STARK COUNTY HOME CONSORTIUM

HOME Policies & Procedures

EQUAL HOUSING OPPORTUNITY

STARK
COUNTY OHIO

Revised October 2024

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HOME INVESTMENT PARTNERSHIPS PROGRAM

POLICIES AND PROCEDURES

The Stark County Regional Planning Commission is under contract to the Board of Stark County Commissioners for the overall administration of the HOME program.

The Stark County Regional Planning Commission (SCRPC) has created a HOME Policies and Procedures manual as a guide to help recipients of HOME Investment Partnership Program funds understand their responsibilities under the program and how the SCRPC Community Development Department (CD Department) views potential/actual projects. The information in this manual is not a substitute for federal laws and regulations governing the program. Recipients of funds are responsible for compliance with program requirements. Applicants for HOME program funding are encouraged to familiarize themselves with both this manual and the HOME regulations which can be found on the U.S. Department of Housing & Urban Development's website.

The policies and procedures contained in this manual apply to all projects receiving HOME funds through the Board of Stark County Commissioners including those projects in the cities of Alliance and Massillon, as well as the balance of Stark County outside the Canton corporation limits and certain villages. Because the eligible villages participating in the HOME program can change annually, contact the Chief of Community Development or Senior Community Development Planner, or their designee for updates. Any violation of the requirements of the HOME program or policies contained within could result in the repayment of HOME funds received by the recipient.

The following SCRPC employees are responsible for the HOME program:

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Purposes and Goals

INTRODUCTION

The HOME Investment Partnerships Program (HOME) was created under Title II of the National Affordable Housing Act of 1990. Under the HOME program, the Department of Housing and Urban Development (HUD) allocates funds to Participating Jurisdictions (PJ) to be used to implement housing strategies in accordance with federal HOME regulations (24 CFR Part 92). The Board of Stark County Commissioners has been designated as the Participating Jurisdiction (PJ) to receive HOME funds for all of Stark County except the City of Canton, the Village of Hills and Dales. The Stark County PJ participates in the HOME program as a Designated Consortium (DC) with the Cities of Massillon and Alliance.

Using HOME funds, the Board of Stark County Commissioners strives to encourage and stimulate neighborhood revitalization through permanent housing. To increase the efficiency in which HOME funds are utilized and increase the impact of these dollars on our community, the CD Department has developed the following policies and procedures.

Purposes and Goals

The intent of the HOME program as established by HUD is to:

- Provide decent, safe and affordable housing to low-income families, up to 80% of Area Median Income (AMI);
- Expand the capacity of non-profit housing providers;
- Strengthen the ability of state and local governments to provide housing; and
- Leverage private sector participation through public, private and non-profit partnerships to address affordable housing

According to the regulations, HOME funds may be used for the purposes of creating, maintaining and expanding affordable rental and homeowner housing for low-income families through the following eligible activities:

- Acquisition
- New construction
- Rehabilitation
- Down payment assistance
- Tenant-Based Rental Assistance (TBRA)

The County only provides HOME funding for acquisition attached to new construction, new construction, owner-occupied rehabilitation and rental rehabilitation. Eligible owners of the rental housing can be for-profit developers, non-profit housing providers, CHDOs or government agencies. See the CDBG/HOME Rehabilitation Policies and Procedures for the information regarding owner occupied housing rehabilitation.

Policies and Procedures

APPLICATION FOR FUNDS

Application Timeline

The CD Department will hold an application workshop in the fall of each year. Inaccurate information contained in an application shall disqualify the Applicant from consideration. Minor corrections to applications may be allowed, but applications requiring substantial revision, or which are substantially incomplete will not be reviewed or ranked.

Once complete, electronic proposal must be submitted via Neighborly by the established deadline. Application deadline will be announced at the RFP workshop. This web-based platform is the only method applications will be accepted.

The County conducts owner-occupied housing rehabilitation inhouse and will not provide outside agencies to conduct this activity.

Allocation

Since Stark County formed a Consortium with the cities of Massillon and Alliance, funding is allocated to projects within each of those cities utilizing the percentage of funding that each brings to the total formula allocation for the PJ. Of the annual HOME allocation, 15% is a minimum required set-aside for Community Housing Development Organizations (CHDO) activities and no more than 10% can be allocated to administration. The County retains 100% of the allotted administration funding for programmatic compliance. If a current CHDO set-aside waiver in effect as issued by HUD, the Board of Stark County Commissioners reserves the right to waive the CHDO set-aside requirement. The County may use its CHDO set-aside funds to assist non-CHDO HOME projects. Provisions in recent appropriations laws permit PJs to use CHDO set-aside funds for non-CHDO projects if the County has not committed its CHDO set-aside funds to a project owned, developed, or sponsored by a CHDO within 24 months from HUD's obligation of the County's HOME grant. In order to do so, the County must request that HUD permit the CHDO set-aside funds be used for non-CHDO HOME projects.

After deducting both the CHDO activity and administrative funding, the remaining balance is allocated to projects in the County and Cities of Massillon and Alliance. No more than 5% can be allocated to CHDO operation costs.

Maximum Funding Amount

When allocating funds, HOME considers the total amount of assistance from both public and private sources needed to ensure project feasibility. Applicants are encouraged to request gap financing only. Requesting funds for administration is not permitted; however, applicants may request reasonable dollars for developer fees and soft costs in an amount corresponding to the following housing activities. HOME costs, including soft costs, must be tied to specific housing addresses.

- **Eligible Project Related Soft Costs,** as described in [24 CFR 92.206(d),] area costs that can be directly tied to an address of the project or individual being assisted. These costs must be reasonable and necessary. Costs must be associated with the financing or development (or both) of new construction, rehabilitation or acquisition of housing assisted with HOME funds. These include the following:
  - Project-specific fees for a HOME-assisted project such as private lender origination fees, credit reports, fees for title evidence, fees for recording and filing of legal documents, building permits, attorneys fees, private appraisal fees and fees for an independent cost estimate;
  - Architectural, engineering or related professional services required to prepare plans, drawings or specifications of a project;
  - Preparation of work write-ups, work specifications and cost estimates or review of these items if an owner has had them independently prepared;
  - Construction inspection and oversight;
  - Project document preparation;
  - Costs to process and settle the mortgage financing for a project;
  - Pre-purchase homebuyer counseling for a HOME-assisted homebuyer;
  - Costs to inspect property for compliance with property standards or to conduct a visual assessment for deteriorated paint;
  - Cost of inspection units for the presence of lead hazards or defective paint;
  - Limited developer fees.

