

HOME PROGRAM

Application Guidelines | November 2017

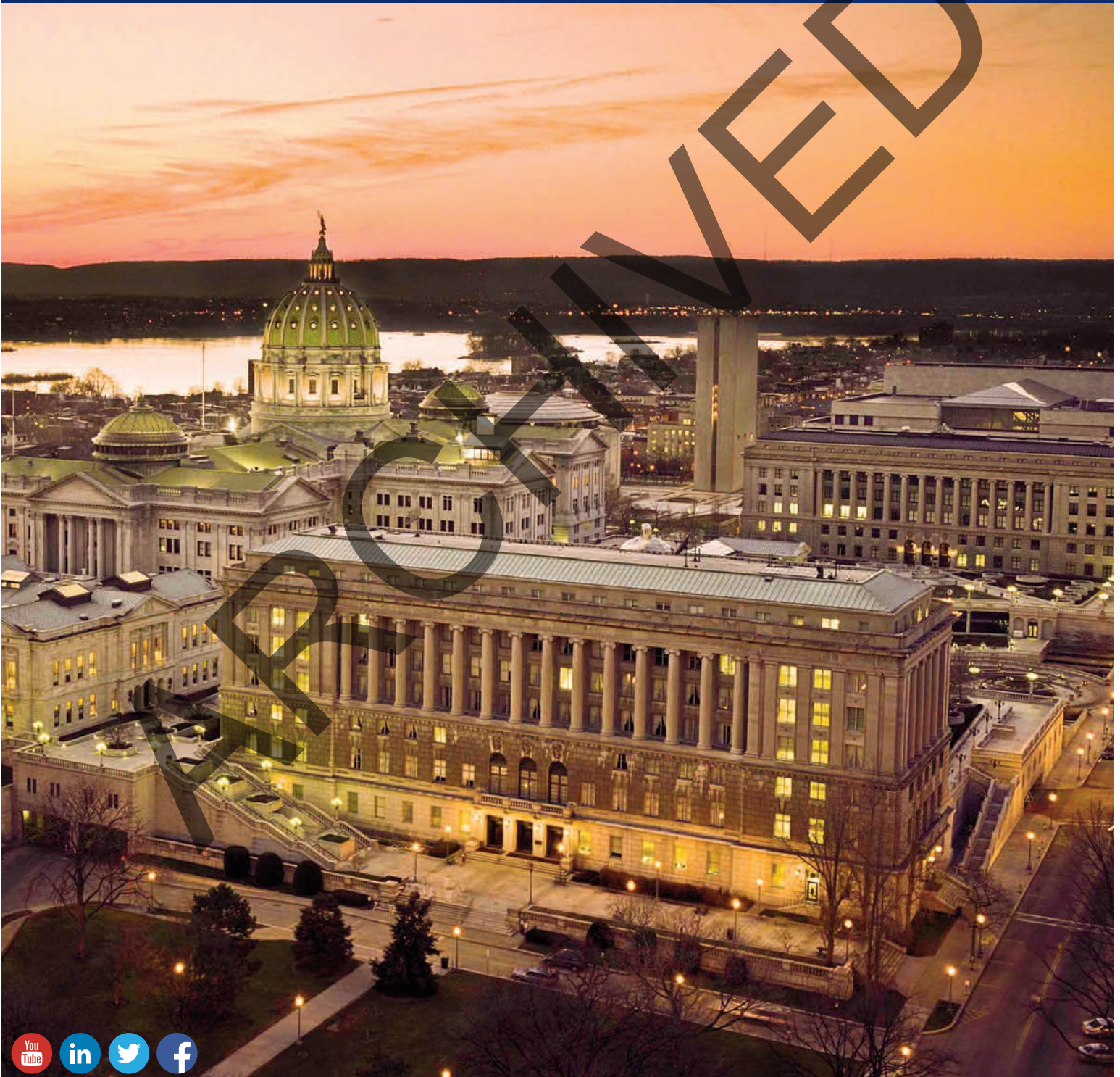


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Section I – General Information

A. Introduction

The Pennsylvania 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 to the economic well-being of the commonwealth.

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/or 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. HOME Program funds are provided to DCED from the U.S. Department of Housing and Urban Development (HUD) through the annual entitlement appropriation process.

