The Lower Savannah Regional HOME Consortium (LSRHC)

Standard Operating Policies and Procedures
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Objective: In 2010 the following jurisdictions; Aiken County, City of New Ellenton, City of North Augusta, Town of Perry, Allendale County, Town of Allendale, Town of Fairfax, Town of Ulmer, Bamberg County, City of Bamberg, City of Denmark, Town of Ehrhardt, Barnwell County, Town of Blackville, Town of Snelling, Calhoun County, Town of Neeses, City of Orangeburg entered an Intergovernmental Agreement with Orangeburg County as the lead entity creating the Lower Savannah Regional HOME Consortium (LSRHC) in an effort to expand the supply of affordable housing for very low, low and moderate income persons throughout Lower Savannah Region. The LSRHC is committed to working throughout the community to expand and improve the supply of affordable housing. The LSRHC works to provide decent, safe and affordable housing to residents by alleviating the problems of excessive rent burdens, homelessness, deteriorating housing stock as well as increase opportunities for low and moderate income households to become homeowners.

Funding: Funds available for affordable housing activities are provided by the U.S. Department of Housing and Urban Development (HUD) through the Home Investment Partnership Program (HOME) under 24 CFR 92.

Activities assisted with LSRHC funds are reviewed by the LSRHC Technical Review Committee and approved by Lower Savannah Council of Government’s Board of Directors and carried out in accordance with the HUD HOME final rule 24 CFR.

Disclaimer: The following policies are developed within the guidelines of the HOME regulations established by HUD. This Policy and Procedures Manual is presented to provide an overview of LSRHC policies and procedures as they pertain to the HOME Program. This manual is not meant to be a substitute for HOME Program regulations, but as a supplement to them. It is not exhaustive regarding all considerations affecting the use of HOME Program funds. While careful consideration and due care has been used in developing the manual, HOME Program participants are encouraged to consult with HOME Program staff persons to ensure correct interpretation of policies and regulations. In order to maintain compliance with this funding stream, the following policies may be revised at any time as necessitated to be in conformance with Federal and State mandates.

Types of Projects:
- Homeowner Rehabilitation
- Homebuyer Down Payment Assistance
- Rental Housing Development

LSRHC Schedule: The LSRHC operates on a fiscal year of July 1 through June 30. Planning for each fiscal year begins the previous September with requests for proposals released in April. Applications will be taken on a continuous basis until available funds have been allocated. Proposals will be accepted at the Lower Savannah COG, P.O. Box 850, Aiken, SC 29803 physical address, 2748 Wagener Road, Aiken, S.C. 29801. Funds are estimated to be available after July 1st, with the understanding that no contracts/agreements can be executed until the
LSRHC has executed funding agreements with HUD, which could be as late as October of the fiscal year.

**Long-Term Affordability:** It is the intention of the LSRHC to improve the efficiency and effectiveness of funding by ensuring the long-term affordability of assisted properties. Affordability periods will be determined by project type and amount of funding and will run from 5 years to 30 years.

**Monitoring:** Monitoring is done to ensure production and accountability in funded projects and programs. Monitoring ensures compliance with funding and associated federal requirements and is an evaluation of organizational and project performance. Specific requirements are outlined in sections below.

**Other Federal Requirements:** LSRHC enforces the required additional federal regulations that may apply to a project or program. Additional federal requirements may include but are not limited to: environmental reviews, labor standards, relocation requirements, lead based paint, conflict of interest, fair housing and affirmative marketing, and women and minority business owners. An explanatory list of applicable federal requirements is provided in the Policies and Procedures Manual.
DEFINITIONS

Action Plan – The one-year portion of the Consolidated Plan that serves as the annual application for HOME funds.

Adjusted Income – Adjusted income is annual (gross) income reduced by deductions for dependents, elderly households, medical expenses, handicap assistance expenses and child care (these are the same adjustment factors used by the Section 8 program). Adjusted Income is used in HOME to compute the actual tenant payment in TBRA programs.

Affordability – The requirements of the HOME Program that relate to the cost of housing both at initial occupancy and over established timeframes, as prescribed in the HOME Final Rule. Affordability requirements vary depending upon the nature of the HOME assisted activity (i.e. homeownership or rental housing).

Annual Income – The HOME Program allows the use of one of three definitions of annual income:

- Section 8 annual income;
- annual income as reported on the U.S. Census long form; and
- adjusted gross income as defined for reporting on IRS Form 1040.

The LSRHC may approve the use any of the applicable definitions, but, once established for the program or activity, only that one definition may be utilized for all clients under that program/activity. LSRHC requires the use of the Section 8 definition, unless specified in funding agreements.

Commitment –
1. The PJ has executed a legally binding agreement with a recipient, sub-recipient, or contractor to use a specific amount of HOME funds for an eligible project or program; or
2. Has executed a written agreement reserving a specific amount of funds for a CHDO.

Consolidated Plan – A plan prepared in accordance with the requirements set forth in 24 CFR Part 91 that describes community needs, resources, priorities and proposed activities to be undertaken utilizing certain HUD programs, including HOME.

Consortium – Geographically contiguous units of local government consolidated to be in a single unit of general local government for HOME Program purposes when certain requirements are met.

Community Housing Development Organization (CHDO) – A private, nonprofit organization that meets certification requirements established under the HOME regulations at 24 CFR Part 92.2, and is not under the direction of an entity seeking to derive profit from the CHDO’s activities nor created by a for-profit entity whose primary purpose is the development or management of housing. A participating jurisdiction must set-aside at least 15 percent of its annual allocation for award to a CHDO eligible project(s).
Community Housing Development Organization (CHDO) Eligible Project – Each year 15 percent of the HOME grant must be set-aside for award to a project in which a certified CHDO is the developer, owner or sponsor as established in 92.300. If the CHDO owns the project in partnership, it must be the managing general partner with effective control.

Drawdown – The request and receipt of funds by the funded entity from the LSRHC or the LSRHC from a federal or state funder from an established line of credit.

Extremely Low-Income Families – Families whose annual incomes do not exceed 30 percent of the median income for the area (adjusted for family size).

Final Rule – The Final HOME Rule was published at 24 CFR Part 92 on September 16, 1996 and became effective on October 16, 1996.

Fair Market Rent (FMR) – Published by HUD, the FMR for an area is the amount that would be needed to pay the gross rent (shelter rent plus utilities) of privately owned, decent, safe and sanitary rental housing of a modest (non-luxury) nature with suitable amenities. The FMRs are the maximum eligible rent levels allowed under the Section 8 Housing Choice Voucher Program.

Fixed HOME Unit – When HOME assisted units are “fixed” in a rental project, the specific units that are HOME assisted (and, therefore, subject to HOME rent and occupancy requirements) are designated and never change.

First-Time Homebuyer: An individual and his or her spouse who have not owned a home during the three-year period prior to purchase of a home with HOME funds. Definition also includes an individual who is a displaced homemaker or single parent as defined by HUD.

Floating HOME Unit – When HOME assisted units are “floating” in a rental project, the units that are designated as HOME assisted may change over time as long as the total number of HOME assisted units in the project remains constant.

Group Home – Housing occupied by two or more single persons or families consisting of common space and/or facilities for group use by the occupants of the unit, and (except in the case of shared one bedroom units) separate private space for each family.

HOME Assisted Units – A term that refers to the units within a HOME project for which rent, occupancy and/or resale restrictions apply. The number of units designated as HOME assisted affects the maximum HOME subsidy that may be provided to a project.

HOME Funds – Refers to all appropriations for the HOME Program, plus all repayments and interest or other returns on the investment of these funds.

HOME Investment Trust Fund – The term given to the two accounts – one at the federal level and one at the local level – that “hold” the PJ’s HOME funds. The federal HOME Investment Trust Account is the U.S. Treasury account for each participating jurisdiction. The local HOME
Investment Trust Fund Account includes repayments of HOME funds, matching contributions and payment of interest or other returns on investment.

**HOME Rents** – The HOME Program restricts the rents of HOME assisted units. Rents of HOME assisted units cannot exceed the High and Low HOME rent levels that have been established by HUD. Rents cannot exceed 30 percent of the targeted AMI for the appropriate unit size.

**Homeownership:** Means ownership in fee simple title or a 99 year leasehold interest in a one-to-four-unit dwelling or in a condominium unit, or equivalent form of ownership approved by HUD.

**Household** – One or more persons occupying a housing unit.

**Jurisdiction** – A state or unit of local government.

**Low-Income Families** – Families whose annual incomes do not exceed 80 percent of the median income for the area (adjusted for family size).

**Match** – Match is the non federal contribution to HOME program activities. The match contribution must equal not less than 25 percent of the HOME funds drawn down in that fiscal year, unless there was a HUD issued waiver.

**New Construction** – Is the creation of new dwelling units. Any project that includes the creation of new or additional dwelling units in an existing structure is considered new construction.

**Participating Jurisdiction (PJ)** – Is a state, local government or consortium that has been designated by HUD to administer a HOME Program. HUD designation as a PJ occurs if a state or local government meets the funding thresholds, notifies HUD that they intend to participate in the program and has a HUD approved Consolidated Plan.

**Program Income** – Gross income received by the PJ, state recipient, or a sub-recipient directly generated from the use of HOME funds or matching contributions.

**Project** – A site or an entire building or two or more buildings, together with the site or sites on which the building or buildings are located, are under common ownership, management and financing and are to be assisted with HOME funds, under a commitment by the owner, as a single undertaking.

**Project Completion** – All necessary title transfer requirements and construction work have been performed; the project complies with all HOME requirements; the final draw down has been disbursed for the project; and the project completion information has been entered into the disbursement and information system established by HUD. For TBRA, project completion means the final draw down has been disbursed for the project.
Reconstruction (also rehabilitation) – Is the rebuilding, on the same lot, of housing standing on the same site at the time of project commitment. The number of housing units on the lot may not be changed as part of the reconstruction project, but the number of rooms per unit may change. Reconstruction also includes replacing an existing substandard unit of manufactured housing with a new or standard unit of manufactured housing.