NOTE: Indirect costs are not eligible soft costs.

Applicants should request only the level of funding necessary to carry out their projects and must be in combination with other proposed funding sources, to complete the proposed activities within the contract period.

Eligible Applicants/Sponsors and Capacity

Applicants/Sponsors should have prior experience in developing and managing the type of project they plan to undertake. Applicants/Sponsors should demonstrate that they or their development team has the skills, experience and capacity needed to develop and operate the property for a minimum period of affordability. Collaborative efforts with experienced parties and/or experienced development teams will be considered.

The following types of organizations are eligible to apply for funds:

- Non-profit organizations, including CHDOs. The CHDO must be certified each time funding is provided.
- For-profit entities, including individuals, partnership, corporation and limited liability companies.
- Stark Metropolitan Housing Authority.

Joint Applicants

Two or more eligible applicants may submit one application under the following condition:

- The lead applicant must accept full responsibility for application submission and for all administrative, regulatory and financial management requirements during the term of the project and period of affordability.

Joint Projects

The HOME regulations at 24 CFR 92.201(a)(2) state *a local participating jurisdiction may only invest its HOME funds within its boundaries or in joint projects within the boundaries of contiguous local jurisdictions which serve residents of both jurisdictions*. When a PJ invests its HOME funds in a project outside its borders, it must ensure that the contiguous jurisdiction makes a substantial financial contribution to the project and that the project will benefit residents of both jurisdictions.

Eligibility Requirements

Applicants, including all entities of a joint application, currently administering a HOME project are eligible to apply for additional HOME funds if:

- The applicant is compliant with the project implementation schedule contained within its HOME funding agreement for any open HOME-assisted housing project.
- There are no unresolved audit, monitoring or performance findings for any previous HOME funding allocations to the applicant.
- All projects three years or older are completed and conditionally closed out before applying for additional funds. Conditionally closed means the final draw has been submitted and the County is awaiting the submittal of demographic information.

Consolidated Plan

HOME applicants must submit proposals that are consistent with the County's [Consolidated Plan (ConPlan)](). Before applying, the applicant must review the ConPlan to ensure the activities are in conformance.

Disclaimers

The CD Department reserves the right to recommend to the Board of Stark County Commissioner to not award all available funds if submitted proposals do not meet the project threshold, evaluation and funding criteria or do not address the priorities as outlined in the ConPlan. Funds not allocated during a funding cycle may be awarded during a subsequent application cycle. The CD Department also reserves the right to allocate these funds to projects during the course of the year, prior to the next application round.

The Board of Stark County Commissioners reserves the right to reserve and allocate HOME funds to any project. The Board of Stark County Commissioners may deny HOME funds for any project, regardless of the ranking score under the project selection criteria, if it determines the project is unacceptable based on, but not limited to the following:

- Negative comments or lack of support from community organization(s) and stakeholder(s), or
- Information that a particular market is saturated with subsidized affordable housing, or
- The likelihood that the project may not comply with HOME program requirements in a timely manner, or
- The applicant's (including any related party) lack of or unacceptable prior experience and performance related to compliance with housing assistance or other government-sponsored programs, regardless of type and/or location.

Use of Contractors

In accordance with federal regulations, HOME funds may not be used to directly or indirectly employ, award contracts to, or otherwise engage the services of any contractor, firm or individual during any period of debarment, suspension, or placement of ineligibility status.

Project Threshold Criteria

All projects submitted for funding consideration through the HOME Investment Partnership Program must meet the following threshold criteria to be eligible for funding:

Contributes to Implementation of Strategic Goals of The Consolidated Plan

Proposed projects must be consistent with one or more of Stark County's Housing and Neighborhood Development Funding Priorities listed in the ConPlan.

Site Control

For projects requiring site control, applicant must have sight control at the time of application submission. Applicant must provide supporting documentation of site control with its application.

Financially Feasible Project

Applicant has submitted a Project Development Pro Forma, covering the entire HOME affordability period of the proposed project. It shall provide evidence of a financially feasible project, evidenced by a complete listing of committed and anticipated funding sources available to the project. The Pro Forma shall illustrate reasonable assumptions regarding interest rates, confidence in availability of funds and evidence of market need. For homeownership projects, cost, sales and market analysis is required. For rental projects, reasonable rent and operating cost assumptions are required.

If applicant has applied for tax credits from the Ohio Housing Finance Agency (OHFA), a copy of the OHFA Subsidy Layering Review shall be included with the application.

Project Time Frame

Applicant shall submit a timeline for project completion making reasonable assumptions concerning land acquisition and site-preparation, funding cycles and parameters for all funding sources, construction time, sales absorption or rent-up period. An applicant's history in project development and completion will be considered as well as the capacity of the development team.

Leverage of HOME Funds

Priority consideration may be given to projects with budgets requiring less than 50% of permanent funds from HOME and CDBG sources. Although projects serving very low-income households may require higher public subsidies, leveraging other funds with HOME is strongly encouraged. For awarded projects, the Board of Stark County Commissioners will make conditional commitments early in the project development process to assist the developer in seeking funds from other sources. The Board of Stark County Commissioners may elect to transmit funds to projects later in the process.

Commitment of HOME funding in the form of an executed contract will not occur until all project financing has been secured and a budget and project timeline provided. The contract must be signed within 12 months of July 1st. Project must also be ready to expend funds within 12 months of project commitment.

Evidence And Capacity of Development Team

Applicant should have a recent track record of successful project development, timely completion and projects-in-service. In the case of a new or emerging developer, evidence of real estate development and project management expertise is required. Application should indicate what skills and roles the non-profit staff will be assuming and any other members of the project development team.

Note: The Board of Stark County Commissioners strives to invest HOME Partnership Funding in viable projects providing permanent quality affordable housing in an efficient and timely manner. Housing developers with minimal development experience are encouraged to partner with experienced developers to enhance their ability to produce and deliver housing efficiently. All applications for HOME funding will be reviewed by the CD Department for tangible evidence that capacity of the development and construction team is solid. Projects with strong development capability will receive higher consideration for HOME funding.

