C. HOME Program Requirements & DCED Policy Changes**

The commonwealth's HOME Program is being administered according to the requirements of National Affordable Housing Act of 1990, as amended, and implementing regulations found at 24 CFR 92. Some of the Program requirements, with specific detailed attention given to those areas where DCED policy changes have been instituted, are described in this section.

1. **Anti-displacement/Uniform Relocation Act (URA)**  
Prior to submitting applications requesting HOME funds for rental housing of four units and less involving in-place tenants, applicants should contact DCED to obtain information regarding anti-displacement/relocation requirements. Applicants for HOME-assisted homebuyer programs that involve purchasing existing housing that may be occupied should also contact DCED for guidance.
2. **Tenant Selection and Affirmative Marketing**
  - a. For Tenant-Based Rental Assistance or rental projects with five or more units, the applicant and or developer of the housing must select families in accordance with written tenant selection policies and criteria. Please refer to Sections 92.209(c) and 92.216 of the HOME Final Rule.
  - b. For homebuyer or rental projects containing five or more HOME-assisted housing units, must adopt affirmative marketing procedures and requirements as outlined in Section 92.351 of the HOME Final Rule.

### 3. **Targeting, Maximizing Assistance, Value Limits**

Families benefiting from HOME-assisted homeownership and rental projects must have an income that does not exceed 80% of the area median income, adjusted for family size, as published by HUD. For rental projects, 90% or more of the units must be occupied by families at 60% of the area median family income. The minimum amount of HOME investment in one unit is \$1,000. (The maximum amount of HOME investment is the HUD Section 221(d)(3) limits, and is further dependent on the number of bedrooms in the unit.) HOME-assisted existing owner-occupied and homebuyer units must be modest housing, whose value does not exceed 95% of the median purchase price of housing as determined and published annually by HUD. However, some areas of the state are included under "exception" limits.

The income of persons seeking HOME assistance must be established using at least two months of source documentation, whether it is for a rental or home-ownership project. Annual income must include income from all persons (not just family members) living in the household. Income must be defined under one of two criteria: (a) Annual income as defined in 24 CFR 5.609 (except when determining the income of a household for an owner-occupied rehabilitation project, the value of the homeowner's principal residence may be excluded from the calculation of net Family Assets); (b) Adjusted gross income as defined for the purposes of reporting under IRS Form 1040 that includes government cost-of-living allowances in income that are not otherwise included in adjusted gross income (e.g., for a federal civilian employee or a federal court employee who is stationed outside of the United States) must be added to the adjusted gross income of applicants for HOME assistance for the purpose of determining income eligibility. Section 8 also referred to as Part 5; (c) IRS adjusted gross income. An income eligibility must be for six months current to the time of funding or "move-in".

### 4. **HOME Affordability Requirements**

#### a. **Rental**

- i. The HOME-assisted units in a rental housing project must be occupied only by households that are eligible as low-income families and must meet the requirements to qualify as affordable housing as outlined in Section 92.252 of the HOME Final Rule. The affordability requirements also apply to the HOME-assisted non-owner-occupied units in single-family housing purchased with HOME funds in accordance with Section 92.254.
- ii. An owner cannot refuse to lease HOME-assisted units to a certificate or voucher holder under 24 CFR part 982- Sections 8 Tenant-Based Assistance: Unified Rule for Tenant-Based Assistance under the Section 8 Rental Certificate Program and the Section 8 Rental Voucher Program or to the holder of a comparable document evidencing participation in a HOME tenant-based rental assistance program because of the status of the prospective tenant as a holder of such certificate, voucher, or comparable HOME tenant-based assistance document.

#### b. **Homeownership**

The affordability period for homebuyer programs is based on the following table. During the period of affordability, either the recapture provisions or resale restrictions must be placed on the deed which governs how much equity the owner may recover or to whom the owner may sell the property, respectively. Keep in mind, it is the recapture amount, not necessarily the total HOME funds loaned to the homebuyer that determines the minimum period of affordability. (Refer to Recapture formula on the HOME Program Compliance Checklist, which is contained in the HOME Application and at 92.254(a)(5).)

<b>Activity</b>	<b>Minimum period of affordability in years</b>
Rehabilitation or acquisition of existing rental housing and homebuyer programs per unit amounts of HOME funds: Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15
New construction or acquisition of newly constructed rental housing	20

**5. Home Property Standards**

All units assisted with HOME funds must meet certain property standards. Except for housing that is to be rehabilitated after transfer of ownership interest, the property standards require that applicable local codes, rehabilitation standards, ordinances and zoning ordinances must be met at project completion. Since passage of the Uniform Construction Code (UCC), all new construction and rehabilitation must meet the Pennsylvania statewide building code except for manufactured or industrialized housing which are subject to their own construction codes. All new construction projects must also meet the requirements described in 24CFR 92.251 (a)(2)(i) through (v).

For owner occupied housing rehabilitation, as not all single-family rehabilitation is covered by the UCC, the International Property Maintenance Code or the Housing Rehabilitation Guide may be adopted as a local standard to meet this requirement. Rehabilitation standards must also include requirements to address health and safety defects immediately, determine the useful life cycle of major systems in both rental and owner occupied housing. Please review 24CFR92.251 (b)(1)(i) and (ii) for guidance. The guidance in 24CFR92.251 may be updated periodically by the US Department of Housing and Urban Development. Property standards will also require conformance with the Uniform Physical Condition Standards (UPCS) for both Rehabilitation and Acquisition Activities. The guidance on the UPCS will be provided by and updated periodically by HUD and will be applicable to projects to which funds are committed 18 months after publication date of the Final Rule, on January 24, 2015.

Useful Life of Major Systems and Capital Needs Assessments. The use of HOME funding for acquisition and or rehab of rental housing will require that an estimate of the remaining useful life of systems, (based on age and current condition), and, to the extent that it is less than the period of affordability, there must be, through underwriting, a replacement reserve established and monthly payments to the replacement reserve are made and are adequate to replace or repair major systems as needed. HOME funds cannot be used to fund replacement reserves.

However, larger HOME subsidies can be initially provided to reduce debt payments and overall operating expenses, making more operating revenue available to fund replacement reserves.

Use of HOME funding for Existing Owner Occupied Housing Rehabilitation will require that an estimate of the useful life of major systems, (based on age and current condition), to assure that each of the major systems have a remaining useful life of 5 years, or the system(s) must be rehabilitated or replaced. The property standards for housing to be rehabilitated after transfer of the ownership interest requires an inspection of the unit for defects that pose a danger to health. The prospective purchaser must be notified of the work needed to cure the defects and the time by which defects must be cured and applicable property standards met. The noted defects must be removed prior to occupancy and no later than 6 months after transfer of the ownership interest.

If FHA financing is involved, the Minimum Property Standards inspection may serve as the documentation of compliance with the property standard for the entire project. All new construction must meet the current PA Construction Code (UCC), except where manufactured housing is involved. Manufactured housing is certified at the factory in accordance with the requirements of 24 CFR part 3280 - Manufactured Home Construction and Safety Standards. The installation of the manufactured unit and the placement of any additions (e.g. porches, decks, additional rooms) are regulated by the UCC.

The HOME Rule regulations requires manufactured housing units to be on a permanent foundation for new construction and replacement under 24CFR92.251(e).DCED's policy is that manufactured homes must be considered a part of the community's permanent housing stock. To be considered as such, the unit must be connected to major utilities as well as have a permanent foundation as described in HUD Handbook 4930.3G and 24CFR92.251(e).

## 6. Program Income

### a. Grantees May Retain HOME Program Income

HOME grantees may retain HOME program income, which must be used for HOME eligible affordable housing activities, including delivery costs, and comply with all applicable HOME Program requirements. HOME grantees may use program income for administrative costs – subject to the 10% cap on administrative costs. Program Income must be used prior to drawing down any HOME funds from IDIS. Program Income must be tracked and logged into IDIS. Program Income must be listed and included on the Annual Fiscal Status Report for each open HOME contract. Each grantee is to report on the program income they have received during the calendar year.

***Caution:** Remember that when HOME Program income is used by for-profit developers or nonprofit housing development corporations for acquisition, construction, or rehabilitation of affordable housing, for either sale or rental, all applicable HOME requirements apply and are required prior to incurring costs to be paid with HOME funds.*

This flexibility in maximizing the use of HOME grant funds provides HOME grantees the opportunity to meet additional affordable housing needs of low and very low income persons. However, with this flexibility comes the responsibility to comply with the HOME statutes and regulations governing program income, as well as ongoing reporting and monitoring responsibilities. Statutory and regulatory references governing the use, disbursement and accounting for program income are found in the National Affordable Housing Act of 1990, as amended, in the HOME Program Final Rule of July 24, 2013, and in other regulations such as 24 CFR Part 85 and 84 and OMB Circular A-87. These requirements are defined in the HUD Notice-CPD-97-9, issued September 12, 1997, which is available on the OneCPD Resource Exchange website found at <https://www.onecpd.info/home/home-cpd-notice/>

### b. Summary of HOME Program Income Requirements

A brief summary of each of the aspects of the program income requirements follows.