Single Room Occupancy (SRO) – Housing consisting of single room dwelling units that are the primary residence of its occupant or occupants. The unit must contain food preparation and/or sanitary facilities if the project involves new construction, conversion of non-residential space, or reconstruction. If the units do not contain sanitary facilities, the building must contain sanitary facilities shared by the tenants.

State Recipient – State PJs can award their HOME funds to units of local government administering a local HOME program as a state recipient. The state is responsible for ensuring that HOME funds allocated to state recipients are used in accordance with the HOME regulations and other applicable laws.

Sub-recipient – A public agency or nonprofit organization selected by a PJ to administer all or a portion of the PJ’s HOME Program. A public agency or nonprofit organization that receives HOME funds solely as a developer owner of housing is not a sub-recipient.

Targeting – Requirements of the HOME Program relating to the income or other characteristics of households that may occupy HOME assisted units.

Tenant Based Rental Assistance (TBRA) – A form of direct rental assistance in which the recipient tenant may move from a dwelling unit with a right to continued assistance.

Very Low-Income Families – Families whose annual incomes do not exceed 50 percent of the median income for the area (adjusted for family size).
GENERAL PROGRAM RULES

The HOME Program has a number of basic general rules that apply to all program activities, including:

- The definition of a project
- The form and amount of subsidy
- Eligible costs
- The property
- The applicant or beneficiary
- The long-term affordability of the project
- Applicability of other Federal requirements

LSRHC funds are intended to provide gap financing for development projects and to fund projects that would otherwise not be available in the community. In addition, LSRHC funding in a project must not exceed the proportionate share based on the number of units designated as LSRHC units compared to the overall project size.

Definition of a Project. Project means a site or sites together with any building or buildings located on the site(s) under common ownership, management and financing, to be assisted with HOME funds as a single undertaking. The “project” includes all of the activities associated with the site and building. For assistance provided to individuals, including TBRA, down payment assistance, or owner-occupied rehabilitation, “project” means the assistance provided to one household.

Forms of Subsidy. HOME allows virtually any form of financial assistance to be provided for eligible projects and to eligible beneficiaries. The participating jurisdiction (PJ), LSRHC, determines what forms of assistance it will provide. Some forms of assistance will require legal instruments for implementation. HOME regulations list the following forms of assistance as eligible:

- **Interest bearing loans or advances**: These loans are amortizing loans, with or without accruing interest. Repayment is expected on a regular basis so that over a fixed period of time all of the principal and interest is repaid. The term of the loan may vary and the property or some other assets are used as collateral.

- **Non-interest bearing loans or advances**: The principal amount of such loans is paid back on a regular basis over time, but no interest is charged. These loans will use the property or other assets as collateral and the term of the loan will vary depending on the nature of the activity funded. Such loans are made when the borrower is able to make regular payments but even a small amount of interest is not affordable.

- **Deferred Loans (forgivable or repayable)**: These loans are not fully amortized. Instead, some, or even all, principal and interest payments are deferred until some point in the future. Deferred loans can be structured in a variety of ways and terms may differ greatly. Deferred payment loans use the property or some other form of collateral as security for repayment.
- **Grants**: Grants are provided with no requirement or expectation of repayment. They require no liens on the property or other assets.

- **Interest Subsidies**: This is usually an up-front discounted payment to a private lender in exchange for a lower interest rate on a loan.

- **Equity Investments**: An investment made in return for a share of ownership. Under this form of subsidy, the PJ acquires a financial stake in the assisted property and is paid a monetary return on the investment if money is left after expenses and loans are paid.

- **Loan Guarantees and Loan Guarantee Accounts**: HOME funds may be pledged to guarantee loans or to capitalize a loan guarantee account. A loan guarantee or loan guarantee account ensures payment of a loan in case of default.

Except in the case of TBRA, LSRHC funds are provided as loans with terms based upon project needs.

**Subsidy Limits.** The *maximum* per unit HOME subsidy varies by PJ and is based on Section 221(d)(3) limits. Each year, HUD calculates these maximum amounts by area. Current subsidy limits may be obtained by contacting LSRHC staff. Under the regulation the maximum limit relates to the HOME funds; however, LSRHC will utilize the subsidy limit to evaluate the number of units required to be LSRHC assisted units based on the total funding. Preference will be given to projects complying with the HOME subsidy limits for all sources of funds.

The *minimum* amount of HOME funds that must be invested in any project is $1,000 for every assisted unit in the project. The minimum relates only to HOME funds, not to any other funds, including match that might be used for project costs. The minimum amount does not apply to tenant based rent assistance.

If a project has multiple funding sources, an evaluation must be made to ensure that the HOME funds, in combination with other governmental funds, do not exceed what is necessary to provide affordable housing. This is generally referred to as the “subsidy layering review”. PJs must conduct a subsidy layering review prior to the award of any funds. LSRHC will evaluate the reasonableness and need for the requested assistance by analyzing pro-formas for cash flow, debt-coverage ratios, and the appropriateness of fees charges with and without the HOME funds.

**Match Requirements.** The HOME program requires participating jurisdictions to have a match of at least 25%, unless there is a special HUD issued waiver. Sources of match can be cash, donated land or real property, infrastructure improvements, bonds issued by state or local government, donated materials, equipment, or professional services, sweat equity, and the value of foregone taxes. Forms of match typically reported by the LSRHC include the Low Income Housing Trust Funds and the value of tax-exemptions resulting from the investment of HOME funds into affordable rental properties.

**Eligible Costs.** Eligible costs depend on the activity. HOME funds can be used to cover both hard (construction, rehab) and soft (fees, insurance, appraisals) costs associated with a project. Eligible expenses HOME funds may be used for:
- **New Construction**: Funds can be used for new construction of both rental and ownership housing. Any project that includes the addition of dwelling units to an existing structure is considered new construction.

- **Rehabilitation**: Rehab includes the alteration, improvement or modification of an existing structure. It also includes moving an existing structure to a foundation constructed with HOME funds.

- **Reconstruction**: This refers to rebuilding a structure on the same lot where housing is standing at the time of project commitment. HOME funds may be used to build a new foundation or repair an existing foundation. Reconstruction also includes replacing a substandard manufactured house with a new manufactured house. During reconstruction, the number of rooms per unit may change, but the number of units may not. Replacing a manufactured housing unit with a stick-built unit is considered a homebuyer activity even if the applicant/beneficiary owns the lot and existing manufactured unit.

- **Conversion**: Conversion of an existing structure from another use to affordable residential housing is usually classified as rehabilitation. If conversion involves additional units beyond the walls of an existing structure, the entire project will be deemed new construction. Conversion of a structure to commercial use is prohibited.

- **Site Improvements**: Site improvements include new on-site improvements (sidewalks, utility connections, sewer and water lines) where none are present that are essential to development or repair of existing improvements. Building new, off-site utility connections to an adjacent street is also eligible. Off-site infrastructure is not eligible as a HOME expense, but may be eligible for match/credit.

- **Acquisition of Property**: Acquisition of existing standard property, or substandard property in need of rehabilitation, is eligible as part of either a homebuyer program or a rental housing project.

- **Acquisition of Vacant Land**: Acquisition of vacant land is eligible only if construction will begin on a HOME project within 12-months of purchase.

- **Demolition**: Demolition of an existing structure may be funded only if construction will begin on a HOME project within 12-months.

- **Relocation Costs**: The Uniform Relocation Act and Section 104(d) apply to all assisted properties. Both permanent and temporary relocation assistance are eligible HOME costs. However, these funds are included in the subsidy limit calculation.

- **Refinancing**: HOME funds may be used to refinance existing debt on funded rehabilitation properties. The refinancing must be necessary to reduce the owner’s overall housing costs to make the housing more affordable.

- **Project Related Soft Costs**: These costs must be reasonable and necessary, including:
  - Finance related costs
  - Architectural, engineering and related professional services
  - Tenant and homebuyer counseling, provided the recipient of counseling ultimately becomes the tenant or owner of a HOME-assisted unit
  - Costs of a project audit required by LSRHC
  - Affirmative marketing and fair housing services to prospective tenants or owners of a funded project
  - Staff time directly related to carrying out a project
  - PJ staff costs directly related to projects (except TBRA)
Prohibited Activities. Funds cannot be used for any cost that is not eligible under HUD 24 CFR 92:206-92:209.

- **Project Reserve Accounts:** HOME funds may not be used to provide project reserve accounts (except for initial operating deficit reserves) or to pay for operating subsidies.

- **Tenant Based Rental Assistance for certain purposes:** HOME funds may not be used as rental assistance in conjunction with the federal Rental Rehabilitation Program (Section 17) to prevent displacements. They also may not be used for certain mandated existing Sections 8 Program uses, such as Section 8 rent subsidies for troubled HUD-insured projects.

- **Match for other programs:** HOME program funds may not be used as the “nonfederal” match for other federal programs except to match McKinney Act Funds.

- **Development, operations or modernization of public housing:** HOME program monies may not be used to provide assistance authorized under section 9 of the 1937 Act (Public Housing Capital and Operating Funds).

- **Properties receiving assistance under 24 CFR Part 248 (Prepayment of Low-Income Housing Mortgages):** Properties receiving assistance through the Low Income Housing Preservation and Resident Homeownership ACT (LIHPRA) or the Emergency Low Income Preservation Act (LIHPA) are not eligible for HOME assistance except if the HOME assistance is provided to priority purchasers. These programs are not longer funded.

- **Double-dipping:** During the first year after project completion, the PJ may commit additional funds to a project. After the first year, no additional HOME funds may be provided to a HOME-assisted project during the relevant period of affordability, except that:
  - Rental assistance to families may be renewed.
  - Rental assistance may be provided to families that will occupy housing previously assisted with HOME funds.
  - A homebuyer may be assisted with HOME funds to acquire a unit that was previously assisted with HOME funds.

- **Acquisition of PJ-owned property:** A PJ may not use HOME program funds to reimburse itself for property in its inventory or property purchases for another purpose. However, in anticipation of a HOME project, a PJ may use HOME funds to:
  - Acquire property.
  - Reimburse itself for property acquired specifically for a HOME project with other funds.