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

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

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

B. Eligible Applicants

Eligible applicants for HOME funds are units of local government, including cities, towns, counties, boroughs and townships. HOME Participating Jurisdictions (PJs), those municipalities which receive a direct allocation of HOME funds directly from the U.S. Department of Housing and Urban Development, that receive less than \$500,000 of HOME funds annually may also make application for HOME funds. HOME PJs that receive more than \$500,000 are not eligible to apply.

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.

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.

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

C. Overview of the HOME Program in Pennsylvania

The commonwealth will distribute the HOME 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 and detailed in the Annual Action Plan, DCED administers the HOME Program but also appropriates a portion of its allocation to the Pennsylvania Housing Finance Agency (PHFA) as a **state-recipient** to administer **rental and homebuyer projects**.

The HOME Program is administered by DCED through a competitive application review process that is performed by DCED. The competitive scoring will rank applications based on priority and several other categories such as risk analysis and administrative / management capacity. Therefore, a low priority activity could be funded over a high priority activity based on the quality and thoroughness of the application. DCED is now funding HOME prioritized activities rather than HOME programs.

PHFA uses the portion of the commonwealth's annual allocation of HOME funds it receives for rental housing construction and development for projects with 10 or more units through its PennHOMES Program. PHFA has also agreed to underwrite all DCED funded HOME rental development projects of nine or less units and single-family developments requiring underwriting. For more information on the PennHOMES Program, contact PHFA at (717) 780-3800.

D. Priorities for Housing Funds

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

1. **High Priority**
 - a. Rental Housing – New Construction and/or Rehabilitation
 - b. First Time Homebuyers – Acquisition with/without Rehabilitation
 - c. HOME/Weatherization Deferral Pilot Initiative
2. **Moderate Priority**
 - a. Existing Owner-Occupied Housing Rehabilitation
3. **Low Priority**
 - a. Single Family Affordable Housing - New Construction

Prohibited activities under the HOME Program:

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

E. Overview of the HOME Application Process

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

For administrative and other practical reasons, a unit of local government must submit applications for HOME funds. As a state recipient, a unit of local government will be granted direct access to the Integrated Disbursement and Information System (IDIS). Applications submitted by a unit of local government may be submitted on behalf of other public agencies, nonprofit organizations, certified Community Housing Development Organizations (CHDOs), and/or private developers. Information regarding CHDO Certification can be obtained by contacting the DCED HOME Program office at (717) 265-7878. The HOME regulations require 15% of the commonwealth's HOME allocation be set aside for CHDO eligible projects.

Successful applicants selected for HOME funding are required to comply with the HOME Statement of Assurances and Contract Conditions. The applicant will adopt all Cross Cutting Regulations (as applicable), Anti-displacement/Relocation Plan, Affirmative Action Plan, Fair Housing Plan, Four Factor Analysis, Limited English Proficiency (LEP), Minority and Women's Business Enterprise Plan, Section 3 Plan, Excessive Force Policy and the commonwealth's Affirmative Marketing Policy.

Successful applicants will be given a conditioned award. Upon notification of the conditioned award successful applicants will have 60 days to complete their Environmental Review Record (ERR). Once the ERR is cleared a fully executed contract will be provided.

Because of the complexity of federal regulations and requirements associated with the HOME Program, a minimum application amount of \$50,000 is required. DCED competitively evaluates applications through a posted funding cycle(s). Documentation which adheres to the provisions of the HOME regulatory requirements, specific to the project activity, must be submitted.

Applicants must demonstrate and provide documentation of need, program design descriptions and detailed management plans demonstrating staff capacity. All HOME applicants proposing a activity must demonstrate the commitment of all other funding sources to the activity requested. HOME applications must be submitted on the forms provided. DCED's web-based Electronic Single Application must be completed as part of the application process.

F. DCED Program and Policy Priorities for HOME

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

- Applicants seeking Existing Owner-Occupied Housing Rehabilitation and Homebuyer activities funding will be limited to a maximum of \$500,000 as a town, borough or township. Cities and county applicants are limited to \$750,000.
- Applicants seeking rental housing and homebuyer - new construction activities will be limited to a maximum funding request of the per unit subsidy limits for the Metropolitan Statistical Area for the proposed activity.