#### i. Definition of Program Income

HOME Program income is defined in the Definitions section of the HOME Final Rule at 24 CFR 92.2. Program income means gross income the grantee or subrecipient receives that is directly generated from the use of HOME funds (including HOME program income) and matching contributions. When program income is generated by housing that is only partially assisted with HOME funds or matching funds, the income shall be prorated to reflect the percentage of HOME funds or match used. Following is a list of examples of program income. (This is not an exclusive list):

- Proceeds received from the disposition by sale or long-term lease of real property acquired, rehabilitated, or constructed with HOME funds or matching contributions.
- Gross income received from the use of rental of real property, owned by the grantee or sub-recipient, that was acquired, rehabilitated, or constructed with HOME funds or matching contributions, less costs incidental to generation of the income. (Note: rental income from property owned by entities other than the grantee or sub-recipient does not constitute program income).
- Payments that are received on the principal and interest of loans that are made using HOME funds or matching contributions.
- Proceeds that are received from the sale of loans made with HOME funds or matching contributions.
- Proceeds that are received from the sale of obligations secured by loans made with HOME funds or matching contributions.
- Interest earned on program income pending its disposition.
- Receipt of any other interest or return on the investment that is permitted under 92.205(b) of HOME funds or matching contributions.
- Interest earned on funds in the grantees' or sub-recipients' HOME account.
- Income generated by a project that is funded with program income is also HOME program income. The Final Rule at 24 CFR 92.2 defines HOME funds as funds made available through allocations and reallocations, plus program income.
- Recaptured Funds: Recaptured funds are HOME funds which are recouped by the participating jurisdiction (or subrecipient, State recipient or CHDO) when HOME assisted homeownership housing does not continue to be the principal residence of the assisted homebuyer for the full affordability period required by 24 CFR 92.254(a)(4). Recaptured funds deposited in the local HOME account (or subrecipient, State recipient or CHDO account pursuant to the Written Agreement), become part of the HOME funds available for payment of the next program cost. Thus, recaptured funds must be used for eligible HOME activities in accordance with the requirements of the HOME statute and regulations, in the same manner as program income must be used. However, unlike program income, since recaptured funds represent a return of the original HOME investment, 10% of the recaptured funds may not be used for eligible administrative and planning costs.
- Repayments: Repayments are HOME funds which the participating jurisdiction must repay because the funds were invested in a project which was terminated before completion (either voluntarily or involuntarily), or invested in housing which failed to comply with the affordability requirements specified in 24 CFR 92.252 or 92.254. Repayments also include the repayment of project specific CHDO technical assistance, site control and seed money loans pursuant to 24 CFR 92.301, when the participating jurisdiction does not waive loan repayment and the project is terminated before completion.

**NOTE:** *If a grantee is no longer a grantee when the program income is received by the grantee or sub-recipient, the funds are not subject to the HOME program income requirements, pursuant to 24 CFR 92.503.(a)(2) and must be returned to DCED.*

ii. **Accounting for Program Income and Recaptured Funds**

Grantees must maintain records that adequately identify the source and application of their HOME funds (including program income) as part of the financial transactions of their HOME program. The records must be consistent with generally accepted accounting principles and the requirements of 24 CFR part 85.20. Grantees must record program income and recaptured funds in IDIS and maintain a separate log outside of IDIS that distinguishes between program income and recaptured funds since recaptured funds are not eligible for administrative and planning costs.

The grantee is required to identify program income by program funding year. The grantee must also be able to identify which projects, including the amount, generated the program income. The grantee must also be able to anticipate program income for the next program year. The grantee's financial management system must be able to track program income receivable (such as the amount and date of principal and interest due on a HOME loan). 24 CFR 92.508 identifies the records that must be maintained.

iii. **Interest Earned on HOME Accounts**

The grantees' HOME account must be interest bearing. In accordance with 24 CFR 92.502(c)(2), HOME allocation funds drawn from the U. S. Treasury account must be expended for eligible costs within 15 days from the date the funds are drawn down.

iv. **Disbursement of Program Income**

To comply with 24 CFR 92.502(c)(3), program income deposited into the local HOME account must be used before additional HOME funds are drawn down from the U.S. Treasury. A grantee may not draw down HOME funds while allowing program income to accumulate in its local HOME account. Available program income must be used to pay the next eligible program cost (or portion thereof).

v. **Sub-recipients**

In accordance with 24 CFR 92.503(a) (1), a grantee may authorize a sub-recipient to retain program income for additional HOME projects.

As specified on the Written Agreement, any program income on hand, as well as any future program income (accounts receivable), must be returned to the grantee upon expiration of a Written Agreement.

In accordance with 24 CFR 92.504(a), the grantee retains responsibility for HOME activities that are carried out by its sub-recipients. The grantee must account for the source and application of HOME funds that are received by its sub-recipients. The grantee must ensure that its financial management systems meet the requirements of 24 CFR part 85.20 or 24 CFR part 84.21, as applicable, including controls for the receipt and expenditure of program income. The grantee's Written Agreement with its sub-recipients should clearly identify the procedures that are to be followed.

vi. **Use of Program Income**

Activities that are assisted with HOME program income are treated the same as those that are assisted with the DCED HOME contract allocation. All HOME Program rules and requirements apply. This includes other federal requirements, such as labor standards (12 or more units), environmental, procurement, fair housing and equal opportunity, etc.

For example, all costs that are financed with program income must be HOME eligible. In addition, the amount of assistance the program income provides must be included when determining compliance with the following requirements:

- 24 CFR 92.250(a) concerning the maximum per-unit subsidy amount.
- 24 CFR 92.250(b) concerning subsidy layering, underwriting.
- 24 CFR 92.250 (b)(2) assessment of market demand for affordable housing.
- 24 CFR 92.252(b) concerning additional rent limitations.
- 24 CFR 92.252(e) concerning applicable affordability periods for rental housing.
- 24 CFR 92.254 concerning applicable affordability periods for homeownership housing.
- 24 CFR 92.254 (a)(3) homebuyers must receive housing counseling.

vii. **Program Income and Income Targeting**

In accordance with 24 CFR 92.216 “Income Targeting: Tenant-based rental assistance and rental units,” HOME funds that are made available during a fiscal year must be invested so that not less than 90% of all families receiving rental assistance or occupying rental units are families whose annual incomes do not exceed 60% of the median family income for the area. Program income must be included in calculating whether the income targeting requirement has been met.

Program income that is used in combination with HOME allocation funds for the same rental assistance or rental units does not require separate record keeping for the program income investment. For such activities, the income targeting requirement is met for the program income investment to the same extent that it is met for the investment of the fiscal year HOME allocation.

When the grantee or sub-recipient funds a rental assistance activity or activities solely with program income, the following documentation must be provided to show that the income targeting requirements have been met:

- A record of all rental assistance activities that are wholly set-up or committed with program income during a fiscal year.
- Upon completion of these activities, a record of the income of the families that are receiving the rental assistance or occupying the rental units.

Combine this data with the data on families who are assisted with the corresponding fiscal year HOME allocation. The combined total of assisted families is used to determine whether the income targeting requirement has been met for the fiscal year HOME allocation plus program income.

When program income for homeownership activities is used in combination with the HOME grant funds for the same homeownership activity, no separate record keeping for the program income is required. When program income funds an entire activity, the grantee must document that 100% of the program income is used for dwelling units occupied by households that qualify as low income families.

**viii. Program income, repayments, and recaptured funds, 24 CFR 92.503.8**

**a.) Program income.**

- 1.) Program income must be used in accordance with the requirements of this part. Program income must be deposited in the participating jurisdiction's HOME Investment Trust Fund local account unless the participating jurisdiction permits the State recipient or subrecipient to retain the program income for additional HOME projects pursuant to the written agreement required by §92.504.
- 2.) If the jurisdiction is not a participating jurisdiction when the program income is received, the funds are not subject to the requirements of this part.
- 3.) Program income derived from consortium activities undertaken by or within a member unit of general local government which thereafter terminates its participation in the consortium continues to be program income of the consortium.

**b.) Repayments.**

- 1.) Any HOME funds invested in housing that does not meet the affordability requirements for the period specified in §92.252 or §92.254, as applicable, must be repaid by the participating jurisdiction in accordance with paragraph (b)(3) of this section.
- 2.) Any HOME funds invested in a project that is terminated before completion, either voluntarily or otherwise, must be repaid by the participating jurisdiction in accordance with paragraph (b)(3) of this section except for repayments of project specific community housing development organization loans which are waived in accordance with §§92.301(a)(3) and 92.301(b)(3).
- 3.) HUD will instruct the participating jurisdiction to either repay the funds to the HOME Investment Trust Fund Treasury account or the local account. Generally, if the HOME funds were disbursed from the participating jurisdiction's HOME Investment Trust Fund Treasury account, they must be repaid to the Treasury account. If the HOME funds were disbursed from the participating jurisdiction's HOME Investment Trust Fund local account, they must be repaid to the local account. If the jurisdiction is not a participating jurisdiction at the time the repayment is made, the funds must be remitted to HUD, and reallocated in accordance with §92.454.

**c.) Recaptures.**

- 1.) HOME funds recaptured in accordance with §92.254(a)(5)(ii) must be used in accordance with the requirements of this part. Recaptured funds must be deposited in the participating jurisdiction's HOME Investment Trust Fund local account unless the participating jurisdiction permits the State recipient, subrecipient, or community housing development organization to retain the recaptured funds for additional HOME projects pursuant to the written agreement required by §92.504. If the jurisdiction is not a participating jurisdiction when the recaptured funds are received, the funds must be remitted to HUD and reallocated in accordance with §92.454.

**7. Matching Requirements**

**a. General**

- i. A match is not required for:
  - HOME assisted owner occupied housing rehabilitation.
  - Homebuyer programs where HOME funds are used to provide assistance to income eligible homebuyers.

DCED does expect applicants to continue to maximize the leveraging of other sources of funds for affordable housing purposes, i.e. other public and private funds, and evaluates these efforts in the application review stage. Match required for eligible projects however is not considered leverage under DCED 's Target, Leverage and Impact (TLI) policy.

- ii. A match is still required when for-profit developers or nonprofit housing development corporations utilize HOME funds for the acquisition, construction or rehabilitation of affordable rental housing that benefit income eligible renters.

b. **Eligible Match**

Eligible forms of HOME match include: cash from non-federal sources; the grant equivalent of a below market interest rate loan; the value of foregone interest, taxes, fees or charges; the appraised value of donated land or real property, minus encumbrances; sweat equity in homeownership projects; the rental value of construction or site preparation equipment; cost of providing supportive services and homebuyer counseling services; non-federal investments in on-site and off-site infrastructure that directly relate to the affordable housing project; the value of donated site preparation and construction materials and donated labor (the value is established by HUD each year).

Ineligible forms of match include: federal funds; interest rate subsidy attributable to federal tax-exempt financing; the value attributed to federal tax credits; owner equity; and cash and/or other contributions from applicants or recipients, including investors of HOME assistance.