General Policies and Procedures

Minimum Subsidy

The minimum HOME subsidy for any project is $1,000 per unit in accordance with HOME regulations.

Types Of Housing

HOME funds may be used for the construction or purchase of single-family (one unit) homes, duplex (two units sharing a common wall but owned individually), townhomes, cooperatives, and multi-unit rental apartments. Housing units developed with HOME funding must be affordable to owner and renter households earning 80% of Area Median Income (AMI) or below. Construction may be one or a combination of several methods including stick-built, panelized or modular. Mobile homes are not eligible for HOME funding assistance. For the purposes of this manual, the following definitions apply:

- Stick-Built – a house constructed primarily on-site from raw materials. This construction method may utilize some pre-constructed elements such as roof framing.
- Panelized – a house brought to the construction site in pre-built panels (wall sections), assembled on-site and finished. Panelized houses are stick built houses with some of the components constructed off-site.
- Modular – a home which is stick-built in modules (two or more boxes) in a factory, transported to the site by truck and placed on a permanent basement or crawl space foundation by a crane. The modules are bolted together, finished and may also involve on-site additions i.e. porches, garages, and other customization. These houses are essentially the same as stick-built on-site only the majority of the construction is accomplished in a controlled factory environment.
- Mobile– a house fully constructed in a factory on a steel chassis, brought to the site on wheels, but not permanently affixed to a foundation.
- Manufactured – a house that is fully constructed as a single unit in a factory, brought to the site by truck and placed on a fixed foundation.

Expenditure Time Frames

All HOME funds for a project must be expended within twelve (12) months of project commitment. See above relative to project commitment. Exceptions may be made by the County's HOME program under special circumstances. All data must be submitted and all projects must be closed within 90 days of the final HOME request for funds.

PROJECT MAXIMUMS

Rent Limits

For rental projects, HOME rent limits are published each year. The current rent limits can be found in Appendix 1.

Per Unit Subsidy – Rental

HUD establishes basic statutory mortgage limits. The maximum per unit subsidy can be found in Appendix 2. HOME funding may not be utilized on projects that exceed maximum per unit subsidies. The attached limits are the most current and are subject to change.

Homeownership Value Limit

HUD establishes and maintains the maximum allowable value for homeownership housing units. This is the after-rehab value for units that are either acquired or rehabilitated utilizing HOME funding. This is called the Homeownership Value Limits or the 95% limit. Section 92.254(a)(2)(iii) states that values will be established for the median purchase price and/or after rehab value. One value is for newly constructed housing and one value for existing housing. HOME funds may not be utilized on any property exceeding either value. The current limits can be found in Appendix 3.

SECTION 504 AND FAIR HOUSING ACT

Projects receiving HOME funds must comply with Section 504 of the Rehabilitation Act of 1973 and the Fair Housing Act of 1988. It is the applicant's responsibility to become familiar with both legislative acts.

MONITORING

The CD Department will use a risk analysis for monitoring HOME subrecipients. The risk analysis will be based loosely upon HUD's sample risk assessment, CPD Notice 04-01. After subrecipient contracts are fully executed and during the program year, the CD Department will conduct the risk analysis on all projects to determine the risk level. Each project will be considered low, moderate or high risk. The CD Department will determine which subrecipients will be monitored on-site and through desk reviews based upon the result.

Monthly Status Reports

Monthly progress reports shall be submitted to the CD Department and the *Completion Reports* must be provided within ninety (90) days of the final draw of funds. In addition, annual reports are due no later than July 31st of the year following funding and each subsequent year until the project's affordability period is completed. Failure to submit reports in a timely manner shall result in retention of future funds.

Payment Requests

At a minimum, agencies receiving HOME funding commitments should submit requests for payment on a quarterly basis. Requests for payment may be made as often as needed on the prescribed form. Failure to draw funds in a timely manner could result in a reduction of funding. Payment shall only be requested for work completed. SCRCP will not pay for stored materials.

Income Determination and Eligibility

Individuals receiving assistance through the HOME program must be determined income eligible using the Section 8 (Part 5) definition of Annual Gross Income. An income calculator is available at the HUD website to help with calculating income. The income determination is the responsibility of the agency providing the assistance. Income reevaluations must be completed annually during the affordability period of the project.

Initial income shall be verified via third-party documentation. Income must be recertified annually in accordance with HOME regulations, utilizing third-party documentation every six years of project affordability.

Applicant requirements and documentation must be consistent for all participants of a project (i.e. criminal history checks, credit reports, etc.)

Record Retention

All records must be maintained and accessible for a minimum of five (5) years beyond the end of the affordability period.

General

The CD Department will not accept proposals/applications from grantees having projects that have not commenced that received previous years of HOME funding.

In the event there is a turnover in agency staff administering any HOME funded project, the CD Department must be notified within thirty (30) days in order to provide technical assistance to new and/or reassigned staff to ensure program compliance.

All applications for either homeownership projects containing more than one unit or rental projects, <u>must</u> be accompanied by a minimum 10-year operating Pro Forma, as well as, a "Sources and Uses Statement". Applications not containing this information may not be reviewed or funded.

Match Requirements

All projects for HOME assistance must provide a minimum of 25% match.

- Eligible forms of project match include:
  - ✓ Cash contributions from non-federal sources

- ✓ Participation of Federal Home Loan Bank Affordable Housing Program, Trust Fund, State and other public or private sources
- ✓ Grants contributing to a below-market interest rate loan
- ✓ Waived fees for a HOME-eligible project
- ✓ Donation of real property
- ✓ Donated labor and/or sweat equity

- ➢ Ineligible forms of match include:
  - ✓ Owner equity or investment in a project
  - ✓ Interest rate subsidy attributable to the federal tax-exemption on financing or federal tax credits
  - ✓ Cash or other forms of contributions from applicants or recipients of HOME assistance (with the exception of sweat equity).

- ➢ Supporting documentation of match must be submitted to the CD Department upon receipt. Agencies must also maintain documentation of match for a minimum of five (5) years after the completion of the project.