- Priority consideration will be provided to municipal applicants seeking HOME funds that meet the 15% CHDO Set-Aside requirement on behalf of a non-profit. The non-profit must be certified by DCED as a CHDO for the project in question.
- Recently, DCED amended its priorities and eligible applicants including opportunities for weatherization, other Participating Jurisdictions and projects to be eligible for funding. These application guidelines reflect those changes. Please refer to the appendices for details related to each priority area.
- Target, Leverage and Impact (TLI) will no longer be a priority component in consideration of a HOME award. However, DCED encourages thoughtful approaches to prioritizing HOME activities in areas targeted by units of local government for revitalization efforts. Funds expended in those same revitalization areas should be noted as a consideration for HOME funding.
- All applicants must confer with their respective DCED HOME grant manager when considering submission of an application for HOME funds. Each potential applicant will receive confirmation by email of the discussion for inclusion in the application submission.

G. Other Federal and State Requirements

1. **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. Selected applicants will receive a conditioned award letter requiring an Environmental Review Record (ERR) be prepared within 60 days of award. No Contract will be issued until the ERR is secured.
2. **Davis Bacon Act** – Contracts for construction and/or rehabilitation of 12 or more HOME-assisted units are covered by the Davis Bacon Act.
3. **Uniform Relocation and Real Property Acquisition Policies Act of 1970 (URA)** – HOME program funds are covered by the requirements of the URA.
4. **PA Prevailing Wage Act of 1964** – as amended (43 P.S. ss 165-1 through 165-17) (Please refer to PA–DCED – CD&H Alert of July – 2016 on the applicability of Davis Bacon vs. State Prevailing wage rates.)
5. **DCED Floodplain Policy** – DCED will not fund new residential development in the identified 100-year floodplain. In accordance with the Flood Disaster Protection Act of 1973, funds may not be used for projects to acquire or rehabilitate property located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless:
 - The community in which the area is situated is participating in the National Flood Insurance Program, and
 - The selected applicant assures that flood insurance is obtained for all assisted housing units located in the identified 100 - year floodplain.
 - No federal funds may be used to assist properties located in a floodway. The project must be reviewed to determine if any of the project is within the designated floodway using the best available data.

6. **Pennsylvania Agricultural Land Preservation Policy** – It is the commonwealth’s policy to protect, through the administration of all agency programs and regulations, the commonwealth’s prime agricultural land from irreversible conversion to uses that result in the land’s loss as an environmental and essential food production resource. Commonwealth funds and commonwealth administered federal funds shall not be used to encourage the conversion of “prime agricultural land” to other uses when feasible alternatives are available.

G. HOME Supplemental Materials

Following is a list of supplemental materials that are available upon request from DCED’s Center for Community Development Operations:

- HOME Program, 24 CFR Part 92, as amended
- HOME Program Definitions found at 24 CFR 92.2
- HOME Income Limits (most current as published by HUD)
- HOME 95% Value Limits (most current as published by HUD)
- PA Department of Revenue, Realty Transfer Tax, Common Level Ratios (most current as published by the PA Department of Revenue)
- Section 234 HOME Maximum Per-Unit Subsidy Limits (most current as published by HUD)
- HOME Rent Limits (most current as published by HUD)
- Application for CHDO Certification and Operating Assistance
- Cash Management and Information System Flow Chart
- Affirmative Marketing Plan
- DCED Housing Rehabilitation Guidebook
- DCED Neighborhood Market Analysis
- Technical Guide for Determining Income and Allowance for the HOME Program
- Homebuyer Underwriting Guidelines
- American Community Survey (ACS) Data
- DCED Regional Offices

Section II – HOME Program Application

A. HOME Application Submission Procedures

Applicants must submit an individual application for each priority activity selected. All applications must contain responses for each item listed in the table of contents of the respective priority activity. The HOME Application, with DCED's Electronic Single Application (first page only) included as the first insert in Section I, must be submitted to Community Development Operations. The address is as follows:

Pennsylvania Department of Community and Economic Development
Attention: Center for Community Development Operations
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

For general instructions regarding the Single Application process, refer to the Single Application page of the appropriate appendix for selected priority activity of the HOME Program Guidelines.