The Neighborhood Assistance Tax Credit Program (NAP) has been tapped as a match source primarily by non-profit housing development corporations. Corporations that pay Pennsylvania Corporate Net Income Taxes may receive a state tax credit of 55% or 75% upon their donation of cash, land, or materials to support a low income housing development. Successful NAP applicants cannot use the state awarded Tax Credit as match for HOME funds however the donated cash, land, or materials are acceptable forms of match for the HOME funds. Organizations interested in the NAP should contact the Office of Community Services at (717) 720-7436.

c. **Accounting for Match**

For those activities generating a match, the HOME Match Financing Plan (DCED-HOME-183/1-98) must be completed and submitted with the HOME Application. Additionally, the match contribution, when it is actually realized, must be credited and recorded locally. An annual reporting to DCED of this match is required. The deadline of the HOME Match Annual Report (DCED-CCF H001) is the third Monday in January annually. Quarterly Match Reports are no longer required. The matching reporting form is available to all grantees on the DCED website, [www.newPA.com](http://www.newPA.com)

8. **Valuation of Real Property**

- a. For owner occupied housing rehabilitation and homeownership activities where the HOME Maximum Purchase Price or After-rehab Value Limits (95% of median purchase price for the county) must not be exceeded, any alternative listed below is acceptable in determining value and compliance with the HOME Maximum Purchase Price or After-rehab Value Limits (where a private lending institution is involved, alternatives presume that an appraisal has not been completed):
  - PA Department of Revenue's Common Level Ratios, updated annually, utilized by the State Tax Equalization Board for Realty Transfer Tax purposes (see HOME Supplemental Materials). For example, the 1996 common level ratios, published in June 1996, shows Cumberland County's common level ratio at 14.29. If a property's assessment is at \$4,500, then the ratio of 14.29 x \$4,500 = \$64,305, which becomes the estimated value of the property. The \$64,305 is then compared to the HOME Maximum Purchase Price or After-rehab Value Limits, based on the appropriate number of units, to determine if the HOME Maximum Purchase Price or After-rehab Value Limits are exceeded.

- Letter from a real estate broker that documents the value of a sampling of properties, preferably upper level properties, in the area where the housing activity is to occur that clearly establishes that the housing to be rehabbed/sold is typical, or less, in value as the sample properties, and would not exceed the HOME Maximum Purchase Price or After-rehab Value Limits. This could entail the use of recent appraisals of properties similar to those proposed for assistance, or other information about the pricing and sale of properties in the area.
  - An appraisal completed by an independent appraiser.
- b. For homeownership activities (new construction, rehabilitation or conversion of structures), where private lending requires an appraisal, a copy of the appraisal must be included as part of the required documentation submitted for the underwriting/layering analysis.

**9. Site Control**

For HOME activities involving the acquisition, construction or rehabilitation of housing, for sale or rental, evidence of site control, if available, must be submitted with the HOME Application. If site control has not been obtained, recent realtor listings of available properties from the neighborhood or area in which the HOME activities are to occur should be included in the Application to establish a basis for price or rental range of available housing in the area.

**10. Subsidy/Layering, Underwriting and Neighborhood Market Analysis**

The commonwealth is required to conduct a subsidy/layering analysis and underwriting of projects that use HOME funds in combination with other governmental assistance. The subsidy layering analysis is done to ensure that no more than the necessary amount of HOME program funds are invested in any one project or development and to evaluate the total proposed funding (both private and public) to ascertain that the funding does not exceed the total necessary development costs for the project.

This analysis also evaluates whether the costs are: customary for the development project; reasonable in terms of industry standards; that the projected rates of return are reasonable; and to ensure that the for-profit developers and nonprofit corporations are not receiving excessive profit or windfalls from the project.

The underwriting is required and needs to be performed prior to the commitment of HOME funds to assure the HOME investment and developer return is not excessive. An assessment of the capacity of the developer is required to complete the development process, and also their fiscal soundness to ensure that they have adequate resources and liquidity to make it through the development process and get the project completed.

Finally, it is required as part of the underwriting process, before the commitment of HOME funds to a property, to assess the current neighborhood market demand for the project. The nature of the assessment will vary greatly with the size of the projects. Applicants should expect to perform a much more detailed market study for a rental project consisting of 10 units or more than it would for a project with 3 to 5 HOME ownership units. A copy of the DCED Neighborhood Market Analysis guidelines can be found on the DCED website found at [www.newPA.com](http://www.newPA.com)

Through an interagency agreement, DCED has shifted the subsidy/layering and underwriting analysis for HOME rental projects to PHFA. Subsidy layering for HOME funded New Construction Homebuyer activities will also be performed by PHFA. The HOME required underwriting of people/families applying for HOME funded Homebuyer activity will need to be performed by the HOME applicant/grantee. The applicant/grantee must adopt and follow, at a minimum, DCED's Homebuyer underwriting guidelines. A copy of the locally adopted underwriting guidelines/policies must be provided with the HOME application for DCED review. HOME applicants for rental development and or homebuyer activity will also need to submit a Neighborhood Market Analysis with the HOME application to demonstrate the need for the HOME rental or homebuyer project. HOME applicants, that are being considered for HOME contract funds will receive a conditional award letter from DCED. The applicant will be instructed on the procedures they need to follow in order for PHFA to conduct its analysis of the subsidy layering and or underwriting requirements for the project in question. Applicants must provide the information requested to and by PHFA within 30 days of the date of the conditional award letter or the conditional award will be rescinded and the HOME application will be denied. If PHFA determines that a grantee's project has satisfactorily met the underwriting and or subsidy layering requirements, PHFA will notify both the applicant/grantee and DCED. DCED will then begin the process of contracting the HOME funds via a fully executed contract agreement to commit the HOME funds to the project. Applicants proposing the use of HOME funds to be utilized by for-profit developers or nonprofit housing development corporations for the acquisition or construction of affordable housing, for sale and rental, benefiting income eligible homebuyers or renters, are required to meet the full subsidy/layering, underwriting and Neighborhood Market Analysis requirements as well.

#### 11. **Single Audit**

The Single Audit Act, has been amended on December 26, 2013 and is now included as part of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards or better known as the final rule. Please review the Final Rule for federal auditing requirements and their effective dates when preparing your budget. DCED does not require a program audit where the applicable threshold is not met. However, during DCED monitoring, financial records are checked to ensure that fiscal compliance is maintained.

### **D. Other Federal and State Requirements**

1. **The Statement of Assurances (DCED-HOME-175) found on page 32** – HOME Program Forms and Instructions for Supplementary Information is a listing of federal requirements related to the HOME Program. Applicants, as well as for-profit and nonprofit sub-recipients, should familiarize themselves with these requirements. Listed below are explanations of some of these requirements.
2. **National Environmental Policies Act of 1969 (NEPA)** – Prior to committing HOME funds for HOME-assisted affordable housing activities, the activities must be assessed in accordance with NEPA. DCED determines, during the application review period, whether the activities fall under the statewide multi-year environmental clearance and if further local action by the applicant is required. HOME funds may not be committed until DCED notifies the applicant that the activities are approved. Notification usually occurs when the applicant is informed that HOME funds may be accessed through HUD's Cash and Management Information System.

3. **Davis Bacon Act** – Contracts for construction and rehabilitation of 12 or more HOME-assisted units are covered by the Davis Bacon Act. Construction or HOME assistance may be used toward either the construction or non-construction costs. When HOME funds are only used to assist homebuyers to acquire single-family housing, and not for any other project costs, the wage provisions apply to the construction of the housing. If there is a written agreement with the owner or developer of the housing that HOME funds will be used to assist homebuyers to buy, the housing and the construction the contract covers 12 or more housing units to be purchased with HOME assistance (24 CFR 92.354(a)(2)). If CDBG funds assist a HOME project, Davis Bacon wage provisions cover developments of 8 units and more. Arranging multiple construction contracts within a single project to avoid the wage provision is not permitted.
4. **Uniform Relocation and Real Property Acquisition Policies Act of 1970 (URA)** – HOME program funds are covered by the requirements of the URA. It is important to pay attention to the applicability requirements when determining which parts of the URA regulations apply to an acquisition. In addition, certain notices must be provided to owner occupants of single family housing prior to acquisition. Notices are required to be sent to tenants of rental housing, or to tenants of investor owned single family housing. These tenants may be eligible for replacement housing payments and the payments are HOME eligible expenses. However, including such payments may make the proposed project impractical.
5. **DCED Floodplain Policy** – 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:
  - a. The community in which the area is situated is participating in the National Flood Insurance Program, and
  - b. The selected applicant assures that flood insurance is obtained for all assisted housing units located in the identified 100 year flood plain.
6. **Commonwealth Agricultural 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. The “prime agricultural land” to be protected includes land:
  - a. in active agricultural use (not including the growing of timber);
  - b. devoted to active agricultural use the preceding three years; and
  - c. that falls into at least one of the categories of agricultural land described below:
    - preserved farmland (highest priority);
    - farmland in agricultural security areas (second highest priority);
    - farmland enrolled in Act 319 of 1974, as amended (Clean and Green) or Act 515 of 1996, as amended (third highest priority)
    - farmland planned for agricultural use and subject to effective agricultural zoning (fourth highest priority); and land capability classes I, II, and III and IV farmland and unique farmland (fifth highest priority).

Refer to the Applicant/Project Worksheet that is part of the Program/Activity Description in the HOME Application to determine each activity’s applicability with this requirement.

## **E. Eligibility Criteria for Community Housing Development Organizations (CHDO)**

A Community Housing Development Organization (CHDO) is a specific kind of nonprofit corporation and is clearly defined in the HOME regulations. All CHDOs are nonprofit organizations, but not all nonprofit organizations are CHDOs. Therefore, it is mandatory for nonprofit agencies that have an interest in developing, owning or sponsoring HOME-assisted affordable housing request a CHDO Certification from DCED. CHDO Certification offers an organization the opportunity to access a funding source to accomplish the goal to expand the supply of affordable housing.

Nonprofit organizations applying for a HOME CHDO set-aside project should include a CHDO Certification Application along with their HOME Application. CHDO Certification can only be tied to a HOME funded project. CHDOs should contact DCED to obtain the Application and to receive assistance in addressing the Certification Exhibits if needed.

The HOME Rule identifies 10 characteristics of a CHDO. These must all be in place when a nonprofit seeks Certification from DCED. The 8 Certification Exhibits that comprise the Application for CHDO Certification are outlined below.

### **1. CHDO Charter or Articles of Incorporation and By-laws**

The CHDO Charter or Articles of Incorporation and By-Laws must document that the agency is organized under state or local laws, that no part of the net earnings of the corporation are being distributed to any founder, member or individual. Its commitment to providing housing for low and moderate income persons may be stated in the organization's by-laws. In addition, the organization's commitment to be accountable to the low-income community and the requirement that the CHDO not be controlled by municipal and public officials, or by persons appointed by a for-profit entity, should be attested to in the by-laws. The by-laws may also include the low income program beneficiary participation plan.

