

## **Attachment "E" HOME Program Description**

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## I. EXECUTIVE SUMMARY

The HOME Program was created under Title II (the Home Investment Partnerships Act) of the National Affordable Housing Act of 1990. The general purposes of HOME include:

- Expansion of the supply of decent and affordable housing, particularly rental housing, for low and very-low-income Americans.
- Strengthening the abilities of State and local governments to design and implement strategies for achieving adequate supplies of decent and affordable housing.
- Extending and strengthening partnerships among all levels of government and the private sector, including for-profit and non-profit organizations, in the production and operation of affordable housing.

HOME provides funding to meet both the short-term goal of increasing the supply and availability of affordable housing and long-term goals of building partnerships between State and local governments, private and non-profit organizations, while strengthening their capacity to meet the housing needs of low and very low-income residents.

For FY 1994 and subsequent years, there are match requirements that must be met under the HOME Program. Matching funds are the local contribution to the partnership. Match obligations must be met in the fiscal year they occur.

The State of Wyoming anticipates receiving an annual allocation in HOME funds of approximately \$3,500,000. See the WCDA Allocation Plan, Attachment "A" for actual funding levels. These HOME funds will be allocated to local governments, Community Housing Development Organizations (CHDOs), Public Housing Authorities, Non-profit Organizations and for-profit developers of Low-income housing as described below. All projects outside of Casper and Cheyenne must be developed pursuant to the State's Consolidated Plan for Housing and Community Development. Casper and Cheyenne (entitlement cities) projects must be developed pursuant to their respective local Consolidated Plans. Projects located in entitlement cities (Cheyenne and Casper) must have a current letter of consistency with the Consolidated Plan from the appropriate Jurisdiction.

HOME funds must be spent quickly. The time frames for committing and expending funds are very short. From the time WCDA signs a HOME Investment Partnerships Agreement for HOME funds with the Department of Housing and Urban Development, the following critical time frames apply:

- 24 months to enter into written agreements with an Owner/Developer to reserve HOME funds.
- 24 months to commit funds in the IDIS System for specific projects.
- Four years to actually expend funds.

In an effort to quickly allocate HOME funds prior to the construction season, WCDA's application period for HOME funding runs prior to WCDA's receipt of HOME funds from HUD. Therefore no funding can be allocated until after WCDA signs a HOME contract with HUD. The final allocation may be different from the anticipated amount.

## II. ALLOCATION OF FUNDS

### 1. CHDOs - Community Housing Development Organizations

#### A. CHDO ELIGIBLE ACTIVITIES

Approximately fifteen percent (15%) of the Fiscal Year HOME funding allocation will be set aside for CHDO's. Applications for CHDO Eligible Activities will be accepted through a competitive application process during the initial application period at the beginning of each year. If funds are remaining, WCDA will open an additional competitive application process or, depending on the amount of remaining funds, accept applications on a first-come, first-serve basis to projects meeting the minimum ranking criteria until all funds are allocated to eligible projects. For actual funding levels, see WCDA Allocation Plan, Current Year Summary Attachment "A". Activities that are not eligible under the CHDO set aside are; HOME/WRAP, tenant based rental assistance, brokering or other real estate transactions.

#### B. CHDO TECHNICAL ASSISTANCE-

Ten percent of the CHDO set aside may be available to CHDOs for Project Specific Technical Assistance and Site Control Loans for items such as feasibility studies, consulting fees, architectural and engineering fees, etc. No administrative fees are eligible. Applicants who anticipate using the technical assistance and site control loans should apply to WCDA before any project costs are incurred in order to ensure eligibility for the funding.

### 2. CHDO General Operating Costs and Capacity Building Reserve (not project specific)

A CHDO may apply to WCDA for HOME funding for any fiscal year for organizational operating funds in an amount that provides not more than \$50,000 or fifty percent (50%) of the CHDO's organization's total operating expenses, whichever is less, in that fiscal year. No CHDO may receive funding for more than 3 years. To apply for this set-aside a CHDO may apply on an annual basis prior to September 1<sup>st</sup> of each year.