- **Project-based rental assistance:** HOME funds may not be used for rental assistance if receipt of the funds is tied to occupancy in a particular project. Funds from another source, such as Section 8, may be used for this type of project-based assistance in a HOME-assisted unit. Further, HOME funds may be used for other eligible costs, such as rehabilitation, in units receiving project-bases assistance from another source—for example, Section 8 or state-funded project-based assistance.

- **Pay for delinquent taxes, fees or charges:** HOME funds may not be used to pay delinquent taxes, fees or charges on properties to be assisted with HOME funds.
A PJ may not use funds to reimburse itself for property in its inventory. However, a jurisdiction may use funds to acquire property for an eligible project. Acquisition of property is subject to:

**Property & Property Standards:** Depending on the nature of the activity, specific guidelines apply to the properties to be eligible for funding.

For owner-occupied and homebuyer properties, the value and purchase price of the property are limited. The price or value may not exceed 95% of the area median purchase price for the housing type; in the case of rehabilitation the limit is based on value after rehabilitation. Current maximum value limits may be obtained by contacting LSRHC. The recipient must ensure they are using the current limits when assistance is provided.

Assisted properties must also meet established guidelines regarding physical condition (Table 1 below). Generally, a unit/structure must meet the more stringent of the HUD determined property standards identified in the table below or the local building code. Locally, this means assisted properties must be inspected for and determined to be in compliance with the local building code and other applicable standards.

**Table 1. Property Standards to be Utilized by Activity Type**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Property Standard to be Used</th>
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<tbody>
<tr>
<td>Acquisition of Existing Owner-Occupied Housing, with or without rehabilitation</td>
<td>Local Building Code or NBC</td>
</tr>
<tr>
<td>Tenant-Based Rental Assistance</td>
<td>NBC</td>
</tr>
<tr>
<td>Rehabilitation of Housing, Multi-family or Owner-Occupied</td>
<td>Local Rehabilitation Standards And Local Building Codes And Minimum Property Standards And Applicable Accessibility requirements</td>
</tr>
<tr>
<td>New Construction of Housing</td>
<td>Local Building Code And Minimum Property Standards And Model Energy Code And Applicable Accessibility requirements New Construction rental housing must also meet site and neighborhood standards at 24 CFR 983.6(b)</td>
</tr>
</tbody>
</table>

In addition, all assisted housing must comply with the accessibility requirement of the Fair Housing Act and Section 504 of the Rehabilitation Act of 1973. Site and neighborhood standards apply to all new construction, rental housing.

**The Applicant/Beneficiary.** The HOME Program is designed to provide affordable housing to low-income families and individuals. Therefore, the program has rules about targeting program resources and establishing applicant eligibility.

By regulation, all HOME funds must be used to assist families with incomes below 80 percent of AMI. Additional restrictions apply when HOME is used for rental housing or tenant based rent assistance. For each HOME allocation, 90% of the occupants of HOME assisted rental units and households assisted with HOME funded TBRA must have incomes that are 60% or less of the area median. Twenty percent of the units in each rental housing project with five or more HOME
assisted units must be occupied by families with incomes at or below 50% of area median income.

LSRHC funded multi-family projects target all funds to very-low income households with 20 percent of the assisted units targeting extremely-low income households.

Beneficiaries of funds – homebuyers, homeowners, or tenants – must be determined income eligible based upon a review of their income and projecting their annual anticipated income. Annual income is the gross amount of income anticipated by all adults (everyone over 17 years of age) in a household during the 12 months following the effective date of determination. The determination must not be more than 6 months old at the time assistance is received.

To calculate annual (gross) income, the grantee may choose among three definitions of income:
- Section 8 annual (gross) income;
- IRS adjusted gross income, using the calculation for “adjusted gross income” on IRS form 1040; or
- Census long form annual income.

The LSRHC makes the determination as to what definition will be used. There may be different definitions for different programs, but the same definition must be used within a program. For example, a PJ can use the IRS definition for its homeowner rehab program and the Section 8 definition for its TBRA program, but it cannot use the IRS definition and the Section 8 definition for its homeowner rehab program. **LSRHC recipients must use the Section 8 definition of income unless otherwise specified in the executed funding agreement.**

To determine if applicants are income eligible, recipients must verify income using source documentation. Third-party verification is the required method for LSRHC assisted projects and programs; however, in instances where third party verification cannot be obtained source documentation such as wage statements, interest statements, and unemployment compensation statements for a minimum of the most recent 60 to 90 days may be used to calculate anticipated income.

Income eligibility is based on anticipated income, so likely changes in income must also be used in the determination. For example, pay stubs show current income but they do not report projected raises or bonuses, which must be included in the income calculation. If six months has passed before assistance is provided, e.g. rehabilitation has not yet started or family closes on the purchase of a home, income must be re-certified in the manner described above.

Rental and TBRA programs require annual re-certification of income. For TBRA programs, source documentation is required for initial and all subsequent income verifications. For rental projects, the requirement for annual income re-certification can be fulfilled with tenant self-certification. Self-certification must include a statement that provides the family's annual income and family size, along with a certification that the information is complete and accurate. The certification must state that the family will provide source documents upon request. Income must be verified with source documentation every fifth year.
Long-Term Affordability. To ensure investments provide affordable housing over the long term, rent and occupancy restrictions continue throughout the period of affordability.

- **Period of Affordability** – It is the intention of the LSRHC to ensure the long-term affordability of assisted properties. While the minimum length of affordability period depends on the amount of the HOME investment in the property and the nature of the activity (outlined in Table 2 below), the LSRHC typically requires a minimum affordability period of 30 years for multi-family properties.

<table>
<thead>
<tr>
<th>Funding/Activity</th>
<th>Affordability Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $15,000</td>
<td>5 years</td>
</tr>
<tr>
<td>$15,000 to $40,000</td>
<td>10 years</td>
</tr>
<tr>
<td>Greater than $40,000</td>
<td>15 years</td>
</tr>
<tr>
<td>New construction of Rental</td>
<td>20 years</td>
</tr>
<tr>
<td>Refinance of Rental</td>
<td>15 years</td>
</tr>
</tbody>
</table>

- **Occupancy** – Throughout the period of affordability, income eligible households must occupy the assisted units. When designated rental units become vacant during the period of affordability, subsequent tenants must be income eligible and must be charged the applicable rent.

If a home purchased with HOME assistance is sold during the period of affordability, resale or recapture provisions, outlined in the homebuyer section below, apply to ensure the continued provision of affordable housing.

**Other Federal Requirements**: Funded projects and programs are also subject to other federal regulations. The following are some of the regulations:

**Hatch Act, Title 5, Chapter, 15, United States Code**: Refers to political activity of certain state and local employees. These employees are those principally employed in connection with programs financed in whole or in part by loans or grants made by a United States federal agency. Employees of private nonprofit organizations are covered by the Hatch Act only if the statute through which the organization receives its federal funds contains language which states that the organization shall be considered to be a state or local agency for purposes of the Hatch Act.


**The National Environmental Policy Act of 1969 as set forth in P. O. 91-190 and the implementing regulations in 24 CFR, Parts 51 and 58**: (P. O. 91-190 – 42 USC§4321) The purposes of the act are to declare a national policy which will encourage productive and enjoyable harmony between man and his environment; to promote efforts which will prevent or eliminate damage to the environment and biosphere and stimulate the health and welfare of man; to enrich the understanding of the ecological systems and natural resources; important to the
National and to establish a Council on Environmental Quality. 24 CFR 51 and 56 are the environmental criteria and standards and the environmental review requirements. [http://www.ceq.eh.doe.gov/neap/regs/neap/nepaeqia.htm](http://www.ceq.eh.doe.gov/neap/regs/neap/nepaeqia.htm)

**Title VIII of the Civil Rights Act of 1968, P.L. 90-284 (Fair Housing Act):** Prohibits discrimination in the sale, rental and financing of dwellings based on race, color, religion, national origin, disability or familial status, as well as establishing administrative enforcement mechanisms, revised and expanded Justice Department jurisdiction, and contains design and construction accessibility provisions for certain new multifamily dwellings developed for first occupancy. **Title VIII was amended in 1988** (effective March 12, 1989) by the Fair Housing Amendments Act, which:
- expanded the coverage of the Fair Housing Act to prohibit discrimination based on disability or on familial status (presence of child under age of 18, and pregnant women);
- established new administrative enforcement mechanisms with HUD attorneys bringing actions before administrative law judges on behalf of victims of housing discrimination; and

**Section 109 of the Housing and Community Development Act of 1974:** Prohibits discrimination on the basis of race, color, national origin, disability, age, religion and sex within Community Development Block Grant programs or activities. **Section 109** investigates complaints of discrimination on this basis. [http://www.hud.gov/progdesc/sec-109.cfm](http://www.hud.gov/progdesc/sec-109.cfm)

**Title VI of the Civil Rights Act of 1964, P. L. 88-352 and the regulations of HUD with respect thereto, including 24 CFR, Parts 1:** Prohibits discrimination on the basis of race, color, and national origin in programs and activities receiving federal financial assistance. [http://www.usdoj.gov/crt/cor/coord/titlevi.htm](http://www.usdoj.gov/crt/cor/coord/titlevi.htm)

**Executive Order 13166: Improving Access to Services for Persons With Limited English Proficiency:** Requires that greater emphasis be put on existing requirements under Title VI of the Civil Rights Act to protect persons who, as a result of national origin, are limited in their English proficiency (LEP). [http://www.hud.gov/offices/fheo/FHLaws/EXO13166.cfm](http://www.hud.gov/offices/fheo/FHLaws/EXO13166.cfm)

**Fair Housing Act:** As amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents of legal custodians, pregnant women, and people securing custody of children under the age of 18), and handicap (disability). [http://www.hud.gov/offices/fheo/FHLaws/index.cfm](http://www.hud.gov/offices/fheo/FHLaws/index.cfm)
Section 3 of HUD Act of 1968, as amended, with regulations from 24 CFR 135: (applies to contracts of $100,000 or more): Section 3 requires HOME recipients to direct jobs, training, and contracting opportunities to businesses owned by or employing low and very low income residents. HOME recipients will be required to keep records and provide reports on their Section 3 efforts.
http://cf.law.cornell.edu/cfr/cfr.php (24 CFR 135)