Affordability Period

HOME project owners/buyers are required to maintain HOME funded properties as affordable for a minimum affordability period based on the amount of HOME funds spent on the project. The guidelines follow:

Less than $15,000 per unit	5 years
$15,000 - $40,000 per unit	10 years
$40,000 +	15 years
New construction of rental housing	20 years

A deed restriction and/or restrictive covenant will be prepared by the CD Department and shall be signed by the owner/buyer. The deed establishes the occupancy and affordability requirements for the property as well as the owner's obligations to the Board of Stark County Commissioners. The deed binds the project owner and all subsequent owners to the HOME contract. The CD Department will record the deed at the office of the County Recorder.

Failure to comply with affordability requirements will require repayment of all HOME funds extended to the project.

CHDOs

CHDO

Federal regulations require a minimum of 15% of the annual HOME allocation to the County be set aside for housing projects that are owned, sponsored or developed by CHDOs. A CHDO is a non-profit organization that meets a variety of criteria outlined in the HOME regulations. HUD has specific requirements to qualify as the owner, sponsor or developer.

Rental Housing

- OWNER – A CHDO that is an owner is required to own the HOME project during the development and throughout the period of affordability. The owner is required to hire a project manager or have a contract with a development contractor to oversee all aspects of the development.
- DEVELOPER – A CHDO that is a developer of rental housing must arrange for the construction financing and is solely in charge of the construction. The developer must own the HOME-assisted housing throughout the period of affordability.
- SPONSOR – A CHDO that is a sponsor of HOME-assisted rental housing that "owns" and "develops" the rental housing project. The sponsor agrees to convey the project to a private non-profit organization at a predetermined time after completion of the development.

Homebuyer Projects

- DEVELOPER – The CHDO shall serve as the developer if it is the owner in fee simple, absolute or long-term ground leases. The CHDO may also be the developer of new housing to be constructed or existing substandard housing that is owned or will be acquired by the CHDO for rehabilitation and sale to low-income families, in accordance with 92.254. The CHDO must arrange financing of the project and be solely in charge of the construction.

Sole General Partner

- 24 CFR 92.300(a)(a1) requires that if a CHDO owns a project in partnership or owns the project through its wholly-owned for-profit or non-profit subsidiary, it must be the managing general partner. This also extends to LLCs.

CHDO Commitment of Funds

CHDO funds must be committed by Stark County within 24 months of the beginning of its fiscal year. Funds may not be committed to a project until all necessary project financing is secured, a budget and time schedule are established and underwriting and subsidy layering review are completed. Construction must commence within 12 months of the project commitment.

CHDOs should plan well in advance so all financing is secured and the budget and timeline are completed. This ensures HOME funding may be utilized and no funds will be withdrawn from the project for lack of being able to move forward.

The CD Department will not undertake the underwriting and subsidy layering review until all funding has been identified.

The CHDO and the Board of Stark County Commissioners will enter into a contract stipulating conditions of the HOME funding as well as the legal documents that shall be recorded for the project.

CHDOs must apply for certification as a Stark County CHDO at the time of project application. It is advisable to begin work on this process prior to application submission.

CHDO Certification

An organization meeting the requirements of a CHDO may apply for County CHDO Certification. This application must be submitted at the same time the application for funding is made. The CD Department will certify organizations applying for CHDO set-aside funding annually. The CD Department reserves the right to make the final determination on whether an organization meets all of the requirements of the HOME regulations.

Rental Projects

HOME funds may be used for acquisition, new construction or rehabilitation of affordable rental housing. Eligible owners of the rental housing can be for-profit developers, non-profit housing providers, CHDOs or government agencies. Owners will be monitored on an annual basis by the CD Department to ensure compliance in occupancy, rent restrictions, affordability requirements and property standards.

General Requirements

- Project records must be maintained by the owner for a minimum of five (5) years beyond the required affordability period.
- Owners must adopt a written tenant selection policy. A copy of the policy must be on file with the CD Department. Any changes to an existing policy must be provided immediately.
- Tenant files must be maintained on all HOME units. Files must contain a current lease signed by the tenant, documentation of income, application and household information including family composition, documentation of Section 8 subsidy showing tenant and subsidized portions and documentation of correspondence with tenant, yearly income verifications, as well as any other pertinent information on the tenant (i.e. background/criminal checks, etc.)
- Third party documentation of income must be verified to determine eligibility prior to family moving in. Income documentation must be no more than three (3) months old.
- Income must be verified annually to ensure compliance and maintained in the tenant's files. Third-party documentation must be performed every six (6) years of project affordability.
- Tenant files must be maintained for a minimum of five (5) years after the tenant vacates the unit.
- All units must be maintained in compliance with HUD Housing Quality Standards and Stark County Residential Rehab Standards (RRS) and/or other governing jurisdiction building codes.
- Owner must adhere to Equal Opportunity, Affirmative Marketing and Fair Housing (contained within these policies) practices in all marketing efforts, eligibility determinations and other transactions. Owners must solicit applications from persons in the housing market not likely to apply without special outreach efforts. All marketing efforts must be documented.
- The Equal Housing Opportunity Logo or statement must be used in all written communication and advertising of vacant units and must be displayed in the housing/ rental office.

- A unit report must be submitted to the CD Department any time there is a tenant change.
- Prior to bidding work, the Owner must provide copies of the bid documents which includes the description of the work to be undertaken, construction contract(s) to be utilized, and a cost estimate. No bidding or contracting may occur prior to written authorization of the CD Department. **Failure to follow these requirements will cause the funding agreement to become void**.
- Progress inspections will be conducted by the Rehab Specialists in order to ensure that work is progressing in a timely manner, that the work is completed in accordance with the codes and construction contract and documents, and to initiate a progress payment. No final payment of HOME funds will be made until all construction is complete and the unit is ready for occupancy.
- The CD Department will monitor the project during the period of affordability. This will include on-site inspections to determine that the unit(s) continues to meet the property standards as well as a monitoring of files as required by HOME regulations. The Owner will be required to include a mandatory annual fee that will be invoiced to the Owner by the CD Department to cover the cost of on-going monitoring.