An organization may be organized or chartered by a local government. However, the governmental entity may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members may be public officials or employees of the governmental entity. Board members who are appointed by the governmental entity may not appoint the remaining two-thirds of the board members. At least one-third of the organization's board members must be residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations.

### **2. 501 (C) (3) or (4) Certificate**

CHDOs must have a tax exemption ruling from the Internal Revenue Service (IRS) under Section 501 (c) (3) or (4) of the Internal Revenue Code of 1986.

### **3. Resolution Regarding Housing Purpose**

Among its purposes, a CHDO must provide decent housing that is affordable to low- and moderate-income people, as evidenced by a statement in the organization's Charter, Articles of Incorporation, By-Laws or Resolution. If the CHDO's housing purpose is not stated and provided in Exhibit 1, a copy of the resolution indicating this purpose is required.

### **4. Evidence of Conformance With 24 CFR 84.21 "Standards for Financial Management Systems"**

CHDOs may document their compliance with this requirement by submitting either: 1) a notarized statement by the organization's president or chief financial officer indicating that the organization's financial management systems comply with 24 CFR 84.21; 2) a certification from a Certified Public Accountant; or, (3) a HUD approved audit summary.

**5. Description of Staff Capacity**

Organizations must demonstrate their capacity to carry out projects assisted with HOME funds. A narrative briefly describing the types of current and future housing activities that are being pursued should be submitted to DCED. The description of how the HOME program will be managed and administered should include the following items:

- a. Identify the staff and the tasks that are needed to execute the proposed activities.
- b. Demonstrate the CHDO's capacity to complete activities to be assisted with HOME funds for proposed projects. Include:
  - Resumes that describe the experience of key staff members who have successfully completed projects with HOME funds similar to those that are being proposed;
  - Third party contracts with a consultant firm(s) who provides training of key staff are only allowed during the first year of a CHDO's participation.

**6. Description of CHDO History**

A CHDO must have a history of serving the community where the proposed housing that will be assisted with HOME funds is located. A narrative statement that documents that the CHDO has at least one year of experience in serving the community is required. If a newly created CHDO that is formed by local churches, service, or community organizations is seeking certification, a statement documenting that its parent organization has at least one year of experience in serving the community is acceptable. Acceptable related housing activities include, but are not limited to: (1) developing new housing, rehabilitating existing stock or managing housing stock and; (2) developing delivery mechanisms for essential services, such as housing counseling services, or child care facilities, that have lasting benefits for the community. The statement must be signed by the president of the organization.

**7. Low-Income Program Beneficiary Participation Plan**

CHDOs must provide a formal process for low-income program beneficiaries to advise the organization of all their decisions regarding the design, siting, development, and management of all affordable housing projects. A resolution of operating procedures that are approved by the board is acceptable.

**8. For-Profit Relationship Documentation**

If the CHDO is sponsored or created by a for-profit entity, the officers or employees of the for-profit entity cannot serve as officers or employees of the CHDO. The CHDO may not be controlled or receive directions from individuals or entities seeking profit from the organization, as evidenced by the organization's By-Laws or a Memorandum of Understanding (MOU). A CHDO may be sponsored or created by a for-profit. However, the for-profit entity's primary purpose may not include the development or management of housing as evidenced in the for-profit entity's By-Laws, and the CHDO must be free to contract for goods and services from vendor(s) of its own choosing, as evidenced in the CHDO's By-Laws, Charter, or Articles of Incorporation.

**F. Community Land Trusts as CHDOs**

A Community Land Trust (CLT) is a legally recognized 501 (c)(3) or (4) organization that acquires land and housing to assist low-income families in purchasing single family homes. It holds the land in perpetuity and leases it on a long-term basis to individuals or organizations.

In addition to its nonprofit status and commitment to affordable housing issues, the organization must meet the following criteria: be capable of carrying out HOME funded activities; be capable of maintaining financial accountability; and, not be controlled by any for-profit entity or by state or local government.

Like a CHDO, a CLT is identified with a specific organizational structure. It has a democratically structured membership organization. Participants in a CLT development automatically become members with a board of directors that generally adheres to the CHDO organizational structure; that is, one third land trust residents, one third community residents and one third public interest representatives. A CLT is not required to demonstrate its ability to execute HOME activities or have a history of serving the local community in which HOME-assisted housing is to be located in order to receive CHDO set-aside funds. However, CLTs must still apply to DCED for CHDO Certification.

## **G. HOME Supplemental Materials**

Following is a list of supplemental materials that are available upon request from DCED's Center for Community Financing or on the DCED website at: [www.newPA.com](http://www.newPA.com)

- HOME Program, 24 CFR Part 92, July 24, 2013
- Section 8 Income Limits (latest)
- 95 percent of median purchase price for the area as determined by HUD (latest)
- PA Department of Revenue, Realty Transfer Tax, Common Level Ratios (latest)
- Section 221(d)(3) Limits (latest)
- HOME Rent Limits (latest)
- Application and Information For CHDO Certification Operating and Predevelopment Assistance Guidelines for PA CHDO's
- CHDO Checklist
- Cash Management and Information System Flow Chart
- Affirmative Marketing Plan
- Calculating Match
- CPD Notice 94-17 Field Office Guidance on Manufactured Housing under the HOME Program
- HOME Program Income CPD Notice 97-9, September 12, 1997
- Guidance on CHDO's CPD Notice 97-11, October 8, 1997
- 2013 Single Audit Act Amendments
- 2013 Amendments to Appropriations Act

## **Section III – HOME Program Application**

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### **A. HOME Application Submission Procedures**

The HOME Application, with DCED's Single Application (first page only) included as the first insert in Section 1, must be submitted to the Customer Service Center (CSC). The address of the CSC is as follows:

Pennsylvania Department of Community and Economic Development  
Customer Service Center  
400 North Street, 4th Floor  
Commonwealth Keystone Building  
Harrisburg, PA 17120-0225

For general instructions regarding the Single Application process, refer to page 28 of the HOME Program Guidelines.

A copy of the HOME Application also must be submitted to the appropriate DCED Regional Office (last page of this Application lists the addresses) and to the Pennsylvania Housing Finance Agency (PHFA should only be copied on HOME Rental and New Construction Homebuyer Applications).

Pennsylvania Housing Finance Agency (PHFA)  
Christine Stewart  
Senior Staff Auditor  
Executive Division  
211 North Front Street  
Harrisburg, PA 17101

## B. HOME Application Contents

Please place the information in the application in the following order so that the DCED staff can review the information efficiently. Please organize the application as follows:

**Applicant Name:** \_\_\_\_\_

### Cover Sheet indicating:

- PA HOME Program
- Name of Applicant
- County
- Date of submission
- Completed Application Checklist

### Section I

- Single Application – *Completed online (copy)*
- General Application Description/Certifications – *All blanks completed or marked N/A*
- Statement of Assurances – *Signed and dated*
- Citizen Participation Report
- DCED Land Use Implementation Policy *(If applicable or marked N/A)*
- Letter from appropriate local and county planning agency certifying compliance with all applicable land use and comprehensive plans, zoning and subdivision ordinances *(if applicable) or marked N/A.*

### Section II *(Program Narrative – Narrative should address all items listed below)*

- Description of Community Needs
- Description of the proposed activity(ies) to be assisted (complete the HOME Program Compliance Checklist)
- Description of the anticipated impact of the activity(ies)
- Description of how and by whom the program will be administered (Complete the Management Plan/Local Staff Capacity form)
- Project Completion Timetable
- Local Involvement/Support
- Evidence/Proof of other funding Commitments o Sources and Use of Funds
- Evidence of Site Control *(If Applicable)*
- Application for CHDO Certification *(If Applicable)*

### Section III

- Applicant / Project Worksheet *(If Applicable)*

### Section IV

- HOME Program Budget
- HOME Program Budget Narrative

### Section V

- HOME Match Financing Plan *(Completed Form)*

— PENNSYLVANIA. BUILT TO ADVANCE. —

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# Appendix I

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## Single Application

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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 application, they may be sent via US Mail with the hard-copy of the signature page (sample pictured below) that accompanies the application. If addenda are required, it may be attached electronically to the application on the Addenda tab, or submitted via US Mail with the Signature page. Please reference the Single Application number on any documents sent with the signature page.



**Community and Economic Development**  
Single Application for Assistance

**Single Application #: 201408193683**

This page must accompany all required supplemental information **Mail to:**

**Pennsylvania Department Of Community and Economic Development  
Commonwealth Keystone Building  
Attn: Customer Service Center  
400 North Street, 4th Floor  
Harrisburg, PA 17120-0225**

I hereby certify that all information contained in the single application and supporting materials submitted to DCED via the Internet Single Application # 201408193683 and its attachments are true and correct and accurately represent the status and economic condition of the Applicant, and I also certify that, if applying on behalf of the applicant, I have verified with an authorized representative of the Applicant that such information is true and correct and accurately represents the status and economic condition of the Applicant. I also understand that if I knowingly make a false statement or overvalue a security to obtain a grant and/or loan from the Commonwealth of Pennsylvania, I may be subject to criminal prosecution in accordance with 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities) and 31 U.S.C. §§ 3729 and 3802 (relating to false claims and statements).

 **Signature: Christina Kurtz 8/19/2014**

The Department of Community and Economic Development reserves the right to accept or reject any or all applications submitted on the Single Application for Assistance contingent upon available funding sources and respective applicant eligibility.