Executive Order 11063, as amended: Prohibits discrimination in the sale, leasing, rent and other disposition of properties and facilities owned or operated by the federal government or provided with federal funds.
http://www.hud.gov/offices/fheo/FHLaws/EXO11063.cfm

Age Discrimination Act of 1975: Prohibits discrimination on the basis of age to programs or activities receiving federal financial assistance.
http://www.dot.gov/ost/docr/regulations/library/ADEA75.HTM

Section 504 of the Rehabilitation Act of 1973: Prohibits discrimination based on disability in any program receiving federal financial assistance.
http://www.hud.gov/offices/fheo/disabilities/sect504.cfm

Executive Order 11246 (Applies to contracts in excess of $10,000): Bars discrimination in federal employment because of race, color, religion, sex, or national origin.
http://www.hud.gov/offices/fheo/FHLaws/EXO11246.cfm


Section 202(a) of the Flood Disaster Protection Act of 1973: Section 202(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4106) provides that no Federal officer or agency shall approve any financial assistance for acquisition or construction purposes (as defined under section 3(a) of said Act (42 U.S.C. 400(a)), one year after a community has been formally notified of its identification as a community containing an area of special flood hazard, for use in any area that has been identified by the Director of the Federal Emergency Management Agency as an area having special flood hazards unless the community in which such area is situated is then participating in the National Flood Insurance Program.
http://www.hud.gov/offices/cpd/communitydevelopment/rulesandregs/regulations/subk/570605.cfm

Sections 302 and 401 (b) of the Lead-Based Paint Poisoning Prevention Act: This subpart implements the provisions of 42 U.S.C. 4852d, which impose certain requirements on the sale or lease of target housing. Under this subpart, a seller or lessor of target housing shall disclose to the purchaser or lessee the presence of any known lead-based paint and/or lead-based paint hazards; provide available records and reports; provide the purchaser or lessee with a lead hazard information pamphlet; give purchasers a 10-day opportunity to conduct a risk assessment or inspection; and attach specific disclosure and warning language to the sales or leasing contract before the purchaser or lessee is obligated under a contract to purchase or lease target housing.
Davis Bacon Act, as amended: Any contract for the construction of Affordable Housing with 12 or more units will require that all laborers and mechanics who are employed to perform work on any project, or any contractor or construction work which is financed, in whole or in part, with assistance which is received under the Housing and Community Development Act of 1974 shall be paid wages at rates which are not less than those that prevail in the locality for similar construction and shall receive overtime compensation in accordance with the Contract Work Hours and Safety Standards Act. The contractor and its subcontractors shall also comply with all applicable Federal laws and regulations which pertain to labor standards, including the minimum wage law.
http://www.hud.gov/offices/olr/olrwrclp1.html

45 CFR Part 76 Subpart F of the Drug-Free Workplace Act of 1988: Grantee shall certify to the agency that it will provide a drug-free workplace.
http://frwebgate.access.gpo.gov/cgi-bin/get-cfr.cgi

Section 319 of Public Law 101-121 (certification required for contracts and subcontracts of $100,000 or more): Prohibits use of federal funds for lobbying the executive or legislative branches of government in connection with specific contract, grant or loan, etc. which prohibits GRANTEE/SUBRECIPIENT from using appropriated Federal funds for lobbying the Executive or Legislative Branches of the Federal Government in connection with a specific contract, grant, or loan, and requires that no Federal appropriated funds have been paid or will be paid, by or on behalf of GRANTEE/SUBRECIPIENT, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement
http://www.osmre.gov/fam/1-520.htm

Title I of Housing and Community Development Act of 1974: Grantee shall:
   a. not discriminate against any employee or applicant for employment on the basis of religion and not limit employment or give preference in employment to persons on the basis of religion; and
   b. not discriminate against any person applying for such public services on the basis of religion and not limit such services or give preference to persons on the basis of religion; and
   c. provide no religious instruction or counseling, conduct no religious worship or services, engage in no religious proselytizing and exert no other religious influence in the provision of such public services.

Executive Orders:
11625 - Prescribing additional arrangements for developing and coordinating a national program for minority business enterprise,

12432 - Minority business enterprise development, and

http://www.usdoj.gov/crt/cor/byagency/sbae012138.htm

Chapter 3 of the HUD Handbook 7360.01 (Rental Rehab Program): Requires that rental rehabilitation grant amounts be made available in conformity with non-discrimination and equal opportunity requirements.
http://www.hudclips.org/sub_nonhud/cgi/nph-brs.cgi?d=HBNT&s1=HUD+Handbook+7360.01&op1=AND&l=100&SECT1=TXT_HITS&SECT5=HEHB&u=/hudclips.cgi&p=1&r=4&f=G#h3

49 CFR Part 24: Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs: The purpose of this part is to promulgate rules to implement the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601 et seq.), in accordance with the following objectives:
(a) To ensure that owners of real property to be acquired for Federal and federally-assisted projects are treated fairly and consistently, to encourage and expedite acquisition by agreements with such owners, to minimize litigation and relieve congestion in the courts, and to promote public confidence in Federal and federally-assisted land acquisition programs;
(b) To ensure that persons displaced as a direct result of Federal or federally-assisted projects are treated fairly, consistently, and equitably so that such persons will not suffer disproportionate injuries as a result of projects designed for the benefit of the public as a whole; and
(c) To ensure that Agencies implement these regulations in a manner that is efficient and cost effective.
http://squid.law.cornell.edu/cgi-bin/get-cfr.cgi?TITLE=49&PART=24&SECTION=1&TYPE=TEXT

Financial Management Requirements: Projects and programs receiving HUD funds must abide by the financial management requirements of the Federal Office of Management and Budgets which pertain to their particular type of organization, whether it is an institution of Higher Education, a hospital, other non-profit, a state, a local government, etc. For instance, a CHDO serving as a sub-recipient for the Consortium and as a development organization has different OMB requirements based on their activity.
Some of the basic financial requirements are:

OMB Circular A-110: Uniform Administrative Requirements for grants and Agreement with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations (http://www.whitehouse.gov/omb/circulars/a110/a110.html);
OMB Circular A-133: Audits of States, Local Governments and Non-Profit Organizations (http://www.whitehouse.gov/omb/circulars/a133/a133.html);

OMB Circular A-122: Cost Principles for Non-Profit Organizations (http://www.whitehouse.gov/omb/circulars/a122/a122.html)
WRITTEN AGREEMENTS

A written agreement must be entered into before any funds are committed or disbursed to a recipient. When executed the agreement is:

- A statement of the relationship between the LSRHC and the funding recipient;
- A statement of the conditions under which the funds are provided;
- Tool for monitoring performance and verifying compliance;
- A tool for parties using funds to learn about the applicable rules and regulations; and
- A method for enforcing the program requirements and protecting the LSRHC investment.

Required Provisions. The specific contents of agreements will vary and depending upon the type of activity and administrative role the recipient. Under HOME regulations there are specific provisions that must be included in written agreements. The required provisions are:

- Use of HOME funds: Description of tasks to be performed, schedule for completing tasks, a budget in sufficient detail to effectively monitor performance and the period of the agreement. Documents detailing this information must be provided by the recipient to LSRHC prior to the execution of the funding agreement.
- Requests for Disbursement of Funds: Requirement that HOME funds may not be requested until funds are needed for payment of eligible costs. The amount of each request must be limited to the amount needed.
- Project Requirements: Enumeration of all project requirements applicable to the type of projects(s) to be assisted. Examples include affordability requirements, property standards, rents and recapture/resale provisions.
- Records and Reports: Enumeration of records that must be maintained, and information and reports that must be submitted.
- Reversion of Assets/Program Income Requirements: Statement regarding the disposition of program income or other assets received by the recipient as a result of the LSRHC investment. All program income received from the operation of a LSRHC funded program must be returned to the LSRHC upon receipt. It is expected that program income received in the operations of funded multi-family projects be reinvested in the property or invested in the development of additional affordable rental units.
- Enforcement and Duration of the Agreement: This provision is in the agreement with all parties, including owners, and is the means of enforcing the provisions of the written agreement.
- Affirmative Marketing: Requirements for affirmative marketing in projects with five or more assisted units.
- Other Program Requirements: Requirements regarding other federal requirements, including non-discrimination and equal opportunity, affirmative marketing and minority outreach, environmental review, displacement, relocation and acquisition, labor standards, lead based paint, and conflict of interest.
- Uniform Administrative Requirements: Requirement to comply with applicable federal administrative requirements (OMB Circular A-87 and applicable provisions of 24 CFR Part 85 for governmental entities, or OMB Circular A-122 and applicable provisions of 24 CFR Part 84 for non-profit entities).
- **CHDO Provisions:** Requirements for the use of funds to CHDOs, including set-aside funds, operating expenses and project-specific loans and capacity building assistance.
- **Conditions for Religious Organizations:** Includes conditions set forth in 24 CFR Part 92.257 concerning religious organizations.
- **Conflict-of-Interest:** Home regulations require PJs, state recipients and subrecipients (including CHDOs acting as subrecipients) to comply with two different sets of conflict-of-interest provisions. The first set is provisions under 24 CFR Parts 84 and 85; the second, which applies only in cases not covered by 24 CFR Parts 84 and 85, set forth in the HOME regulations.

**Additional Provisions.** In addition there are a number of elements that may be included in the funding agreement to increase its usefulness to both parties. These include:

- The roles and responsibilities of each party.
- A description of the project or program being funded, spelling out the eligible uses of funds.
- A project timetable with major milestones (performance standards).
- Criteria for successful completion of the program or project.
- A description of project close-out requirements.
- The consequences of non-performance.
- CHDO provisions (24 CFR 92.300 and 92.301)
- Monitoring

**Amending Documents.** Written agreements may be amended by mutual agreement of the parties for changes in terms, for the receipt of additional funds, or changes in project scope. However, agreements will be automatically amended if so required to ensure compliance with regulations. Agreement enforcement and termination found under 24 CFR 85.43 and 85.44

http://www.access.gpo.gov/nara/cfr/waisidx_02/24cfr84_02.html
http://www.access.gpo.gov/nara/cfr/waisidx_98/24cfr85_98.html

**Other Documents.** Other types of documents may be executed as conditions of funding and may include mortgage and loan agreements, deed restrictions and other use agreements between the PJ and the owner, property management agreements between the owner and property manager, and asset management agreements between the owner and asset manager.