PROPERTY STANDARDS

New Construction

All newly constructed rental units must meet applicable State and Local residential and building codes upon project completion.

All newly constructed rental units must also meet the accessibility requirements of 24 CFR Part 8 (implements Section 504 of the Rehabilitation Act of 1973) and Titles II and II of the Americans with Disabilities Act implemented at 28 CFR Parts 35 and 36, as applicable. Multi-family buildings consisting of 4 or more dwelling units, if such buildings have one or more elevators; and ground floor dwelling units in other buildings consisting of 4 or more dwelling units, must also meet design and construction requirements at 24 CFR 100.205.

Rehabilitation

The Board of Stark County Commissioners has adopted the State of Ohio's Residential Rehab Standards (RRS) and/or the Uniform Physical Conditions Standards (UPSC) as the standard for all rehabilitation work.

Occupancy

Upon initial occupancy, renters must be at or below 60% of the Area Median Income (AMI). If after initial occupancy the family's income increases above 80% AMI, the family may continue to occupy the unit with the stipulation that they pay at least thirty percent (30%) of their adjusted monthly income as rent. An exception is made for units financed with Low Income Housing Tax Credits, in which case tax credit regulations apply.

In rental project of five (5) or more units, at least twenty percent (20%) of the HOME assisted units must be occupied by families with an annual gross income at or below fifty percent (50%) of the AMI. Rents for these units must be at or below the Low HOME rents.

All HOME assisted units must be fully occupied within 18 months of construction/rehab completion. Project completion is specified below. If a unit is not occupied within 18 months, the Owner will be required to repay the HOME funds that have been invested on that unit.

All tenants in HOME assisted units must have a lease that meets all the requirements of the HOME program.

1. Leases
    a. Lease must be for at least one year
    b. Lease may <u>not</u> contain any of the following provisions:
        i. **Agreement to be sued**: Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the lease.
        ii. **Treatment of property**: Agreement by the tenant that the owner may seize or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This provision does not apply to disposition of personal property left by a tenant who has vacated a property.
        iii. **Excusing owner from responsibility**: Agreement by the tenant not to hold the owner or the owner's agents legally responsible for any action or failure to act, whether intentional or negligent.
        iv. **Waiver of notice**: Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant.
        v. **Waiver of legal proceedings**: Agreement of the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties.
        vi. **Waiver of a jury trial**: Agreement by the tenant to waive any right to a trial by jury.

vii. **Waiver of right to appeal court decision**: Agreement by the tenant to waive the tenant's right to appeal or to otherwise challenge in court a court decision in connection with the lease.

viii. **Tenant chargeable with cost of legal actions regardless of outcome**: Agreement by the tenant to pay attorney's fees or other legal costs, even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

ix. **Mandatory supportive services:** Agreement by the tenant (other than a tenant in transitional housing) to accept supportive services that are offered.

c. Owners may terminate tenancy or refuse to renew a lease upon 30 days' written notice, and only for: serious or repeated violation of the terms and conditions of the lease; violation of applicable federal, state, or local law; completion of the tenancy period for transitional housing or for other good cause in accordance with 24 CFR 92.253(c).

Tenant Selection

The Owner must comply with the Affirmative Marketing Policy, Appendix 4. The Owner must also adopt and follow written tenant selection policies and criteria indicated in 24 CFR 92.253 (d). The Owner must submit the tenant selection policies and criteria to the CD Department with the funding agreement. These policies and criteria must be approved by the CD Department prior to the leasing/renting of any properties.

Fixed/Floating Units

Owners must determine, at the time they sign the HOME Funding Agreement, if the HOME assisted units will be fixed or floating units. If fixed units, they must assign a permanent address to the assisted units.

Rent Restrictions

Owners of HOME projects must keep units affordable to low-income tenants during the entire affordability period. Maximum rent limits are published by HUD annually and distributed to recipients of funds. Current rent limits are contained in Appendix 1. If limits go below the rate published at the time of contract execution, owners will not be required to lower rents and may retain their current rates.

Owners may request an increase in rent as rent limits change. However, the owners may not change a tenant's rent prior to the expiration date on the lease agreement. Owners must provide tenants at least forty-five (45) days notification of rent increases.

Site and Neighborhood Standards

New construction rental projects must ensure that the project conforms to the "Site and Neighborhood Standards" as described in 24CFR 983.6(b).

Project Completion

Rental projects are considered complete once construction is completed and the units are ready for occupancy. All HOME units within a rental project must be rented to an initial occupant within 18 months of project completion. All HOME funding will be required to be repaid to HUD for units not occupied within the 18-month time frame.

All HOME assisted units must be completed within four (4) years of signing the funding agreement between the Owner and the Board of Stark County Commissioners. Funds expended on units that are not complete within the required 4 years will result in the repayment of all HOME funding to the Board of Stark County Commissioners for reimbursement to HUD. Funding agreements must be signed within 12 months of the beginning of the program year.

Funding Levels

The minimum amount of funding that can be applied to a HOME assisted unit is $1,000.

The maximum amount of funding that can be applied to a HOME assisted unit is the 221(d)(3) limit or its equivalent limit as published each year and provided to the CD Department by HUD. The current limit is attached as Appendix 2.

HOMEOWNERSHIP ACTIVITIES

Construction/Rehab of Homeownership Units for Resale

HOME funds may be utilized by eligible entities for the construction or rehabilitation of units for resale for homeownership to qualified low-income (up to 80% of AMI) individuals and/or families.

- Environmental and historical reviews must be conducted by the CD Department on every project. The CD Department will notify the agency of documentation needed to complete the review. It is the responsibility of the owner/developer to ensure that the CD Department has all information necessary to complete the reviews. Environmental and historical reviews will be completed prior to the award of a Grant Agreement. Projects may not commence, and funds may not be expended (federal or non-federal) until the review is completed and HUD releases the project.
- Grant agreements will only be signed upon the submission of project timeline and final commitment and proof of all other funding sources.
- Construction plans and/or work specifications must be submitted to the CD Department to be reviewed within three (3) months of execution of the HOME Grant Agreement between the Board of Stark County Commissioners and the owner/developer (non-profit). All plans must be approved prior to commencement of construction. Any changes to the approved plans must be submitted to the CD Department for approval.
- Funds may not be committed to a project until necessary project financing is secured, a budget and time schedule are established and underwriting and subsidy layering review (if necessary) are completed. Construction must commence within 12 months of the project commitment. Grant agreements will not be signed until this information has been submitted to and approved by the CD Department.
- HOME Grant Agreements must be signed within fourteen (14) days of the receipt of the funding agreement from the CD Department.
- Construction must begin within three (3) months of plans and/or work specification approval by the CD Department.
- Site control must be obtained at the time of application for HOME funds.
- All legal notices and advertisements pertaining to construction of the project must be reviewed by the CD Department prior to publication.
- All homebuyer units must be sold no later than 9 months after construction completion. Any units not sold will be converted to rental units and rental requirements will apply, including long-term affordability.