B. HOME Application Contents

Each HOME Application must contain the following, except where noted, as applicable

Cover Sheet – The cover sheet must indicate which HOME activity the application will support and the following information:

- Pennsylvania DCED HOME Program
- HOME Project Priority (i.e. Rental Housing - New Construction and/or Rehabilitation, First Time Homebuyers – Acquisition with/without Rehabilitation, HOME/Weatherization Deferral Pilot Initiative, Existing Owner-Occupied Housing Rehabilitation, Single Family Affordable Housing - New Construction)
- Name of Applicant
- County (if Applicable)
- Date of submission

Application Documentation – Use appropriate appendix based on selected priority. Each letter on the table of contents page of the appropriate appendix must be tabbed in the application submission. **If an applicant wishes to apply for more than one priority area a separate, complete application must be submitted for each priority.** Applicants submitting more than one application must also indicate which application is their internal priority. Applications submitted for multiple jurisdictions do not need to be prioritized unless more than one application is being submitted for a jurisdiction.

Appendix I Rental Housing – New Construction and/or Rehabilitation

Appendix II First Time Homebuyers – Acquisition with/without Rehabilitation

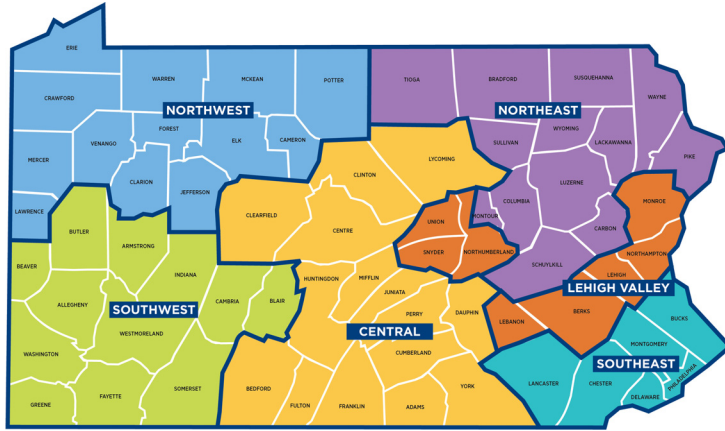
Appendix III HOME/Weatherization Deferral Pilot Initiative

Appendix IV Existing Owner-Occupied Housing Rehabilitation

Appendix V Single Family Affordable Housing – New Construction

Regional Offices

Pennsylvania Department of Community and Economic Development dced.pa.gov



Central

Adams, Bedford, Centre, Clearfield, Clinton, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lycoming, Mifflin, Perry, and York counties

Department of Community and Economic Development
Ted Martin, Director
400 North Street, 4th Floor
Commonwealth Keystone Building
Harrisburg, PA 17120-0225
(717) 525-5796
Fax (717) 783-4663
theomartin@pa.gov

Southeast

Bucks, Chester, Delaware, Lancaster, Montgomery and Philadelphia counties

Department of Community and Economic Development
Aliyah Furman, Director
110 North 8th Street, Suite 505
Philadelphia, PA 19107-2471
(215) 560-5830
Fax: (215) 560-5832
alifurman@pa.gov

Southwest

Allegheny, Armstrong, Beaver, Blair, Butler, Cambria, Fayette, Greene, Indiana, Somerset, Washington, and Westmoreland counties

Department of Community and Economic Development
Johnna Pro, Director
301 Fifth Avenue, Suite 250
Pittsburgh, PA 15222
(412) 565-5098
Fax: (412) 565-2635
jopro@pa.gov

Northeast

Bradford, Carbon, Columbia, Lackawanna, Luzerne, Montour, Pike, Schuylkill, Sullivan, Susquehanna, Tioga, Wayne and Wyoming counties

Department of Community and Economic Development
Paul Macknosky
2 North Main Street
Pittston, PA 18640
(570) 963-4122
Fax: (570) 654-6315
pmacknosky@pa.gov

Northwest

Cameron, Clarion, Crawford, Elk, Erie, Forest, Jefferson, Lawrence, McKean, Mercer, Potter, Venango, and Warren counties

Department of Community and Economic Development
Kim Thomas, Director
100 State Street, Suite 205
Erie, PA 16507
(814) 871-4245
Fax: (814) 454-7494
kimbethoma@pa.gov

Lehigh Valley

Berks, Lehigh, Monroe, Lebanon, Northampton, Northumberland, Snyder, and Union counties

Department of Community and Economic Development
Fadia Halma, Director
400 North Street, 4th Floor
Commonwealth Keystone Building
Harrisburg, PA 17120-0225
(717) 877-8481
fhalma@pa.gov