- Mortgage and loan documents are signed at closing and contain the financial terms and conditions of the loan.
- Deed restrictions and other use agreements will be used to place specific restrictions on the property.
- Property management agreements detail the specific responsibilities of the property manager. Copies of management agreements executed assigning the management responsibility of LSRHC funded projects must be provided to LSRHC prior to the release of retention or within 15 days of execution, whichever is later.
RENTAL ACTIVITIES

Eligible Activities. [24 CFR 92.205(a)]
Activities allowed with the use of LSRHC funds are activities and projects that support and provide incentives for the development of affordable rental housing that addresses needs identified in the Consolidated Plan. These activities may include new construction, acquisition or rehabilitation of non-luxury housing available with rent restrictions serving very-low and extremely-low income households. Housing development may only be permanent or transitional housing. If Tenant-Based Rental Assistance (TBRA) is identified in the current Consolidated Plan as an appropriate response to market conditions, such programs may be awarded LSRHC funding.

Funding will be limited to the amount necessary to facilitate completion of the project and will not exceed a proportionate share of costs in a project with floating units.

Eligible Costs. [HUD Regulations 24 CFR 92.206]
Funds may be used to pay the following:
- Development hard costs for both new construction and rehabilitation;
- Refinancing costs to permit the continued affordability of the project in compliance with LSRHC refinancing guidelines;
- Acquisition costs
- Costs relating to payment of loans
- General Management
- Related soft costs
  - Architectural, engineering or related professional services required;
  - Costs to process and settle the financing for a project;
  - Costs of a project audit required by the LSRHC respect to the development;
  - Costs to provide information services such as affirmative marketing and fair housing information to prospective tenants as required by 92.351;
  - Operating costs directly related to carrying out the project, such as work specifications preparation, and loan processing inspections;
  - Costs for the payment of impact fees charged for all developments within a jurisdiction; and
  - Costs of environmental review and release of funds in accordance with 24 CFR part 58 directly related to the project.

All costs must be in direct relation to a LSRHC assisted unit and supporting documentation of all expenditures is required for all costs being paid for with the LSRHC funding. With the exception of acquisition and financing costs, LSRHC funds are available as reimbursement for eligible expenses. Related soft costs must be necessary for the development of LSRHC units. Again documentation must be provided for any cost re-imbursement. If requesting re-imbursement of staff time, timesheets and payment records documenting time allocated to LSRHC units is required.

Prohibited Activities. [HUD Regulations 24 CFR 92.214]
LSRHC funds may NOT be used to:
- Pay delinquent taxes, fees or charges on properties to be assisted with HOME funds;
- Pay for any cost that is not eligible under the HOME program at 92.206 and 209;
- Provide project reserve accounts;
- Pay for the acquisition of property owned by any of the member jurisdictions unless purchased in anticipation of carrying out a HOME eligible project;
- Land Banking;
- Provide tenant-based rental assistance for the special purposes of the existing section 8 program;
- Provide assistance to housing previously assisted with HOME funds (other than TBRA); or
- Activities related to Public Housing Modernization.

**Form & Amount of Assistance.** [HUD Regulations 24 CFR 92.205(b)]
While regulations allow assistance to be given in any of the forms listed above, LSRHC assistance to development projects will be given in the form of an amortized or deferred loan. Funding Agreements will establish a minimum affordability period that is typically not less than 30 years but will at minimum meet the HOME guidelines. Before monies are released an agreement will be signed between LSRHC and the recipient. The agreement will satisfy Federal requirements and establishes the terms under which the funding is being provided. Funds will not be released until a funding agreement is executed.

Assistance for TBRA programs will be provided in the form a deferred loan to the sub-recipient serving households with initial incomes not greater than 50 percent of AMI. TBRA funding will be not more than 15 percent of the total LSRHC funding available for allocation to projects.

**Monitoring**
All projects and programs are monitored at a minimum of annually and include a review of management processes, a file review, and a physical inspection of the property and assisted units. The initial monitoring, completed upon lease-up, includes reviewing 100 percent of the client files and inspecting 20 percent of the assisted units. Annually thereafter staff will review 20 percent of client files and inspect the associated units unless staff identifies issues that warrant further review or inspection of additional files and/or units.

The development process will also be monitored by LSRHC staff through the draw process, including reviewing draw requests and attending draw meetings.

**Development**

**Property Management.**
Many established owners have property management departments within their organizations or have created separate organizations to perform this function. Other developers hire one management firm to manage properties in its portfolio. Property management is important to ensure the owner’s physical, financial, administration and occupancy performance standards for the property. When working with the LSRHC assisted units, it is expected that the owner enter into an agreement that the units will be operated in accordance with all applicable regulations.

**Subsidy Layering.**

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Before committing funds to a rental project, LSRHC will evaluate the project and verify that the owner did not request or was not allocated any more HOME funds in combination with other governmental assistance than is necessary to provide the affordable housing. LSRHC is required to review and keep project records demonstrating that each rental housing project meets required subsidy layering guidelines. Part of the documentation process includes a Proforma (project income and expense statement) which should include achievable rent levels, market vacancies and operating expenses.

**HOME Investment Per Unit.**
The HOME program has minimum and maximum per-unit subsidy limit on projects.
- The minimum HOME investment is $1,000.00
- The maximum HOME investment is determined by HUD and is adjusted annually.
Contact LSRHC for maximum allowed per unit investment.

**Property Specifics**

**Project Type.**
HOME rental projects may be one or more buildings on a single site, or multiple sites that are under common ownership, management and financing. Projects may be permanent housing or transitional housing. There are no preferences for project or unit size or style. Any property previously financed with HOME funds that is still in the affordability period is not eligible for additional HOME funding. HOME funds will not be used for operations or modernization of public housing projects.

**Property Standards.**
All properties constructed or rehabilitated with LSRHC funds will meet the minimum local codes and standards. Properties will be monitored to meet the applicable standards annually. Owners must maintain properties in accordance with property standards throughout the affordability period. Monitoring visits will be conducted by LSRHC to ensure property standards are being met.

**Accessibility.**
In addition to applicable Fair Housing Requirements, assisted housing must meet the accessibility requirements of 24 CFR Part 8 which address “Nondiscrimination Based on Handicap in Federally Assisted Programs and Activities of the Department of Housing and Urban Development”. The purpose of this part is to effectuate Section 504 of the Rehabilitation Act of 1973.

**Affordability.**
An affordability period will be determined by the amount of funds invested in a project. LSRHC has the right to require a minimum affordability period beyond that required by HUD (outlined above) and typically requires a minimum of 30 years. Throughout the period of affordability the owner must enforce funding requirements. This includes rent limits, income limits and property standards. Affordability requirements apply without regard to the term of any mortgage or loan, or transfer of ownership.
During the affordability period the project will be inspected and monitored annually for compliance with funding requirements. During the affordability period all assisted units must be in compliance with rent and income limits.

“Fixed” or “Floating” HOME units.
LSRHC will determine the number of units based on the funding award. Generally, LSRHC allows the owner of the project to determine if the assisted units will be “fixed” or “floating”. A “fixed” unit is when the owner applies funding requirements to specific units throughout the affordability period, for example unit #1 would always be an assisted unit. This is sometimes an easier process because it allows consistent knowledge of which unit is restricted for monitoring and file inspection purposes. A “floating” unit is when the units throughout the project area are used and a certain percentage is assigned. No matter which decision an owner makes, there always has to be the required amount of designated HOME units in the project.

Rent Limits. Every HOME unit is subject to rent limits. HUD releases rent limits annually. The rent limits are maximums that can be charged per unit by bedroom size including a utility allowance. If a unit has multiple restrictive funding sources, e.g. HOME and Low Income Housing Tax Credits, the more restrictive programs guidelines must be met for rent and income limits. At no time can a tenant be charged more than HOME rent limits even in conjunction with another program. Current limits are available from LSRHC.

Determining Allowable Rent.
To determine the maximum rent allowed for contract rents you must consider both the HUD Rent standards and the utility allowances. After you have made sure that a tenant meets the required income levels to occupy an assisted unit, you must also verify you are meeting the rent requirements. You will begin with the rent standards allowed for the unit bedroom size, the High or Low HOME rent or 30 percent of the targeted income for an appropriate family size. The amount of the utility allowances must then be subtracted from rent limit to determine the total tenant rent.

Overpayment of rent by either the renter or the Section 8 program will result in the owner reimbursing that amount of the overpayment to the tenant or the housing authority. Rents may be adjusted annually based upon revised rent limits published by HUD, however tenant rents can not be adjusted until their leases are renewed and must be provided 45 days notice.

Rent Increases.
All rent increases in excess of five percent, or the amount specified in the funding agreement, of the current tenant rent must be approved by LSRHC. All tenants subject to rent increases will receive a minimum of 45-day notice as required by the Nevada Revised Statutes. HOME rent limits may decrease; and must be implemented for the next applicable rent payment. Rents in assisted units will not be reduced below the rent limit applicable at the time of funding.
TENANTS

Income.
Before a tenant occupies a HOME unit, all income must be verified with third-party documentation. In such instances where management is unable to obtain third-party documentation sources documents, such as wage statements, interest statements and unemployment compensation statements for the past 60 to 90 days may be used. The agency will be required to collect and obtain this information to be kept in client file. LSRHC requires the Part 5/ Section 8 definition of annual income. If a household member 18 years of age or older are claiming they receive no income, they are required to complete an Affidavit of Non-employment.