- All new construction projects must meet the federal energy efficiency standards and must meet or exceed building codes as established by Stark County or other governing jurisdiction.
- All rehabilitation projects must meet the Residential Rehab Standards (RRS) adopted by the Board of Stark County Commissioners, be as energy efficient as possible and follow all local applicable building codes.
- Construction files must be maintained and accessible for a minimum of five (5) years beyond the affordability period.

Bid Procedures

- All projects, except for CHDO projects, must be sent out for public bid regardless of other funding sources in the project. Projects involving Low-Income Housing Tax Credit (LIHTC) funding may request a waiver of this requirement. Bid documents **must** be approved by the CD Department prior to advertisement. Failure to receive prior approval will result the project non-compliance and termination of the funding agreement.
- Bid packets must be available for pickup for a minimum of two (2) weeks.
- Bids must be sealed when submitted to the agency. All bids will be opened by the agency at a pre-designated date and time.
- The CD Department and all bidders must be notified of date and time of bid opening.
- Normally the lowest, responsive bidder will be awarded the contract. In the event the agency selects a bid other than the lowest, they must submit the bids along with documentation to support the selection to the CD Department for approval. This may or may not be approved.

Payment/Release of funds

- Funds are disbursed on a reimbursement basis. If the Agency is unable to meet the cost of construction and/or services on a reimbursement basis, payment terms must be discussed and approved by the CD Department prior to construction.
- Agencies must submit a HOME Request for Payment form along with copies of the invoice from the contractor or service provider to the CD Department. Claims submitted without proper back-up documentation will be returned to the Agency. Request for Payments and supporting documentation may be e-mailed.
- The CD Department may hold payment including final payment for the project pending inspection by a Rehab Specialist approval by the CD Department. The funds will not be released until the CD Department has received and approved required documentation. New construction projects must have a *Certificate of Occupancy and/or Certificate of Inspection* from Stark County or another governing jurisdiction. All rehab projects must be inspected by a Rehab Specialist and have documentation indicating the property complies with building code regulations.

Relocation

- ❖ Contact the CD Department if the project involves the rehabilitation of occupied units, demolition of occupied or vacant affordable housing units, conversion of affordable housing to non-affordable housing and/or the acquisition of vacant or occupied land. Failure to do so may result in disqualification of your application as you may be required to submit notifications as part of your application. It is the expressed policy of the Board of Stark County Commissioners to strictly comply with the URA and to minimize displacement.

  See Uniform Relocation Act (URA) Policies and Procedures for additional information.

Cost Overruns

- ❖ Applicants should make every effort to be realistic when developing the construction and development budgets. Construction budgets should be comprehensive and should consider items such as the removal of lead-based paint, radon and asbestos, the effect of cost estimating now for work to be performed some months into the future, and contingencies.
- ❖ The Board of Stark County Commissioners does not keep a reserve account for cost overruns. Funds will not be available to pay for cost overruns. Overruns will be the responsibility of the owner or developer. The protocol for payment of HOME funds to the project is:
  - GAP
  - Contingency
  - Developer Fee

Developers Fees

1. Developer fees may not exceed 10% of the total project costs. These funds will be the last funds paid for a project. In the event of cost overruns, developer fees must be used as a contingency fund. If a project has cost savings, these funds shall be paid to the developer. Cost savings will not be calculated as part of the developer fee.

Capacity Building/Operating Funds

- ❖ Capacity building or operating funds for the fiscal year shall be less than the greater of $50,000 or 50% of the CHDO's annual budget per 24 CFR 92.300(f).

Project Completion

A Homeownership housing project is considered complete when:

- all necessary title transfer requirements and construction work are complete; and
- the project complies with the property standards under 24 CFR 92.251; and
- the final payment of HOME funds has been disbursed; and
- all project completion data has been submitted to the CD Department including demographic information on the homeowner and the CD Department has approved and entered the completion data into IDIS.
- Project must be completed within four (4) years of the signing of the Grant Agreement with the Board of Stark County Commissioners. The Grant Agreement must be entered into within 12 months of the beginning of the County's FY (July 1st).

All units must be sold within nine (9) months of certificate of occupancy. Units not sold within this time frame must be converted to rental units.

Owner must provide a market study to ensure that the units will be sold within the required time frame.

Funding Levels

The minimum amount of funding that can be applied to a HOME assisted unit is $1,000.

The maximum amount of funding that can be applied to a HOME assisted unit is determined by the HOME Homeownership Value Limits as published each year. The current limit is attached as Appendix 3.

Owner Occupied Housing Rehabilitation

The SCRPC manages and operates an in-house owner-occupied housing rehabilitation program. The program policies and guidelines are reviewed and modified as needed on an annual basis.

See Rehabilitation Policies and Procedures.

Down Payment Assistance

This section reserved for future use.

