

# HOME PROGRAM

Application Guidelines | September 2019



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## Section I – General Information

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### A. Introduction

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

Pennsylvania's HOME Program is a financial tool for housing activities that promotes community stability by creating and preserving affordable housing units through new construction and/or rehabilitation. HOME funds can be used in a variety of ways, including market-oriented approaches that offer opportunities 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
- Existing Owner-Occupied Housing Rehabilitation
- Single Family Affordable Housing - New Construction

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

### B. Eligible Applicants

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

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

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

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

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

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

The commonwealth will distribute the HOME 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 allocates a portion of its appropriation 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 funds HOME prioritized activities rather than programs.

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

### **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
2. **Moderate Priority**
  - a. Existing Owner-Occupied Housing Rehabilitation

### 3. Low Priority

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

Prohibited activities under the HOME Program:

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

## E. Overview of the HOME Application Process

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

For administrative and other practical reasons, a unit of local government must submit applications for HOME funds. As a state recipient, a unit of local government will be granted direct access to the Integrated Disbursement and Information System (IDIS). Applications submitted by a unit of local government may be submitted on behalf of other public agencies, nonprofit organizations, certified Community Housing Development Organizations (CHDOs), and/or private developers. HOME regulations require 15% of the commonwealth's HOME allocation be set aside for eligible projects owned, developed or sponsored by certified CHDOs. CHDO certification is project-based and therefore eligible entities must be re-certified for each CHDO project. Information regarding CHDO Certification can be obtained by contacting the DCED HOME Program office at (717) 787-5327.

Successful applicants selected for HOME funding are required to comply with the HOME Statement of Assurances and Contract Conditions. The applicant will comply with all cross-cutting requirements (as applicable), including, but not limited to 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 receive an award conditioned upon the successful completion of the Environmental Review Record in accordance with National Environmental Protection Act (NEPA) requirements within 60 days of award. Once the ERR has been reviewed and cleared by DCED, a contract will be initiated.

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

Applicants must demonstrate and provide documentation of need; program design descriptions; and detailed management plans demonstrating staff capacity. All HOME applicants proposing an 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 Requirements, Cost Principles and Audit Requirements for Federal Award codified in 2 CFR 200, as amended as well as all other applicable issued laws and regulations. Some of the program requirements, with specific detailed attention given to those areas where DCED policy 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.
- Applicants must demonstrate matching contributions equal to 25% or greater for ALL HOME rental housing projects. Eligible match contributions may include cash contributions from non-federal sources, value of donated property, forbearance of fees, cost of on-site infrastructure improvements directly required for the HOME-assisted project and other eligible sources more specifically detailed in 24 CFR 92.220.
- Priority consideration will be provided to applicants seeking HOME funds that meet the 15% CHDO Set-Aside requirement on behalf of a non-profit. The non-profit must be certified by DCED as a CHDO for the project for which funds are sought.
- Target, Leverage and Impact (TLI): 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 a DCED HOME grant manager when considering submission of an application for HOME funds. Each potential applicant will receive confirmation by email of the discussion for inclusion in the application submission. Applicants may contact DCED at (717) 787-5327.

## G. Other Federal and State Requirements

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

5. **DCED Floodplain Policy** – 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 (updated annually by HUD)
- HOME 95% Value Limits (updated annually by HUD)
- PA Department of Revenue, Realty Transfer Tax, Common Level Ratios (updated by the PA Department of Revenue)
- Section 234 HOME Maximum Per-Unit Subsidy Limits (updated annually by HUD)
- HOME Rent Limits (updated annually by HUD)
- Application for CHDO Certification and Operating Assistance
- Cash Management and Information System Flow Chart
- Affirmative Marketing Plan
- DCED Housing Rehabilitation Guidebook
- DCED Neighborhood Market Analysis
- 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

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### A. HOME Application Submission Procedures

Applicants must submit an individual application for each priority activity selected. Each application will include the General Application Information and the appropriate Appendices. 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 the Center for Community & Housing Development. The address is as follows:

Pennsylvania Department of Community and Economic Development  
Attention: Center for Community & Housing Development  
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 General Application Information section 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 Program, Existing Owner-Occupied Housing Rehabilitation, Single Family Affordable Housing - New Construction)
- Name of Applicant
- County (if Applicable)
- Date of submission

**Application Documentation** – Use General Application Information and appropriate appendix based on selected priority. Each letter on the table of contents page of the General Application Information and 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 (including General Application Information) 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** General Application Information
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