Recertification.
To ensure compliance with the affordability period, owners must establish systems to re-certify tenant income on an annual basis. Typically each tenant’s income will be examined on the anniversary date of the original income certification or at lease renewal. However, the owner may adopt an annual schedule to perform all verifications at the same time. Recertification documentation will be monitored by LSRHC. There are two alternative methods to the initial income verification method which may be used:
1. A written statement from the family indicating size and income. This must include a signed certification from the family and source documents must be available upon request.
2. A written statement from the administrator or other government program from which the family receives benefits. Statements must include family size, current income, current income limit for their program and a statement that the family’s income does not exceed that limit.

Full income verifications and collection of source documents is required every fifth year.

Over Income Tenants.
A tenant’s income is likely to change over time. If these changes occur during the affordability period, the project owner must take certain step to maintain compliance with HOME rent and occupancy requirements.

The project must maintain the correct number of units targeting the identified incomes.
- Rents must be adjusted for tenants whose incomes rise above 80 percent of the area median income to either 30 percent of tenant income or fair market rent.
- If the income of a tenant occupying a Low rent unit increases, but does not exceed 80% of the area median income, that unit becomes a High rent unit and the Low rent unit must be the next available unit (if floating units) or HOME assisted unit (for fixed units) to a very low income tenant that meets the 50% median income requirement. Subject to the terms of the lease, the rent of the initial tenants whose income has increased may be increased to the High rent limit for the unit. This process should not increase the number of assisted units.
- If a tenant’s income increases above 80% of the area median income, the unit this tenant occupies is still considered to be a HOME unit, but the tenants rent must be adjusted. In projects were the HOME units float, the next available unit in the project of comparable
size or larger must be rented to a HOME eligible household. The unit occupied by the
over-income tenant is no longer considered HOME assisted, and the rent of that unit can
be adjusted as appropriate.

The Lease

Term.
The term between the tenant and the owner must be at least one (1) year (12 months).

Language.
The lease may NOT contain the following provisions:

- **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;
- **Treatment of property.** Agreement by the tenant that the owner may take, hold, or sell
personal property of household members without notice to the tenant and a court decision
on the rights of the parties. This prohibition, however, does not apply to an agreement by
the tenant concerning disposition of personal property remaining in the housing unit after
the tenant has moved out of the unit. The owner may dispose of this personal property in
accordance with State law;
- **Excusing owner from responsibility.** Agreement by the tenant not to hold the owner or
the owners agents legally responsible for any action or failure to act, whether intentional
or negligent;
- **Waiver of notice.** Agreement of the tenant that the owner may institute a lawsuit without
notice to the tenant;
- **Waiver of legal proceedings.** Agreement by 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;
- **Waiver of a jury trial.** Agreement by the tenant to waive any right to a trial by jury;
- **Waiver of right to appeal court decision.** Agreement by the tenant to waive the tenants
right to appeal, or to otherwise challenge in court, a court decision in connection with the
lease; and
- **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.

Termination.
Termination of the lease requires a 30 day notice of refusal to renew or termination of tenancy.
HOMEBUYER/HOMEOWNER ACTIVITIES

Eligible Activities.
Eligible homebuyer activities will be limited to down payment assistance for low income households.

Eligible homeowner activities include the rehabilitation of housing units that are owned and occupied by low income households.

Eligible Costs.
In general, eligible costs under rental housing are eligible for homeowner/homebuyer activities, including the following:

- Development hard costs for both new construction and rehabilitation;
- Refinancing costs to permit the improvement of affordability for the owner of a home being rehabilitated;
- Acquisition costs;
- Costs relating to loans;
- Related soft costs
  - Architectural, engineering or related professional services required;
  - Costs to process and settle the financing for a project;
  - Costs of a project audit required by the LSRHC respect to the development;
  - Operating costs directly related to carrying out the project, such as work specifications preparation, and loan processing inspections;
  - Costs for the payment of impact fees charged for all developments within a jurisdiction; and
  - Costs of environmental review and release of funds in accordance with 24CFR part 58 directly related to the project.

In contrast to rental projects, assistance may be provided to assist a household to purchase a home that was previously assisted with LSRHC funding.

Prohibited Activities.
Funds may NOT be used to pay for any cost that is not eligible costs under the HOME program at 92.206 and 209, including delinquent taxes, fees or charges on properties to be assisted. LSRHC funding may also not be used to pay the costs of administering a homebuyer assistance or homeowner rehabilitation program.

Forms & Amount of Assistance. [HUD Regulations 24 CFR 92.205(b)]
In general, assistance provided to homebuyers and homeowners will be in the form of a deferred loan. Typically, the assistance will be subject to recapture provisions as outlined in the Consolidated Plan; however if the amount of assistance provided to individual homebuyers is greater than $20,000 LSRHC will discuss the possibility of implementing resale requirements. Additional funds may be allocated to the sub-recipient to pay directly-related soft costs. These funds may be provided as a grant to the sub-recipient to make the program feasible.
For homeownership development projects the funds will be provided as a below market-rate interest loans payable upon sale of the assisted units to qualified homebuyers. This will serve to meet the recapture provisions and meeting the developer’s responsibility toward the period of affordability.

Program Requirements
All entities funded for the development of for-sale units or to provide financial assistance for the purchase or rehabilitation of owner-occupied housing are responsible for ensuring the assisted household is eligible, the property is qualified, appropriate documents are executed, and project processing steps outlined in the funding agreement are followed. The latter including but not limited to LSRHC completion of the environmental and sub-recipient staff checking the federal debarred list and reviewing required inspections.

It is important that sub-recipients administering homeownership programs make every effort to assist the homebuyer to understand the process of purchasing a home, the long-term commitment of purchasing a home, the implications of accepting a mortgage and under different terms, the recapture or resale option, and to consider the ability of the family to maintain a mortgage over time. Program guidelines must address how each of these issues will be addressed. For example, are interest only loans acceptable? If so, under what conditions? What debt ratio will be used to ensure the mortgage is affordable and the household is able to maintain the home?

Monitoring
Programs will be monitored annually, as long as the program is operating. Staff will review 20 percent of program files for compliance with income determination procedures and property eligibility, evaluation of affordability, written agreements, documentation that property is the principal residence enforced by lien or mortgage, title documentation, copy of deed or other ownership documentation, recapture/program income documentation, lead-based paint notification, etc.
COMMUNITY HOUSING DEVELOPMENT ORGANIZATION

A Community Housing Development Organization (CHDO) is a private nonprofit, community-based service organization that has obtained or intends to obtain staff with the capacity to develop affordable housing for the community it serves. The definition of a CHDO, as well as other regulations regarding CHDOs, can be found in the Code of Federal Regulations Title 24 (Housing and Urban Development), Part 92.2. To be certified or re-certified as a CHDO, the non-profit organization must 1) submit this completed application to the Lower Savannah Regional HOME Consortium and 2) meet the additional criteria regarding proposing and constructing an affordable housing development project(s).

In order to qualify and/or be re-certified as a LSRHC CHDO, an organization must meet certain criteria and be certified/re-certified by the Lower Savannah Regional Home Consortium. All existing LSRHC CHDOs must be recertified on an annual basis. The criteria (24 CFR 92.2) include legal status, organizational structure, capacity, experience, and financial standards:

CHDO Certification. A CHDO seeking LSRHC recertification or an organization/agency seeking certification as a CHDO must:

- Be organized under state/local laws;
- Have a provision of decent housing that is affordable to low- and moderate-income persons among the purposes of the organization and this commitment must be evidenced in the CHDO’s:
  - charter,
  - articles of incorporation,
  - by-laws, or
  - a resolution of the CHDO’s board of directors.
- Assure that no part of the CHDO’s earnings (profits) may benefit any members, founders, contributors or individuals.
- Have a clearly defined geographic service area.
- Have proof of nonprofit status: A CHDO must have received a tax-exempt ruling from the IRS under Section 501(c)(3) or (4) of the Internal Revenue Code of 1986 in order to be designated as a CHDO, or it may be classified as a subordinate of a central organization nonprofit under Section 905 of the Internal Revenue Code. A group exemption letter from the IRS that includes the CHDO is required. The 501 © designation must either be a conditional or final designation; a pending 501(c) status will not meet the requirements.

A CHDO seeking LSRHC recertification or an organization/agency seeking certification as a LSRHC CHDO must have a governing board organized as follows:

LOW INCOME REPRESENTATIVES:
At least 1/3 of the governing board must be:

- residents of low-income neighborhoods (neighborhoods where 51% or more of the residents are low-income); or
- other low-income residents of the community (low income defined as having an annual income of less than 80% of the area median income). If the individual does not live in a
low income neighborhood, the CHDO or the resident will need to certify that they qualify as low income;
or
- elected representatives of low-income neighborhood organizations whose primary purpose is to serve the interests of the neighborhood residents (i.e., block groups, town watch groups, civic associations, neighborhood church groups)
- should the CHDO not have the full compliment of low-income representatives on the board, the CHDO has 45 days in which to fill that position. The CHDO is considered out of compliance with the requirements for CHDO status when they do not have the full one-third low income members on the board and decisions of the board can not be finalized without the minimum required 1/3 low income members.

Input from the low-income community is not accomplished only by having low-income representation on the board. The CHDO must also provide a copy of the formal, written process for low-income program beneficiaries to advise the CHDO on design, development and management of affordable housing. The process must be described clearly and it must be included in the organization’s bylaws or through a board resolution. This requirement is especially important for CHDOs serving a large geographic area where it may not be possible for a CHDO to have low-income representatives on its board from every neighborhood in which it will develop, own or sponsor housing. LSRHC CHDOs should establish systems for community involvement in parts of their service areas where housing development is planned but which are not represented on their boards, for example:

- Ad hoc or special committees of neighborhoods of a proposed development site; and/or
- Neighborhood advisory boards (NABs) or similar groups; and/or
- One or more open neighborhood or town meetings; and/or
- Temporary expansion of the CHDO board to include neighbors during the period of housing planning and development activity; and/or
- Resident advisory committees/boards.