Appendix 1

2024 HOME Rent Limits

Effective June 1, 2024

https://www.hudexchange.info/programs/home/home-rent-limits/

Appendix 2

Per Unit Subsidy

https://www.hudexchange.info/news/hud-publishes-limits-for-home-maximum-per-unit-subsidies/

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT
Columbus Field Office
200 North High Street, Columbus, Ohio 43215-2499
CPDColumbusMail@hud.gov

May 20, 2023

MEMORANDUM FOR: HOME Participating Jurisdictions within the Jurisdiction of the Columbus Field Office

FROM: Matthew LaMantia, Acting Director, Office of Community Planning and Development, Columbus Field Office

SUBJECT: Calendar Year 2024 HOME Maximum Per-Unit Subsidy Limit Determination

Due to the discontinuation of the Section 221(d)(3) mortgage insurance program, alternate maximum per-unit subsidy limits must be used for the HOME Program. HUD is required to undertake rulemaking to establish new maximum per-unit subsidy limits for the HOME Program because it is no longer updating and publishing limits for the Section 221(d)(3) mortgage insurance program. Until a new rule can be published, HUD published a Notice establishing an interim policy that Field Office staff and participating jurisdictions (PJs) must follow directing PJs to use the Section 234-Condominium Housing basic mortgage limits, for elevator-type projects, as an alternative to the Section 221(d)(3) limits in order to determine the maximum amount of HOME funds a PJ may invest on a per-unit basis in HOME-assisted housing projects. This interim policy remains in effect until the effective date of the new final rule provisions, amending the existing provisions of 24 CFR 92.250(a).

The Section 234 program insures blanket mortgages for the construction or substantial rehabilitation of multifamily projects to be sold upon completion as individual condominium units. Overtime, these limits issued by HUD have been identical to the Section 221(d)(3) limits. Consequently, substituting the Section 234 basic mortgage limits for the Section 221(d)(3) limits is consistent with the intent of NAHA and the implementing provisions of the HOME Final Rule.

HUD's Office of Multifamily Housing updates the Section 234 basic mortgage limits annually and publishes them in the Federal Register. The Office of Multifamily Housing also establishes high-cost percentage exceptions (HCP) for specific areas. To ensure consistency with the provisions of section 212(e)(1) of NAHA and 24 CFR 92.250(a), the HOME maximum per-unit subsidy limit that HUD can approve for a PJ cannot exceed 240 percent of the Section 234 basic mortgage limit (i.e. 100 percent of the basic mortgage limit plus up to 140 percent in high cost areas). For a PJ whose HCP has been increased above the 240 percent, the CPD Division must cap the HOME per-unit subsidy limit at 240 percent of the Section 234 basic mortgage limit.

For calendar year 2024, the following maximum HOME per-unit subsidy limits are effective for all HOME Participating Jurisdictions within the jurisdiction of the Columbus Field Office:

Bedrooms	Basic Limit	HCP Limit (240%)
0	$ 75,620.00	$ 181,488.00
1	$ 86,687.00	$ 208,048.80
2	$ 105,414.00	$ 252,993.60
3	$ 136,372.00	$ 327,292.80
4+	$ 149,693.00	$ 359,263.20

Appendix 3

Homeownership Value Limits

https://www.huduser.gov/portal/datasets/home-ownership-value-limits.html

The effective date of the Homeownership Limits is indicated above. Use the most recent limits.

Appendix 4

Affirmative Marketing Policy

(Updated May 2018)

The Affirmative Marketing Policy applies to all programs which utilize Stark County Consortium (Consortium) HOME funds from the Board of Stark County Commissioners where at least five (5) housing units are contained within the overall project, except, to Section 8 tenant based rental housing assistance or to families with tenant based rental assistance provided with HOME funds. This policy applies to all areas of Stark County with the exception of the City of Canton and certain non-participating jurisdictions which may change annually.

The HOME Investment Partnerships Act (HOME) Program requires that an Affirmative Marketing Plan/Policy (AMP) be developed and followed for any HOME funded program with the goal of soliciting eligible persons in the housing market who are otherwise not likely to apply for the said program(s) without special outreach. Any HOME funded entity (i.e. a recipient, subrecipient, Community Housing Development Organization (CHDO) owner and/or developer) referenced in this plan hereafter referred to as "HOME Participant(s)" are responsible for employing marketing plans that promote fair housing by ensuring outreach to all potentially eligible households, especially those least likely to apply for assistance without regards to race, color, national origin, sex, religion, familial status, or disability. The AMP has been created to comply with the affirmative marketing procedures as established by 24 CFR 92.351, of the U.S. Department of Housing and Urban Development (HUD) HOME Program regulations.

The Board of Stark County Commissioners has been designated as the Participating Jurisdiction (PJ) to receive HOME funds to be utilized in projects in the cities of Alliance and Massillon, as well as the balance of Stark County outside the Canton Corporation limits and non-participating jurisdictions. The Stark County Regional Planning Commission (SCRPC) is under contract to the Board of Stark County Commissioners for the overall administration of the HOME program. This plan also promotes actions that welcome, encourage and support the response and active participation of qualified contractors and/ or service providers owned by minorities and/ or women (MBE and WBE). As the lead entity of the HOME Consortium, Stark County works in partnership with Alliance and Massillon to ensure recipients of HOME funds comply with the affirmative marketing procedures as laid out in this plan.

The plan consists of three main objectives for individuals/families who normally might not apply for available housing units because they are socially and/or economically disadvantaged. These objectives are (1) informing these persons of available units, (2) encouraging these persons to apply and (3) providing an equal opportunity to rent/own housing units to these persons.

The above stated three main objectives are obtained through the following five (5) elements.

1. Informing the public, subrecipients, owners, and potential tenants about federal fair housing laws and the AMP in the following ways:
    a. Every office of a HOME Participant display the Equal Housing Opportunity logo and a Fair Housing Poster in a prominent place,
    b. Every advertisement to sell or rent housing supported with Consortium HOME funds shall contain either/ or both:
        i. The Equal Housing Opportunity logo; or the following statement:
        ii. "Equal Opportunity Housing. This housing is offered without regard to race, color, national origin, sex, religion, familial status or disability."
    c. The community has access to the AMP by making it available to view on the SCRPC website along with having copies available to the public at the SCRPC office.
    d. The Stark County Fair Housing Department is housed within the SCRPC and is dedicated to the attainment of equal housing opportunities for all person(s) under the Fair Housing Law. The Fair Housing Manager assures that equal housing opportunity is provided to all citizens of the county. Currently, the cities of Canton and Massillon operate their own Fair Housing Department, while Alliance is under contract with the SCRPC to provide fair housing resources. The following methods are used by the Fair Housing Manager to ensure equal housing opportunities is provided to all by the following methods: counseling citizens on their fair housing rights, counseling landlord/tenants about their rights and responsibilities, investigating fair housing complaints, sponsoring educational workshops and trainings, monitoring discrimination compliance and providing relevant housing literature.
2. Ensuring that the following requirements and practices of any HOME Participant and/or owner of HOME-funded housing adhere to Stark County's affirmative marketing policies:
    a. Every advertisement to sell or rent housing supported with HOME funds shall contain the Equal Housing Opportunity logo; and/ or the following statement "Equal Opportunity Housing. This housing is offered without regard to race, color, national origin, sex, religion, familial status or disability."
    b. HOME Applicants are required to have an AMP which is required to be submitted at the same time as their HOME application.