# GENERAL APPLICATION DESCRIPTION

HOME PROGRAM YEAR:
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1. APPLICANT'S NAME		COUNTY	ZIP CODE:
2. IS THIS APPLICATION FOR:		3. PROGRAM TYPE	
<input type="checkbox"/> HOME CHDO Funding <input type="checkbox"/> HOME Funding		<input type="checkbox"/> Rental Housing (1-4 Units) <input type="checkbox"/> Homebuyer <input type="checkbox"/> Homeowner Rehab <input type="checkbox"/> CHDO Operating <input type="checkbox"/> CHDO Predevelopment	

4. AGENCY/CONTRACTOR NAME & ADDRESS (Non Profit Housing Development Corp.; Private Developer)

5. CHIEF ELECTED OFFICIAL OF APPLICANT(Name/Title/Address/Zip Code)	6. CONTACT PERSON (Name/Title/Address/ZipCode)
Telephone:	Telephone:

7. PROJECT NAME AND DESCRIPTION(Briefly list activity(ies) to be undertaken):	8. LOCATION OF PROJECT: (Address)
<input type="checkbox"/> Community-wide <input type="checkbox"/> Census Tract & Block Group ( <input type="checkbox"/> CT <input type="checkbox"/> BG)	

9. BREAKDOWN OF HOUSING ACTIVITY						
	Single	HOME Cost/Unit	Total Cost/Unit	Multi-Family	HOME Cost/Unit	Total Cost/Unit
Total # Units _____						
1. New Construction						
2. Rehab						
3. Existing Without Rehab						

10. FUNDING				
Program/Source	Amount	Fiscal Year (Federal/State) Type (Local/Private/Other)	Use of Funds	Funding Status
A. HOME				
B. CDBG				<input type="checkbox"/> Secured <input type="checkbox"/> Pending
C. Local Public				<input type="checkbox"/> Secured <input type="checkbox"/> Pending
D. Private				<input type="checkbox"/> Secured <input type="checkbox"/> Pending
E. Other				<input type="checkbox"/> Secured <input type="checkbox"/> Pending
F. Total Project Cost				

**GENERAL APPLICATION DESCRIPTION | HOME PROGRAM**

11. LIST GRANT ADMINISTRATOR:	
12. METHOD OF PROCUREMENT (CHECK ONE): <input type="checkbox"/> RFP <input type="checkbox"/> Small Purchase <input type="checkbox"/> Local Funds <input type="checkbox"/> Not Yet Procured <input type="checkbox"/> N/A	
13. ARCHITECT/ENGINEER:	
14. METHOD OF PROCUREMENT (CHECK ONE): <input type="checkbox"/> RFQ <input type="checkbox"/> RFP <input type="checkbox"/> Local Funds <input type="checkbox"/> Not Yet Procured	15. CODE OF CONDUCT AND CONFLICT OF INTEREST: Adoption/Completion Date:
16. DRUG FREE WORK-PLACE POLICY (CHECK ONE): <input type="checkbox"/> On file <input type="checkbox"/> Attached <input type="checkbox"/> None	17. EXCESSIVE FORCE POLICY- ADOPTION DATE:
18. ANTI-DISPLACEMENT PLAN – ADOPTION DATE:	
19. MB/WBE PLAN – ADOPTION DATE:	20. SECTION 3 – ADOPTION DATE:
21. FAIR HOUSING ANALYSIS – COMPLETION DATE:	22. FAIR HOUSING ANNUAL ACTION UPDATES:
23. 504 PLAN – COMPLETION DATE:	24. 504 PLAN ANNUAL REVIEW:
25. PROCUREMENT POLICY: <input type="checkbox"/> Yes <input type="checkbox"/> No	

26. IN WHAT PA SENATE DISTRICT(S) IS THIS PROJECT?	27. STATE SENATOR(S) REPRESENTING THIS DISTRICT:
28. IN WHAT PA HOUSE OF REPRESENTATIVES DISTRICT(S) IS THIS PROJECT?	29. STATE REPRESENTATIVE(S) REPRESENTING THIS DISTRICT:
30. IN WHAT US CONGRESSIONAL DISTRICT IS THIS PROJECT?	

## Resolution of HOME Program Applicant

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Resolution of the \_\_\_\_\_ (Name of Applicant)  
authorizing the filing of an Application for funds with the Department of Community and Economic  
Development (DCED), Commonwealth of Pennsylvania.

**WHEREAS**, the HOME Applicant is desirous of obtaining funds from DCED for affordable housing activities fundable under Title II of the National Affordable Housing Act of 1990 (42 U.S.C. 12701 et. seq and the implementing regulations at 24 CFR Part 92.

**NOW, THEREFORE, BE IT RESOLVED** that a housing need exists that has been identified in the local or state Consolidated Plan and the proposed housing activity addresses this need.

**BE IT FURTHER RESOLVED**, that the HOME Applicant has conducted the required citizen participation process.

**BE IT FURTHER RESOLVED**, that the HOME Applicant will assure the provision of the other necessary funds to make the activity feasible.

**BE IT FURTHER RESOLVED**, that the HOME Applicant will reimburse the commonwealth for any expenditures found by DCED to be ineligible.

**BE IT FURTHER RESOLVED**, that the appropriate officer of the HOME Applicant is directed to execute a certificate attesting to the adoption of this Resolution and to furnish a copy of this Resolution to DCED.

(ATTEST)

\_\_\_\_\_  
  
\_\_\_\_\_



## STATEMENT OF ASSURANCES HOME INVESTMENT PARTNERSHIPS PROGRAM

APPLICANT NAME:

FEDERAL ID:

The applicant or grantee hereby assures and certifies that:

- (A) It possesses legal authority to apply for the grantee and to execute the proposed program.
- (B) Its governing body has duly adopted or passed as an official act, a resolution, motion or similar action authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.
- (C) It has established a citizen participation mechanism which:
  - (1) Provides an opportunity for citizens to participate in the development of the application, encourages the submission of views and proposals, particularly by residents of blighted neighborhoods and citizens of low and moderate income, and provides for timely responses to the proposals submitted.
  - (2) Provides citizens with adequate information concerning the amount of funds available for proposed community development and housing activities, the range of activities that may be undertaken, and other important program requirements.
  - (3) Provides citizens with an opportunity to submit comments concerning the community development performance of the applicant.
  - (4) Provides for one or more public meetings on the proposed application before adoption of a resolution or similar action by the local governing body authorizing the filing of the application.
  - (5) Provides for a timely written answer to written complaints and grievances within 15 working days where practicable.
  - (6) Identifies how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.
- (D) In the event the applicant or grantee wishes to request a major revision to its original application or subsequent grant, the applicant or grantee will provide for public meetings to obtain the views of citizens on community development and housing needs and proposed revisions.
- (E) It will provide citizens with reasonable access to records regarding its HOME assisted activities and management.
- (F) It will comply with all applicable program requirements described in the HOME Investment Partnerships Program regulations published in the Federal Register (24 CFR Part 92) and any amendments hereafter and final regulations for the program. The housing program described in the application will benefit low and very-low income families in accordance with the requirements set forth in 24 CFR parts 92.216, 92.217, 92.252 and 92.254, as applicable.

LEGAL  
AUTHORITY

OFFICIAL  
RESOLUTION

CITIZEN  
PARTICIPATION

ACCESS TO  
INFORMATION

PROGRAM  
PRIORITIES

(G) It will comply with the requirements and policies of 24 CFR Part 85 entitled: "Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments," as specified in 24 CFR Part 92.505; OMB Circular A-110 entitled: "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations"; OMB Circular A-87 entitled: "Cost Principles for State, Local and Indian Tribal Governments"; OMB Circular A-122 entitled: "Cost Principles for Nonprofit Organizations"; A-21 "Cost Principles for Educational Institutions," OMB Circular A-133 entitled: "Audits of States, Local Governments and Non-Profit Organizations"; Treasury Circular 1075, and 24 CFR part 92 Subpart K. After December 26, 2014, it will comply with the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards or better known as the Final Rule.

ADMINISTRATIVE  
AND FINANCIAL  
REQUIREMENTS

(H) It will comply with the Architectural Barriers Act of 1968, P.L. 90-480, as amended (42 U.S.C. 4151 et. seq.). This requires that every building or facility (other than a privately owned residential structure) designed, constructed, or altered with funds provided under this Part to comply with the "American Standard Specifications for Making Buildings and Facilities Accessible to, and Usable by, the Physically Handicapped," Number A-117.1-R 1971, subject to the exceptions contained in 41 CFR 101-19.604. The applicant will be responsible for conducting inspections to ensure compliance with these specifications by the contractor.

ARCHITECTURAL  
BARRIERS

(I) It will comply with:

CIVIL  
RIGHTS

(1) Title VI of the Civil Rights Act of 1964, P.L. 88-352 (42 U.S.C. 2000d et. seq.) and the regulations issued pursuant thereto (24 CFR Part 1), which provides that no person in the United States shall on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives Federal financial assistance and will immediately take any measures necessary to effectuate this assurance. If any real property or structure thereon is provided with the aid of Federal financial assistance extended to the applicant, this assurance shall obligate the applicant or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits.

Title VI states that:

"No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance."

Section 1.4(b)(2)(i) of the regulations issued pursuant to Title VI requires that:

"A recipient in determining the types of housing, accommodations, facilities, services, financial aid, or other benefits which will be provided under any such program or activity, or the class of persons to whom, or the situations in which, such housing, accommodation, facilities, services, financial aid, or other benefits will be provided under any such program or activity, or the class of persons to be afforded an opportunity to participate in any such program or activity, may not, directly or through contractual or other arrangements, utilize criteria or methods of administration which have the effect of subjecting persons to discrimination because of their race, color, or national origin, or have the effect of defeating or substantially impairing accomplishments of the objectives of the program or activity as respect to persons of a particular race, color, or national origin."

24 CFR 92.202 states that:

HOME-funded programs must be administered in a manner that provides housing that is suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964, the Fair Housing Act, E. O. 11063, and HUD regulations issued pursuant thereto; and promotes greater choice of housing opportunities. In carrying out these requirements with respect to new construction of rental housing, the applicant must make the determination that proposed sites meet the requirements of 24 CFR 983.57(e)(2) and (3).

- (2) Title VIII of the Civil Rights Act of 1968, as amended by Fair Housing Amendments Act of 1988 (42 U.S.C. 3601-20) and implementing regulations at 24 CFR Part 100, which states that no person shall be subjected to discrimination because of race, color, religion, sex, handicap, familial status, or national origin in the sale, rental or advertising of dwellings, in the provision of brokerage services, or in the availability of residential real estate-related transactions; and requires that grantees administer all programs and activities related to housing and community development in a manner to affirmatively further fair housing. Actions that the applicant or grantee undertake to affirmatively further fair housing will be consistent with actions identified in any locally adopted fair housing analysis.

Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652 and 3 CFR 1980 Comp., p. 307) and the regulations contained in 24 CFR Part 107 require that all action necessary and appropriate be taken to prevent discrimination because of race, color, religion (creed), sex, or national origin in the sale, rental, leasing, or other disposition of residential property and related facilities or in the use or occupancy thereof where such property or facilities are owned or operated by the Federal Government or provided with Federal assistance by HUD and in the lending practices with respect to residential property and related facilities of lending institutions insofar as such practices relate to loans insured, guaranteed or purchased by the Federal Government.

- (3) Section 109 of the Housing and Community Development Act of 1974, P.L. 93-383 (42 U.S.C. 5309) and the regulations issued pursuant thereto (24 CFR Part 570.602), which provide that no person in the United States shall, on the ground of race, color, national origin, religion, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds provided under the Act.
- (4) Age Discrimination Act of 1975, P.L. 94-135 (42 U.S.C. 6101-07) implementing regulations at 24 CFR Part 146.
- (5) Section 504 of the Rehabilitation Act of 1973, P.L. 95-602 (29 U.S.C. 794) and HUD implementing regulations at 24 CFR Part 8.
- (6) Executive Order 11246, (3 CFR 1964-65, comp., p. 339) Equal Opportunity in Federal Employment, September 24, 1965 (30 FR 12319), as amended by Executive Order 12086, October 5, 1978 (43 FR 46501), and the regulations issued pursuant thereto (24 CFR Part 135 and 41 CFR Chapter 60), which provide that no person shall be discriminated against on the basis of race, color, religion, sex or national origin in all phases of employment during the performance of Federal or Federally assisted construction contracts. Contractors and subcontractors on Federal and Federally assisted construction contracts shall take affirmative action to ensure fair treatment in employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation and selection for training and apprenticeship.

EQUAL  
OPPORTUNITY

AGE

HANDICAPPED  
PERSONS

- (7) Executive Order 11625, October 13, 1971 and Executive Order 12432 which prescribe additional arrangements for developing and coordinating a national program for Minority Business Enterprise (36 FR 19967); and 24 CFR 85.36(e) which describes actions to be taken to assure that minority business enterprises are used when possible in the procurement of property and services.
- (8) Executive Order 12138, May 18, 1979 (44 FR 29637) which creates a National Women's Business Enterprise Policy; and 24 CFR 85.36(e) which describes actions to be taken to assure that minority business enterprises are used when possible in the procurement of property and services.
- (9) Pennsylvania Human Relations Act of October 27, 1955, P.L. 744, (43 P.S. 951-963) which provides that no employee, applicant for employment, independent contractor, or any other person shall be discriminated against because of race, color, religious creed, ancestry, national origin, age or sex.

(J) It will comply with the affirmative marketing requirements of 24 CFR Part 92.351.	AFFIRMATIVE ACTION
(K) It will comply with Section 3 of the Housing and Urban Development Act of 1968, P.L. 90-448, as amended (12 U.S.C. 1701u) requiring that to the greatest extent feasible opportunities for training and employment be given to low and very low income residents and contracts for work in connection with the project be awarded to eligible business concerns.	EMPLOYMENT
(L) It certifies that it has developed and adopted a residential antidisplacement and relocation assistance plan in accordance with 24 CFR 92.353.	DISPLACEMENT
(M) It will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended by (42 U.S.C. 4601-4655) and the regulations at 42 CFR Part 24, which apply to the acquisition of real property for an activity assisted with HOME funds and to the displacement of any family, individual, business, nonprofit organization or farm that results from such acquisition; and  Will comply with Section 104(d) of the Housing and Community Development Act of 1974, as amended, which requires that (i) reasonable relocation assistance be provided (at a minimum, the assistance shown in 24 CFR Part 570.606(c) shall be provided) to persons displaced as a result of the use of CDBG funds to pay part of a HOME project other than the general planning and administrative costs eligible under 24 CFR 570.205 and 570.206, or optional relocation costs eligible under 24 CFR 570.201(i)(2) and (ii) will develop, adopt and provide to persons to be displaced a written notice of the relocation assistance for which they are eligible; and  Will comply with the Eminent Domain Code, 26 Pa.C.S. §101 et seq.	ACQUISITION/ RELOCATION
(N) It will comply with the provisions of the Hatch Act, P.L. 89-554 (5 U.S.C. 1501 et. seq.) which limits the political activity of employees.	HATCH ACT
(O) It will comply with the following regulations issued under the following Acts and other federal laws and regulations pertaining to labor standards and HUD Handbook 1344.1 (Federal Labor Standards Compliance in Housing and Community Development Programs), as applicable:  (1) The Davis-Bacon Act, P.L. 107-217, as amended (40 U.S.C. as amended 3141 et seq.). (2) Contract Work Hours & Safety Standards Act, P.L. 87-581, as amended (40 U.S.C.3701 et seq.). (3) Copeland "Anti-kickback" Act (40 U.S.C. 3145). (4) 29 CFR Parts 1, 3, 5, 6 and 7.	LABOR STANDARDS

- |  |                                 |
|--|---------------------------------|
| (P) The applicant will comply with the environmental laws and authorities at 24 CFR Parts 50 and 58 and will (i) supply DCED with information necessary for it to perform any necessary environmental review of each property; (ii) carry out mitigating measures required by DCED or select alternate eligible property; and (iii) not acquire or otherwise carry out any program activities with respect to any eligible property until DCED approval is received.   | ENVIRONMENTAL<br>CLEARANCE      |
| (Q) It will ensure that the facilities under its ownership, lease or supervision which shall be utilized in the accomplishment of a program are not listed on the Environmental Protection Agency's (EPA) list of Violating Facilities and that it will notify HUD of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be used in the project is under consideration for the listing by the EPA.   | VIOLATING<br>FACILITIES<br>LIST |
| (R) It will comply with the conflict of interest provisions in 24 CFR 92.356, 24 CFR 85.36 and OMB Circular A-110, as applicable; and will establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by desire for private gain for themselves or others, particularly those with whom they have family, business or other ties.  | CONFLICT OF<br>INTEREST         |
| (S) It will comply with Title IV of the Lead Based Paint Poisoning Prevention Act, P.L. 91-695, as amended (42 U.S.C. 4821 et. seq.) and the regulations issued pursuant thereto (24 CFR Part 35).   | LEAD BASED<br>PAINT             |
| (T) It will comply with the minimum housing quality standards in 24 CFR Part 882.109, Cost Effective Energy Conservation and Effectiveness Standards, P.L. 95-557 and the regulations issued pursuant thereto (24 CFR Part 39); and the current edition of the Model Energy Code published by the Council of American Building Officials, as applicable, pursuant to 24 CFR Part 92.251.   | ENERGY<br>CONSERVATION          |
| (U) It will comply with the Pennsylvania Flood Plain Management Act (32 P.S. Sec. 679.101-679.601) and the regulations issued pursuant thereto (Title 16, Chapter 38).   | FLOOD<br>PLAIN                  |
| (V) It will comply with the Pennsylvania Steel Products Procurement Act of March 3, 1978, (P.L. 6, No. 3, 73 P.S. Sec. 1881 et seq.), as amended.  | STEEL<br>PRODUCTS               |
| (W) It will comply with the Separations Act of May 1, 1913, P.L. 155, No. 104, as amended, December 22, 1981, P.L. 546, No. 159, Sec. 1, 53 P.S. Sec. 1003, as applicable.   | SEPARATIONS<br>ACT              |
| (X) It will comply with Section et seq. 6902 of the Resource Conservation and Recovery Act of 1976 (42 U.S.C. 6901) and the regulations issued pursuant thereto (40 CFR Parts 239-299) for the procurement of materials composed of the highest percentage of recovered material practicable.  | RESOURCE<br>CONSERVATION        |
| (Y) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan, or cooperative agreement, in accordance with 24 CFR Part 87. | LOBBYING                        |

If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants and contracts under grants, loans and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

(Z) It has adopted and will enforce a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations and a policy of enforcing state and local laws against physically barring entrance to or exit from a facility or location which is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

EXCESSIVE  
FORCE

(AA)The application does not request any more HOME funds in combination with other federal assistance than is necessary to provide affordable housing. [24 CFR 92.150].

CERTIFICATIONS

(BB)It will provide drug-free workplaces in accordance with the Drug-Free Workplace Act of 1988 (41 U.S.C. 8101 et seq.) and the implementing regulations at 24 CFR Part 21.

(CC)The applicant and its principals are not presently debarred, suspended, proposed for debarment, declared ineligible, or involuntarily excluded from covered transactions (see 24 CFR 24.110) by any Federal department or agency. It will include the certification in DCED-OCD-177 in any proposal submitted in connection with the lower tier transactions.

(DD)It shall not discriminate against an organization on the basis of the organization's religious character or affiliation. When it provides HOME funds to religious or faith-based organizations, it shall comply with 24 CFR 92.257.

(EE)It has made reasonable efforts to maximize participation by the private sector in the development of the housing program described in the application.

(FF)It has complied with the Governor's Executive Order 1994-3 on preserving the state's agricultural land.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name/Title

\_\_\_\_\_  
Municipality

\_\_\_\_\_  
County



## CITIZEN PARTICIPATION REPORT

APPLICANT NAME:
-----------------

HOME INFORMATION TO THE PUBLIC	DATE
<b>Notice of first public hearing:</b>	
<b>Date of first public hearing:</b>	
Describe the methods used to solicit participation of low to moderate income persons:	
Denote any adverse comments/complaints received and describe resolution:	

<b>Immediately following this page, attach the documents below in the order listed:</b>	
• Hearing Ad/Proof of Publications	• Sign-In Sheets
• Hearing Minutes	• Copy of response(s) to comments and/or complaints.
* <i>Competitive applicants only required to conduct one public hearing</i>	
I hereby certify, subject to the penalties of perjury, the above public hearing was conducted in accordance with all state and federal regulations.	
_____	_____
Signature, Chief Elected Official	Date
_____	
Typed Name and Title:	

## **DCED Land Use Implementation**

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Since 2000, when the Growing Smarter land use bills were signed into law, DCED has been encouraging effective local land use planning while respecting private property rights. These measures have included a review for certain projects occurring on previously undeveloped property, requiring the grantee to submit a letter from the appropriate local and county planning agency where they exist.