**STATE OR LOCAL GOVERNMENT APPOINTMENTS:**
No more than 1/3 of the governing board may be appointed by a state or local government. Those representatives who are appointed by public officials cannot select other members of the board. Other restrictions on the participation of public officials on the boards of nonprofit organizations seeking public funds apply and CHDOs must observe conflict-of-interest policies.

**PUBLIC SECTOR REPRESENTATIVES:**
No more than 1/3 of the board may be public officials or representatives of the public sector (low income residents/representatives who work for a public agency in any capacity must be considered public sector representatives.)

The HOME program does not set any other limits on the composition of a CHDO’s governing board and the remaining seats may be filled by a wide variety of individuals.
CAPACITY/EXPERIENCE:
A LSRHC CHDO seeking recertification or an agency seeking certification as a LSRHC CHDO must currently demonstrate capacity to carry out HOME assisted activities either with:

- experienced staff who have successfully completed similar projects, which draws a distinction between development, management of rental housing and development, sale of housing for first-time homebuyers,

OR

- key staff with limited or no experience who will utilize experienced consultants (if consultants are in charge of development, there must be a written plan submitted yearly to the LSRHC indicating how the consultant will train key staff during that funded year).

Note that there are differences in required experience and capacity required to carry out the variety of housing development activities eligible under the HOME program. Also, the purpose of the CHDO capacity requirement is for the CHDO to build its own professional staff so the staff cannot be municipal, county or state employees or consultants (paid or volunteer) not planning to train for the CHDO’s key staff. Should CHDOs wish to share staff with other nonprofits, a written formal agreement outlining the work to be undertaken and the service period must be in place.

A LSRHC certified CHDO has the opportunity to apply for types of LSRHC funding assistance not available to other applicants, and may also apply for any of the available LSRHC funds.

CHDO Eligible Set-Aside Project. The LSRHC also must invest at least fifteen (15) percent of its total HUD HOME allocation (24 CFR 92.300(a)) in projects that are owned, developed or sponsored by CHDOs and which will result in the development of homeownership or rental units, including projects that have a new construction or rehabilitation component. The CHDO can act in one of the three capacity roles as listed below:

(a) Owner: The CHDO is an “owner” when it holds valid legal title to or has a long-term (99-year minimum) leasehold interest in rental property. The CHDO may be an owner with one or more individuals, corporation, partnership or other legal entities, so long as the CHDO has effective control of the project.

(b) Developer: A CHDO is a “developer” when it either owns a property and develops a project, or has a contractual obligation to a property owner to develop a project.

(c) Sponsor: A CHDO is a sponsor if it develops a project that it solely or partially owns and agrees to convey ownership to a second non-profit organization at a predetermined time or it is a sponsor for HOME-assisted homebuyer’s program when it owns the property, then shifts responsibility for the project to another nonprofit at some specified time in the development process and the second non-profit in turn transfers title, along with the HOME loan/grant obligations and resale requirements, to a HOME-qualified homebuyer within a specified timeframe.

Pre-Development Loans. Up to ten (10) percent of the LSRHC’s CHDO set-aside amount may be provided to CHDOs only in the form of pre-development deferred loans which are intended
to assure that its CHDOs have access to funds for up-front, eligible project expenditures and are to be repaid to the Consortium from construction loan proceeds or other project income or incorporated into additional project financing. The costs must all be reasonable and customary and related to a specific project which, if deemed feasible, would receive HOME funds for development. This assistance can take the form of technical assistance and site control loans used to establish preliminary feasibility prior to site control and seed money loans, which may be used to cover pre-construction costs. The total amount of funds used for pre-development cannot exceed 10 percent of the total amount of HOME funds reserved for CHDOs by the consortium in any given grant year for CHDO set-aside eligible activities.

Operating. At the discretion of the LSRHC funds may be allocated to certified CHDOs for operating expenses to enable certified CHDOs to build capacity in order to develop affordable housing. These funds are for general CHDO operating costs, which are reasonable and necessary costs for the operation of the CHDO (24 CFR 92.208), including salaries, wages, benefits and other employee compensation; employee education, training and travel; rent and utilities; communication and technology costs; taxes and insurance; and equipment, materials and supplies necessary for the identifying and pursuing CHDO eligible projects.

These operating funds cannot be used to fund specific project costs and the funds are allocated on a competitive, criteria-based scoring system. Availability of operating funds is not guaranteed from year to year, so it is important that a non-profit seeking CHDO certification have other sources of funding. LSRHC participating CHDOs may receive up to ______ or ______, whichever is less, of the total operating expenses in that fiscal year. This total includes organizational support and housing education assistance provided under Title 42, The Public Health and Welfare, Chapter 130 – National Affordable Housing, Subchapter II – Investment in Affordable Housing, Part B – Community Housing Partnership, Section 233.

In evaluating the requests and awarding of CHDO operating funds, the LSRHC staff, as well as the TRC, will take into consideration the strategic use of the funds in relation to community needs, evaluate risks, and the CHDOs identified plan for self-sufficiency. As of Fiscal Year 08-09, CHDO applications must provide in their application a plan for self-sufficiency that includes the following detailed information: (1) cumulative revenues and expenditures, (2) organization balance sheets, (3) a strategic/written narrative component, and (4) measurable goals related to the mission, including capacity building. As long as the CHDO continues to be certified, in regulatory compliance, and follows the submitted plan, the organization will be eligible for operating funds for four (4) years or through the development of two (2) CHDO set-aside projects, whichever occurs first. ALL CHDOs will be required to provide an annual report at the time of the recertification process outlining the progress made toward meeting the self-sufficiency goal of the plan.

Any portion of the five percent of the HOME grant eligible for CHDO operating not allocated to an agency may be used during the fiscal year to provide appropriate technical assistance to CHDOs. In instances of extenuating and detrimental circumstances, such as a loss of key development personnel, a certified CHDO may be eligible to receive assistance to rebuild capacity during the year, as approved by staff on a case-by-case basis. Retained funds may also be utilized by staff to provide technical assistance to one or more CHDOs as determined
beneficial to improving the ability to provide affordable housing and comply with regulations. In the case that any portion of the five percent operating funds from the HOME grant is unexpended at the end of the fiscal year, such funds will be made available for housing activities in the next funding round.

The staff and TRC will also utilize funding criteria to do a yearly review of each CHDO that will assist in the determination of the further goals and needs of the CHDO for operating funds.

**Evaluation Criteria.** CHDOs eligible for and requesting operating subsidies will be evaluated using criteria established to determine the amount of funding, if any, that will be allocated to the CHDO. Operating fund requests will be evaluated utilizing the criteria below, as well as reviewing the use of the funds in relation to community needs, the evaluation of risks and the CHDOs efforts and plans toward self-sufficiency as recommended by HUD.

**HOME program regulations require that any CHDO receiving operating funds MUST** receive CHDO set-aside funds for a housing development activity in the same fiscal year (July-June) as the operating funds are allocated; and/or enter into a written agreement that provides that the CHDO is expected to submit an application and receive set-aside funds for a housing development activity within 24 months of receiving the funds for operating expenses. Written agreements executed by the LSRHC will require the CHDO recipient to bring forward a project that receives CHDO set-aside funds in the following two funding cycles; failure to receive CHDO set-aside funding will result in default and all operating funds drawn must be repaid.

**Monitoring.** As with funded projects and programs, CHDOs receiving operating funds will be monitored annually. LSRHC staff will review information to ensure the CHDOs continued compliance with Board composition requirements, status as a non-profit entity, that the CHDO is operating free from control of any individual or organization seeking to profit from CHDO activities, eligibility of set-aside projects, and eligibility of expenses paid with CHDO operating. In addition, as the PJ is required to ensure the oversight of all HOME funds, LSRHC will commission a financial management review of each funded CHDO not more than one time every five years that will include expenditures and agreements related to CHDO operating funds, CHDO set-aside funds, and sub-recipient activities.
APPLICATIONS

All Lower Savannah Regional Housing Consortia applications for HOME Program Funds will be allocated based on the review and recommendations pertaining to applications submitted to the Consortium through a continuous yearly funding process. Funding provided by the process will be awarded for the upcoming fiscal year (July 1-June 30). However, no contracts/agreements for funding can be executed until the LSRHC has executed funding agreements with HUD, which may be as late as October of the program year.

This is a competitive application process for limited funding; therefore, applications that meet all criteria are not guaranteed an award of funds and successful applications may be funded for less than the amount requested. Funding requests may be adjusted based on underwriting, subsidy layering reviews, the Consortium's determination of the financial gap, proven market-based demand and economic growth.

The Inter-Governmental Agreement of the Lower Savannah Regional HOME Consortium set the framework for the funding allocation process. This document created the Technical Review Committee.

**Technical Review Committee** was established to review eligible projects for conformity to the priorities and policies included in the Consolidated Plan, Action Plans, Regional Plan, relevant jurisdictions' comprehensive housing plans, and/or specific self-directed priority project(s) and criteria established by the technical staff of LSRHC members, including threshold criteria concerning length and depth of affordability which are more strict than those required by regulations or rules outlining the use of the particular funding source. The TRC will also evaluate the projects using other criteria developed and adopted by the LSRHC. The TRC will prioritize projects based on the evaluation described in this paragraph and make LSRHC funding recommendations as constrained by the availability of funds.

**Application Process:**

Applications are made available in January for the next fiscal year allocations. There will be two applications: one for programs (non-development activities), and one for CHDO certification/recertification and operating funds. The applications will be taken on a continuous bases throughout the year until funding has been depleted for the particular fiscal year. Applications are submitted through the Lower Savannah COG, where they are date stamped. Applications that are submitted on time, but are not complete per the application instructions, are not forwarded to the TRC for consideration. An applicant whose application is judged incomplete may appeal the decision to the LSRHC and TRC in writing. The appeal will be discussed at the first meeting held by the TRC following receipt of appeal and a decision made by the TRC as to whether the project should go forward for further consideration.

**Complete Application:**

An application is considered complete when it is submitted in the proper format, with the proper number of tabs and copies, and with all required forms completed and documentation included in the application. Applicants may contact the LSRHC with any questions related to the application.
prior to its submittal, therefore applicable information **left blank or not provided** will constitute an incomplete application and the application will not be forwarded.