3. Using the following procedures by HOME Participants to inform and solicit applications from persons in the housing market area who are least likely to apply for housing without special outreach:
    a. Every HOME Participant shall advertise the sale or availability of rental housing in at least two outlets or venues in order to solicit applications from all types of persons, including persons in the housing market area who are least likely to apply for housing with special outreach which may include:
        i. Postings at:
            - Stark Metropolitan Housing Authority;
            - Community Centers;
            - Neighborhood Centers;
            - Public Libraries;
            - Community Bulletin Boards;
            - Local businesses;
            - Web sites; or
            - Community newsletters
            - Neighborhood churches
        ii. Paid advertisements in or on local:
            - Newspapers
            - Radio
            - Television
            - Appropriate internet sites
    b. Each HOME Participant shall advertise every HOME funded solicitation for goods, services and/or contracting in at least two outlets or venues, which may include:
        i. Postings at:
            - Stark Metropolitan Housing Authority;
            - Community Centers;
            - Neighborhood Centers;
            - Public Libraries;
            - Community Bulletin Boards;
            - Local businesses;
            - Web sites; or
            - Community newsletters
            - Neighborhood churches
        ii. Paid advertisements in or on local:
            - Newspapers

- Radio
- Television
- Appropriate internet sites

4. Recordkeeping to annually assess the actions taken by the County and HOME Participants regarding efforts made to affirmatively market HOME-assisted units, and to assess the results of these actions:
    a. Every HOME Participant shall maintain a file of all advertisements and solicitations required under this section, and shall provide to Stark County as requested by the CD Department, a copy of all advertisements and solicitations. This shall be effective until the end of the affordability period on each project.
5. Recordkeeping to annually assess the success of affirmative marketing actions and what corrective actions will be taken when requirements are not met:
    a. Every HOME Participant shall provide to the CD Department by July 15th of each year until the year following acceptance of project completion, a report with the following data on the results of solicitations for contracting, goods and/or services for any program or development which utilized HOME funds.
    b. The CD Department shall review the Participant for compliance with Stark County AMP during the annual review of HOME funded projects. If it is determined that the Participant has not complied with the policies in the plan, the CD Department will cite the non-compliance in the monitoring review and request corrective action be taken. If no corrective action is taken, the CD Department may determine not to recommend that Participant receive additional HOME funding in the future.
    c. The Affirmative Marketing Policy shall be formally reviewed and updated as needed.

This Affirmative Marketing Plan shall be included by reference in the following documents developed by HOME Participants:

a. All solicitations to bid, requests for proposals, or requests for qualifications involving HOME funding.
b. All program manuals for programs that utilize HOME funding.
c. All applications to receive funds that include HOME dollars as a funding or financing source.

Subsidy Layering Review Guidelines

Documentation Needed

Project Pro Forma including sources and uses of funds statement, operating pro forma (rate of return on equity investment), project development budget along with certification of federal assistance must be provided to the CD Department.

Sources of Funds

a. Commitment letters with all terms and conditions for all mortgages, grants, subordination agreements, bridge (interim) loans and investment tax credits (historical, low-income, if applicable); and
b. If a partnership, a copy of the partnership agreement, which indicates the cash contribution by the general partner(s) and/or limited partner(s)

Uses of Funds

a. Earnest money agreement; option or closing statement for land and/or buildings
b. Construction cost estimate
c. Construction contract or preliminary bid(s)
d. Agreements governing the various reserves which are capitalized at closing (to verity that the reserves cannot be withdrawn later as fees or distributions)
e. Appraisal (to substantiate the value of the land and the value of the property after rehabilitation or construction of the structure being built)
f. If low-income tax credits are utilized, documentation on the syndication costs (legal, accounting, tax opinion, etc.) from the organization/individual who will syndicate and sell the offering to ensure that the project can support the fees necessary to syndicate/fund the project
g. Supporting documentation for all other costs specified in the Sources/Uses of Funds statement

Certification of Federal Assistance

a. Formal certification concerning any other governmental assistance provided or to be provided to the project – one certification for each funding source
b. If no other governmental assistance, certification to this affect
c. If this changes during the course of the project, inform the CD Department immediately in the form or a new certification

Underwriting Standards:

The CD Department will utilize the most recent underwriting criteria as set out in the OHFA Qualified Allocation Plan and Multifamily Underwriting Guidelines. See "standard policies and Guidelines" tab. Limits are as follows:

2. Developer fees and overhead and any consultant fees may not exceed the sum of:
    a. 10% of total rehabilitation and new construction eligible basis.

3. Limits for Contractor Fee, Contractor Overhead and General Requirements will be calculated as follows:
    a. Contractor Fee = 6% of hard construction costs
    b. Contractor Overhead = 2% of hard construction costs
    c. General Requirements = 6% of hard construction costs.

4. Total professional soft cost may not exceed 25% of the total development cost for non-competitive HTC developments. Total professional soft cost may not exceed 20% of the total development cost for all other programs. Total soft costs equal the sum of general requirements, contractor overhead, contractor profit, architectural fees, survey costs, engineering fees, permanent loan fees, cost of tax-exempt bond issuance, taxes, appraisal, market study, environmental report, rent-up/marketing costs, title & recording fees, non-syndication legal fees, accounting fees, developer fees & overhead, consultant fees, organizational fees, and syndication expenses.

5. If a project has cost savings, these funds shall be paid to the developer. Cost savings will not be calculated as part of the developer fee.

For additional Information:
https://www.hudexchange.info/faqs/2312/what-are-the-home-program-subsidy-layering-and-underwriting-requirements/
www.hud.gov/sites/documents/15-11CPDN.PDF