### **Obtaining Information about Planning and Zoning**

For projects funded with CDBG or HOME (beginning with the 2001 CDBG and HOME programs), where infrastructure and/or construction of new facilities (public/community facilities, water/sewer facilities, housing, economic development, etc.) will occur on previously undeveloped property, the grantee must submit a letter from the appropriate local and county planning agency (where they exist) specifically identifying the project(s) and certifying that the project(s) is (are) in compliance with all applicable land use and comprehensive plans, and zoning and subdivision ordinances. This letter should be inserted after this page in the CDBG or HOME Application. Prior to submitting this letter, CDBG and HOME Program applicants must review the questions below regarding comprehensive planning and zoning ordinances to determine the applicability of the PA Municipal Planning Code.

- Is there an adopted municipal comprehensive plan?
- Is there an adopted county comprehensive plan?
- Is there an adopted multi-municipal or multi-county comprehensive plan?
- Is there an adopted county or municipal zoning ordinance or a joint municipal zoning ordinance?
- Is the proposed project consistent with these comprehensive plans and /or ordinances?

**This requirement is not applicable to projects that occur on developed or previously developed property.**

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# Appendix II



## Program/Activity Description – HOME Program

Applicant: \_\_\_\_\_

Home Program Year: \_\_\_\_\_  Original  Revised

1. **INSTRUCTIONS:** Complete the Program/Activity Description by addressing each of the items noted below on separate pages following these instructions. (Please note that if the Applicant is a Pennsylvania or Federal CDBG Entitlement municipality, documentation or discussion from the Applicant's CDBG Three-Year CD Plan may be included to assist in addressing appropriate areas. It is not necessary to send the Three-Year Plan along with the HOME Application).

a. **Program Narrative**

- 1.) **Description of community needs.** Describe the area in which the activity(ies) will be located, and the housing needs you are addressing. Provide market studies, waiting/inquiry lists, or other evidence of the need for your proposed activity(ies). Describe how the program meets local or state Consolidated Plan and other program priorities listed on page 2 of the Guidelines. If the proposed project will promote diversity or is part of a comprehensive community development strategy, the narrative must describe how low income housing needs are currently being substantially addressed.
- 2.) **Description of the proposed activity(ies) to be assisted.** Describe the proposed activity(ies) and how it will meet the stated need. Provide estimates of the numbers of units, households and persons that will benefit. Group estimates for households and persons into 2 categories: 0-50 percent and 51-80 percent of median income. Applicants should specify the form of assistance (grant, loan, etc.), interest rates and terms, minimum and maximum amounts and provisions for repayment. All applications must demonstrate that the proposal is consistent with the minimum HOME requirements by completing the **HOME PROGRAM COMPLIANCE CHECKLIST** that follows these Program/Activity Description instructions.
- 3.) **Description of the anticipated impact of the activity(ies).** Describe the activity(ies)'s role in your comprehensive community development strategy, and how the activity(ies) will further the program priorities. Describe community and private sector support for the program and the program's impact on stability and reinvestment in the community. Also cite any potential environmental problems such as leadbased paint, asbestos, floodplain impact.
- 4.) **Description of how and by whom the program will be administered.** Applicants must be aware of their responsibility to insure that an effective management system is developed and maintained to provide for compliance with administrative requirements of the HOME program. A financial management system with appropriate record-keeping and internal controls is essential to justify all expenditures and to provide safeguards against fraud and mismanagement. HOME applicants must demonstrate that adequate capacity exists to complete the proposed activity(ies) within stringent timeframes.

Describe how your program will be managed and administered by addressing the following:

- Identify the tasks needed to accomplish your proposed activities and the staff, including private consultants, who will accomplish these tasks. Tasks identified should include major program components such as planning, inspections, work write-ups, servicing loans, long-term affordability monitoring and general administration. HOME program administrators should also address environmental review, anti-displacement/relocation, affirmative action, labor standards, and other applicable federal compliance responsibilities.

***Note:** An Agreement between the Applicant and any entity involved in the administration and/or delivery of the proposed activity(ies) must be executed before undertaking activities, which clearly identifies the duties of each. The Agreement must be either a subrecipient agreement or a third party contract, depending on the responsibilities. A draft of the applicable Agreement should be sent to DCED with the HOME Application and the fully executed agreement must be available for DCED monitoring purposes.*

- Provide management and monitoring plans explaining how the program will be operated, how long term compliance with affordability and other applicable requirements will be ensured and the time frames for program implementation. Property maintenance, tenant selection, staffing coordination for support services designed for self-sufficiency should be explained.

**b. Additional Documentation**

- 1.) **Local Involvement/Support.** Provide any news articles and/or letters of support from groups/individuals involved and interested in the proposed activity(ies). Evidence of the citizen participation requirements must be retained locally for DCED monitoring.
- 2.) **Evidence of Other Funding Commitments (if applicable).** Discussion of the leverage of other funds and identification of the committed sources of funds, must be included for projects where HOME funds are utilized by nonprofit housing corporations or for-profit developers for the acquisition, construction or rehabilitation of affordable housing, for sale or rental, benefiting income eligible homebuyers or renters. Any housing rehabilitation projects that include other sources of funds must also complete this section.
- 3.) **Sources and Use of Funds (if applicable).** Required for projects involving construction or rehabilitation of housing, for sale or rental. A copy of the primary funding sources approved loan application packet can be submitted to meet this requirement. Applicants proposing the construction or rehabilitation of housing for sale should submit source and use of funds statements showing both the construction and final housing sales.
- 4.) **Evidence of Site Control (if applicable).** For HOME activities involving the acquisition, construction or rehabilitation of housing, for sale or rental, evidence of site control should be submitted with the HOME Application, if available. If site control has not been obtained, recent realtor listings of available properties from the neighborhood or area in which the HOME activities are to occur, should be included in the Application, to establish a basis for price or rental range of available housing in the area.
- 5.) **Application for CHDO Certification**

## HOME Program Compliance Checklist

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**HOME Applicants must complete and include with the Application** all applicable sections of this checklist to demonstrate that the minimum HOME requirements will be met. Locally adopted program guidelines should reflect these requirements. If the Applicant is awarded a HOME grant, the local HOME Program Guidelines are evaluated for compliance with the HOME Program requirements during monitoring by DCED.

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

### 1. For all Types of Homeownership Projects

- Minimum \$1,000 of HOME assistance.
- Maximum amount of assistance will not exceed 221(d)(3) limits.
- Homebuyer with family income within Section 8 limits, and evaluated under one of the two following permitted definitions:
  - income to be calculated in accordance with 24 CFR 5.609, except for the equity in the homeowner's principal residence for homeowner rehabilitation.
  - income to be calculated in accordance with the adjusted gross income as defined for IRS 1040.
- Value of property is "modest," and does not exceed 95% of median purchase price of housing in the area. Value is established in accordance with the Valuation of Real Property requirements, as specified on page 18 of the HOME Program Guidelines.
- Ownership interest (including manufactured housing) will be fee simple title, a 99-year leasehold interest in a 1-to-4 unit dwelling, or in a condominium unit, life estates, inter vivos trust, beneficiary deed or ownership in a cooperative. If other types of ownership interest are listed, DCED review is required.
- The unit types are limited to a 1-to-4 family residence, condominium unit, cooperative unit, combination manufactured home and lot, or manufactured home lot.
- The housing unit must meet appropriate construction standards:
  - Local codes, ordinances and zoning ordinances
  - If no local code exists, one of the five following codes:
    - Uniform Building Code (CBO)
    - National Building Code (BOCA)
    - Standard Building Code (SBCCI)
    - Council of American Building Officials one or two family Code (CABO)
    - Minimum Property Standards (FHA) at 24 CFR 200.925 or 926
- Manufactured housing must be:
  - connected to permanent utility hook-ups
  - located on land that is held in a fee-simple title, land-trust, or long term ground lease (such lease is as long as the affordability period for a home buyer project).

## 2. Existing Owner Occupied Housing Rehabilitation

- Unit assisted is the principal residence of owner. (documentation required)
- Manufactured housing rehabilitation includes the acquisition of the lot upon which the unit is located.
- The estimated value, after rehabilitation, does not exceed 95% of the median purchase price for housing in the County. (See Valuation of Real Property requirements, page 18 of the HOME Program Guidelines.)

## 3. Homebuyer

- Unit assisted is the principal residence of owner, and the deed and promissory note incorporate this requirement.
- The estimated value does not exceed 95% of the median purchase price for housing in the area (See Valuation of Real Property requirements, page 18 of the HOME Program Guidelines.)
- Lease purchase agreement is no longer than 36 months.
- Appropriate affordability requirements are identified. The length of the recapture provision is based on the amount of HOME assistance provided: 1) 5 years when the amount of HOME funds is less than \$15,000; 2) 10 years when the amount of HOME funds is between \$15,000 and \$40,000; 3) 15 years when the amount of HOME funds is greater than \$40,000.
- The housing unit meets appropriate constructions standards:
  - For new construction projects, the Uniform Construction Code (UCC).
  - If the unit is transferred to the home buyer before rehabilitation takes place:
    - The unit must be inspected for any defects that pose a danger to health and safety, the prospective purchaser is notified of the work that needs to be done to fix the defects, the time frame in which the work to fix the defects must be completed, and the applicable property standards that need to be met.
    - The unit must be free from all noted health and safety defects not later than 6 months after transfer, before occupancy.
    - The unit must meet the applicable property standards after transfer of ownership interest.
  - The housing unit is vacant prior to the first time homebuyer's acquisition. Relocation is not an issue. If not, please contact DCED for appropriate guidance for compliance with the URA.
- Affordability restrictions may be enforced through deed restrictions, covenants running with the land or similar mechanisms.
- The affordability restrictions must terminate upon any of the following occurrence: Foreclosure, transfer in lieu of foreclosure, or assignment of an FHA insured mortgage to HUD. 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 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.

### ***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 the homeowner's 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:

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

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

- The HOME investment subject to recapture is the amount of HOME assistance that enabled the homebuyer to buy the dwelling unit. It 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).
- If no HOME funds are subject to recapture, 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 affordability term.
- Upon recapture of the HOME funds used in a single-family homebuyer project with 2 -to -4 units, the affordability period may be terminated.