**Information related to all applications:**

- This is a competitive application process for limited funding. Applicants that meet criteria are not guaranteed an award.
- Successful applications may be funded for less than the amount requested.
- Funding provided by this process will be awarded for the fiscal year which begins July 1, and end June 30 following the funding round. No contracts/agreements can be executed until the consortium has executed funding agreements with HUD.
- Agencies that are currently receiving State of SC CDBG and/or HOME funds, who are also applying for LSRHC HOME funds, must be in compliance with all terms of their current agreement(s) and must not have any outstanding audit findings, monitoring findings or concerns as determined by the Consortium.
- Nonprofit agencies must have an active Board of Directors documented by submitting an attendance list at board meetings for the previous 12 months and must submit a board membership list with their application.
- The applicant must submit an applicant certification form (included in the application) signed by the Chair or President of the Board of Directors with a copy of the minutes of the meeting authorizing the submittal of the application attachment.
- The LSRHC may adjust funding requests based on underwriting, subsidy layering review, revised determination of the financial gap, revised evaluation of the LSRHC proportionate, share proven market-based demands and economic growth.
- No work on the project may be begun nor can HOME Program funds be released until the environmental review process has been completed in accordance with the provisions of the National Environmental Policy Act of 1969 and the related authorities listed in HUD’s Regulations at 24 CFR Parts 50 and 58.
- Applicants must demonstrate site control, in the form of an “option to purchase”, of the development site to be considered for funding. If a development site is purchased or under a purchase agreement prior to or during the funding round the purchase must not be subject to the receipt of LSRHC funding.
- Applicants with HOME funded projects which have closed more than 90 days prior to the application deadline who have not provided the completed closing documents to LSRHC staff will not be forwarded for funding consideration.
- The applicant may be ineligible to be considered for funding if, in LSRHC’s discretion, the applicant has demonstrated an untimely use of previously awarded HOME funds.
- The applicant shall not exclude any organization or individual from participation under any program funded in whole or in part by HOME Program funds on the grounds of age, disability, race, creed; color, national original, familial status, religion or sex.
- No applicant, clients or contractors that have been suspended or debarred under HOME (debarred list at http://epls.arnet.gov) or any other federal program may receive HOME funds.
CHDO Set-Aside

This application is also used for all CHDO set-aside eligible development projects and pre-development deferred loans. Only CHDOs may qualify for these funds. For any project to be considered for CHDO set-aside funding, whether the CHDO is the owner with one or more individuals, a corporation, a partnership or other legal entity, the CHDO MUST be the managing general partner with effective decision making control.

Post Award Requirements.
Projects and programs awarded funding must:
- Enter into a funding agreement within 24 months, beginning July 1 of the funding year;
- Begin to expend funds within 12 months of executing a funding agreement;
- Expend all funds within 60 months of the allocation, beginning July 1 of the funding year;
- Expend all funds prior to completing lease-up, if a tax-credit property, prior to the initial 8609 audit;
- Complete relocation surveys, if applicable, within 90 days of obtaining site control, if the previous owner denies access to complete this activity, then the surveys must be completed within 90 days of assuming management control; and
- Must not conduct any activity at the project site until the HUD required environmental review has been completed;

CHDO Certification/Recertification Application and CHDO Operating Funds:
Certified CHDOs or organizations that wish to be certified as a LSRHC CHDO use this application to apply for certification. Certified CHDOs must be re-certified on an annual basis, providing all documentation required for initial certification. Agencies meeting the CHDO certification requirements as indicated in the CHDO section of these operating procedures will be recommended by the LSRHC staff to the TRC for certification. Agencies whose applications are complete, but indicate that the agency does not meet the CHDO minimum requirements, will not be forwarded to the TRC for review.

Operating Funds: CHDO operating funds are for general CHDO operating costs, which are reasonable and necessary costs for the operation of the CHDO (24 CFR 92.208), including salaries, wages, benefits and other employee compensation; employee education, training and travel; rent and utilities; communication and technology costs; taxes and insurance; and equipment, materials and supplies. These operating funds cannot be used to fund specific project costs. Certified CHDOs that receive two years of operating assistance in a row without receiving funding for an approved CHDO set-aside eligible HOME project within 24 months of signing the operating agreement are ineligible for operating funds during the next fiscal year and may be required to repay any operating funds received during that timeframe. Those CHDOs that do not meet the requirement to have a set-aside eligible project funded within the 24 months will not receive any further operating assistance until they submit and are allocated funds for CHDO set-aside eligible project and must repay any operating funds received in the previous 24 months.

As long as the CHDO continues to be certified, in regulatory compliance, and follows the submitted plan, the organization will be eligible for operating funds for four (4) years or through the development of two (2) CHDO set-aside projects, whichever occurs first.
During the annual CHDO certification/recertification, applicants may be required to make a presentation to the Technical Review Committee of no more than 10-15 minutes. The purpose of the presentation is for the applicant to introduce themselves and, if applying for operating funds, to justify their specific needs for operating assistance. The CHDO will be notified if a meeting is necessary.

The TRC holds meetings to review the applications and then submits the recommendations to the Lower Savannah Council of Governments (LSCOG) Board of Directors. At the LSCOG board meeting, the recommendations from the TRC are reviewed and approved.
Applications. Requests for appeals related to not forwarding applications for funding consideration must be made in writing to LSRHC staff not less than one (1) week prior to the TRC scheduled meeting. Applicants whose applications will not be forwarded to TRC for review will be notified not less than two (2) weeks prior to applications being forwarded to the TRC. Staff will review appeals requests and forward the request and a staff response to the jurisdictional technical staff of the TRC. The TRC staff will make a decision on the appeal at the scheduled TRC meeting; the applicant will be notified by phone and/or email and letter will be mailed via U.S. Postal Service of the decision.

Funding. Projects and programs not recommended for funding may appeal to the TRC at their regularly scheduled meeting following the decision.

There are no appeals following final allocation of PY funding.
LOWER SAVANNAH REGIONAL HOME CONSORTIUM
AFFIRMATIVE FAIR HOUSING MARKETING PLAN

STATEMENT OF POLICY

The Lower Savannah Regional HOME Consortium (LSRHC), in accordance with the regulations of the HOME Investment Partnership (HOME) Program (24 CFR 92.3510, has established this "Affirmative Fair Housing Marketing Plan" to ensure that the consortium and all entities to whom they have allocated HOME or Low Income Housing Trust Funds employ a marketing plan that promotes fair housing and ensures outreach to all potentially eligible households, especially those least likely to apply for assistance.

The Consortium’s policy is to provide information and attract eligible persons to available housing without regard to race, color, national origin, sex, religion, familial status (persons with children under 18 years of age, including pregnant women), or disability. The procedures followed are intended to further the objectives of Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), and Executive Order 11063, which prohibits discrimination in the sale, leasing, rent and other disposition of properties and facilities owned or operated by the federal government or provided with federal funds.

PROCEDURES

Although the HOME Final Rule regarding the development and adoption of affirmative marketing procedures and requirements apply to rental and homebuyer projects containing five or more HOME-assisted units, regardless of the specific activity the funds finance (e.g., acquisition, rehabilitation, and/or new construction), the LSRHC will apply their affirmative marketing procedures to all programs funded by the LSRHC, such as tenant-based rental assistance, owner-occupied rehab, and down payment assistance only programs.

The LSRHC is committed to the goals of affirmative marketing that will be implemented through the following procedures:

A. Providing equal service without regard to race, color, religion, sex, handicap, familial status, or national origin of any client, customer, or resident of any community;

B. Keeping informed about fair housing laws and practices;

C. Informing clients and customers about their rights and responsibilities under the fair housing laws by providing verbal and written information;

D. Evaluating the effectiveness and compliance of all marketing as it relates to fair housing;
E. Including the Equal Opportunity logo or slogan, and where applicable the accessibility logotype, in all ads, brochures, and written communications to owners and potential tenants;

F. Displaying the HUD’s fair housing posters (at a minimum, English and Spanish versions) in rental offices or other appropriate locations;

G. Soliciting applications for vacant units from persons in the housing market who are least likely to apply for assistance without the benefit of special out-reach efforts; working with the local public housing authority and other service and housing agencies to distribute information to a wide and diversified population;

H. Maintaining documentation of all marketing efforts (such as copies of newspaper ads, memos of phone calls, copies of letters).

I. Maintaining a record of applicants for vacant units with a general profile of the applicant, how the applicant learned of the vacancy, the outcome of the application, and if rejected, why; maintaining this record for two years or through one compliance audit, whichever is the shorter period of time.

J. Where changing demographics present challenges when marking to an eligible population that is limited English proficient (LEP), LSRHC and its funded entities, striving to:
1. Translate its marketing material to serve this population
2. Hire bi-lingual employees or have quick access to interpreters/translators
3. Work with the language minority-owned print media, radio and television stations
4. Partner with faith-based and community organizations that serve newly arrived immigrants, and
5. Conduct marketing activities at adult-education training centers or during “English as a Second Language” classes.

K. Requiring all applicants for LSRHC funds to sign, submit, and adhere to the policies included in the certifications relating to fair housing required in applications packets, including but not limited to attachments A, B, and C of this policy.

ASSESSMENT
In conjunction with the annual on-site compliance reviews, the LSRHC will:

A. Review and evaluate records of affirmative marketing efforts (advertisements, flyers, and electronic media spots, etc.);

B. Evaluate outcomes and effectiveness of marketing efforts and make changes where needed.

C. Evaluate whether good faith efforts have attracted a diversified cross-section of the eligible population.

CORRECTIVE ACTIONS

Failure to meet affirmative marketing requirements will result in the following corrective actions:

A. For failure to comply, LSRHC will set a probationary period for compliance, not to exceed six months, during which time the LSRHC will provide more specific guidelines for compliance.

B. Further failure to comply with the affirmative marketing requirements may result in the withdrawal of HOME and/or LIHTF support.

C. Further failure to take appropriate actions to correct discrepancies in affirmative marketing programs may result in steps to recover all invested HOME or LIHTF funds.