***Resale Restrictions***

- Only if no HOME funds are subject to recapture do resale restrictions apply.
- The unit must be made available for subsequent purchase only to a low income family that will use the property as its principal residence.
- The owner receives a fair return on investment, including any improvements.

**4. Rental Housing**

- Minimum of \$1,000 of HOME assistance.
- Maximum amount of assistance will not exceed 221(d)(3) limits.
- Occupied by households within Section 8 limits.
- Meets maximum HOME rent limitations.
- Appropriate affordability requirements are identified as: 1) 5 years when HOME funds, for rehab or acquisition of existing housing, amount to under \$15,000 per unit; 2) 10 years when HOME funds amount to \$15,000 to \$40,000; 3.) 15 years when HOME funds amount to more than \$40,000, or involve rehab refinancing; 4) 20 years when HOME funds are used for acquisition or construction of new housing.
- Housing units must meet appropriate construction standards.
- Tenant protections regarding lease terms, tenancy termination and tenant selection are met.





# PROJECT COMPLETION TIMETABLE

APPLICANT NAME:

Beginning with the application submission date, outline below a reasonable timetable for project completion. Include all significant milestones, emphasizing those related to environmental clearance, procurement of third party services, plans, permits, bids, contracts, financing, acquisition of property, construction, and completion.

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# Appendix III

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## Applicant/Project Worksheet

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### Does the State's Agricultural Land Preservation Policy Apply to Your Project?

Pursuant to the Governor's Executive Order 2003-2, it is the commonwealth's policy to protect, through the administration of state agency programs and regulations, the commonwealth's "primary agricultural land" from irreversible conversion to uses that result in its loss as an environmental and essential food production resource. To implement this policy, the Department of Community and Economic Development restricts funding for activities that will result in the irreversible conversion of "primary agricultural land" to other uses, *unless* no other feasible alternative exists. All DCED grant programs require applicants to certify compliance with E. O. 2003-2 as part of the grant application process.

**NOTE:** *If your project site falls into any of the following categories, it is considered "prime agricultural land": Preserved farmland - this is farmland already protected by deed restrictions or easements. Because they are legally protected, it is unlikely that development proposals will be submitted for these sites; Farmland in agricultural security areas - these are areas approved by local governments through the authority of the Agricultural Area Security Act (Act 43 of 1981, as amended); Farmland planned for agricultural use and subject to effective agricultural zoning - this is farmland which is locally zoned for agricultural use, provided that the zoning approach used effectively protects the zoned areas for agricultural use; and Land capability Classes I, II, III, IV and unique farmland - the land capability classes and unique farmland are mapped and can be obtained from the county office of the Natural Resources Conservation Service or county conservation district; Farmland enrolled in, Act 319 of 1974 as amended, or Act 515 of 1996, as amended farmland enrolled for preferential tax assessments as land in "agricultural use" or "farmland." An explanation of each of these types of farmland is also contained in Section 3.c 7.303 of the E. O.*

To help determine whether the E. O. applies to your project, answer the following questions:

1.  Yes  No **Is the project site currently in active agricultural use (not including the growing of timber)?**  
*If the answer is "no," E. O. 2003-2 does not apply. If the answer is "yes," go to the next question.*
2.  Yes  No **Has the project been devoted to active agricultural use during the last three years?**  
*If the answer is "no," E. O. 2003-2 does not apply. If the answer is "yes," go to the next question.*
3.  Yes  No **Is the site considered "prime agricultural land" as defined in E. O. 2003-2?**  
*If the answer is "no," E. O. 2003-2 does not apply. If the answer is "yes," go to the next question.*
4.  Yes  No **Will the project cause an irreversible conversion of agricultural land?**  
*NOTE: In general, structural projects such as roads and streets, housing developments, and other aboveground conversions are considered irreversible. The acquisition of land for open space recreation is not. (Below ground sewer lines, while not itself a problem to farming, may result in irreversible impacts if seweraged agricultural land will encourage its ultimate development.)*  
*If the answer is "no," E. O. 2003-2 does not apply. If the answer is "yes," go to the next question.*
5.  Yes  No **Is this the only feasible site available for the project?**  
*If the answer is "no," the DCED is restricted in providing funds for the project on the proposed site. If the answer is "yes," along with your application provide documentation that confirms the fact that there is no other feasible alternative site.*

The purpose of the state's policy is to curb the unnecessary loss of farmland. If you have any questions about the policy and its relationship to your project, contact DCED.

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# Appendix IV



# HOME Program Budget Instructions

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*Note: Use this narrative as a guide to adequately describe the costs, where appropriate, noted on the HOME Program Budget.*

## 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. **Moderate Rehab:** The actual cost of rehabilitating the dwelling unit, not to exceed \$25,000, from all sources. Completed units must meet the HOME Property Standards as specified on Page 12 and 13 of the HOME Program Guidelines. 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, and the abatement of lead based paint.
- b. **Substantial Rehab:** The actual cost of rehabilitating the dwelling unit, in excess of \$25,000, from all sources. Completed units must meet HOME Property Standards as specified on Page 12 and 13 of the HOME Program Guidelines. Include units to be “reconstructed.” Eligible expenses are the same as listed above in Moderate Rehab.
- c. **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.

### 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 developers 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% or \$50,000, whichever is greater, of a Community Housing Development Organization's (CHDO) total operating expenses for a fiscal year. 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, should be working on a CHDO set-aside project.

**Line 6 CHDO Predevelopment Loans**

All costs must be related to a specific HOME eligible project and be used to establish project feasibility. Allowable expenses are limited to initial feasibility studies, consulting fees, preliminary financial application, legal fees, architectural fees, engineering fees, engagement of a development team, site control and title clearance. General operational expenses of the CHDO are not allowable expenses.

**Line 7 TBRA Tenant Based Rental Assistance**

Rental assistance is limited to no more than 24 months, based on the difference between a rent standard, and 30% of the participating family's monthly adjusted income, or security deposit assistance only.

**Line 8 Supportive Services**

Services that are provided to residents of assisted housing for the purpose of facilitating their independence. Some examples are care management, medical or psychological counseling and supervision, childcare, transportation and job training, home maintenance, budgeting and parenting skills.

**Line 9-11 Other Activities**

**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.

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 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**

- a. **Budget Modification and Revision Templates with Instructions** may be found on the DCED website at [www.newPA.com](http://www.newPA.com) at the Federally Funded HUD Programs Link.
- b. **Contract Extension Templates with Instructions** may be found on the DCED website at [www.newPA.com](http://www.newPA.com) at the Federally Funded HUD Programs Link.



# HOME PROGRAM BUDGET

APPLICANT	DATE	ORIGINAL
NAME OF PROJECT	PROGRAM YEAR	REVISION

	HOME AMOUNT		OTHER AMOUNT		TOTAL	
	Approved	Revised	Approved	Revised	Approved	Revised
1. Acquisition .....						
2. Development Costs .....						
a. Moderate Rehab .....						
b. Substantial Rehab .....						
c. New Construction .....						
3. Relocation .....						
4. Related Soft Costs .....						
a. Project Delivery .....						
b. Architectural .....						
c. Engineering .....						
d. Other (Developer Fee) .....						
5. CHDO Operating Expense .....						
6. CHDO Predevelopment .....						
7. TBRA .....						
8. Supportive Services .....						
9. _____ .....						
10. _____ .....						
11. _____ .....						
12. Administration (Limited to 6%) .....						
a. Admin. / Planning .....						
b. Audit .....						
13. <b>TOTAL</b> .....						

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

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# Appendix V



## HOME Match Financing Plan Instructions

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Consult the HOME Program Guidelines (pages 17 and 18) for guidance on when a match is required.

1. **Section A. Calculate the Match**
2. **Section B. Available Match Contributions**

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

- 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**
- 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.
- 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-ration. 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 @ \$10. 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.
3. **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.



## 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%	x
A8. Required match (line A6 multiplied by A7)		

### Section B Committed Match Contributions

	Expected Date of Contribution	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)		

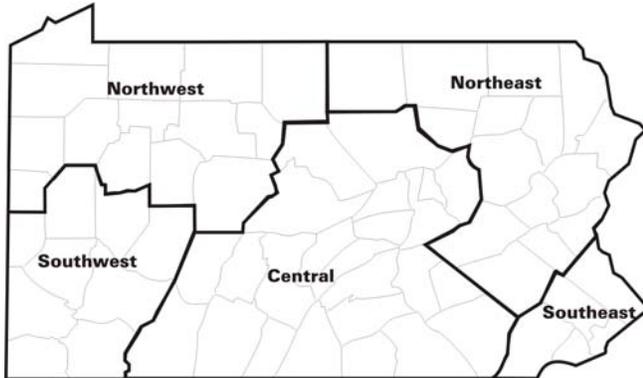
### Section C Match Summary

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

# Regional Offices

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## Pennsylvania Department of Community and Economic Development newPA.com



### **Southeast**

Bucks, Chester, Delaware, Montgomery and Philadelphia counties

Department of Community  
and Economic Development  
Lisa Worden, Director  
200 South Broad Street 11<sup>th</sup> Floor  
Philadelphia, PA 19102  
(215) 560-5830  
Fax: (215) 560-5832  
lisaworden@pa.gov

### **Northeast**

Berks, Bradford, Carbon, Lackawanna, Lehigh,  
Luzerne, Monroe, Northampton, Pike, Schuylkill,  
Sullivan, Susquehanna, Tioga, Wayne and Wyoming  
counties

Department of Community  
and Economic Development  
Gary Baker, Director  
409 Lackawanna Avenue  
3<sup>rd</sup> Floor, Oppenheim Building  
Scranton, PA 18503  
(570) 963-4122  
Fax: (570) 963-3439  
garybaker@pa.gov

### **Central**

Adams, Bedford, Blair, Cambria, Centre, Clinton,  
Columbia, Cumberland, Dauphin, Franklin, Fulton,  
Huntingdon, Juniata, Lancaster, Lebanon, Lycoming,  
Mifflin, Montour, Northumberland, Perry, Snyder,  
Somerset, Union, and York counties

Department of Community  
and Economic Development  
Bradley Cary, Director  
400 North Street, 4<sup>th</sup> Floor  
Commonwealth Keystone Building  
Harrisburg, PA 17120-0225  
(717) 525-5796  
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