In order to receive CHDO operating funds a CHDO must:

1. enter into a written agreement with WCDA that states the CHDO is expected to own, sponsor or develop a project which will receive funds under the CHDO set-aside within 24 months of receiving funds for operating expenses
2. submit a Development Plan outlining the CHDO's proposed housing projects, type of housing, number of units, and populations to be served, over the next 5 years
3. submit a timeline under which these projects will be developed
4. submit a list of anticipated funding sources for the projects in the Development Plan
5. submit a five year operating budget with all sources of operating income listed, designating which sources are firmly committed and which sources are tentative
6. submit a list of staff, experience of each staff member and their job description.
7. submit a report or narrative of accomplishments achieved through prior HOME CHDO Operating funds received.

Applications will generally be accepted once a year and should be submitted to WCDA on or before September 1<sup>st</sup>. No more than \$100,000 of HOME funds may be allocated as Operating Funds in any given program year. Applications will be reviewed and funded according to the feasibility of the projects proposed

in the Development plan and an assessment by WCDA staff of the CHDO's capacity to successfully complete the Development Plan.

**3. Small Rural Project Set-Aside**

In Wyoming the HOME funding is allocated through a competitive process from applications received from outside Developers. WCDA does NOT retain any Rental funding to administer projects directly. Thus it is difficult to assure specific geographic distribution as applications are not received until after the Program Plan is approved. In an effort to achieve geographic distribution in areas of greatest need, WCDA analyzes information from various sources to ascertain where these locations are and then builds incentives in the Action Plan through scoring, set asides etc. In recent years it has been evident that the small communities have been overlooked on their affordable housing needs. In order to create an incentive for developers to consider more rural areas, and satisfy HUD's geographic distribution requisite, this Small Rural Project Set-Aside was created. The amount of the set-aside is disclosed in the Current Year Summary Attachment "A".

In order to qualify for the Small Rural Project Set-aside the following criteria applies:

- The project must be in a small community with a population under 15,000 and no communities with a population over 15,000 are within 20 miles of the project.
- The project must have 24 or fewer units
- Project must not be done in conjunction with a separate project in the same locale.

Due to the fact that Market Rents are typically lower in rural areas, projects may have a 10% variance in Income and Rent Levels when qualifying for the Small Rural Project Set-aside.

**4. HOME/WRAP** – The approximate amount of funding set-aside in this category for HOME/WRAP programs is outlined in the current Year Summary, Attachment "A". These funds will be administered by WCDA similar to the WRAP program created under the Neighborhood Stabilization Program. If all the HOME funds are not allocated in the first funding cycle, WCDA may retain any funds under any of the set asides for this eligible activity. In addition, as Program income is received and the available funding is increased, such funds may also be used under this set-aside.

**5. Open Category – WCDA** – The approximate amount of funding set-aside for Direct Administration is outlined in the current Year Summary, Attachment "A". This set aside is available for Rental Housing Production programs under which non-profit developers, for-profit developers, Local Governments, and public housing authorities may apply. Applications are anticipated to be accepted in January of each year. Projects are ranked competitively against the Ranking Criteria listed in the WCDA Allocation Plan. For actual funding levels, see WCDA's Allocation Plan, Current Year Summary Attachment "A".

**6. Administration And Contingency Reserve -**

Approximately 10% of Fiscal Year HOME allocation will be set-aside for WCDA administrative costs, and for a reserve for project over-runs that cannot be met from other funding sources. After the first round of funding, WCDA reserves the right to re-allocate funds between categories as needed to most expeditiously commit and spend the funding, provided the minimum CHDO set aside is maintained.

### III. RENTAL HOUSING PRODUCTION PROVISIONS

A. **Rental Housing Production** - can be accomplished in the following ways:

1. Rehabilitation
  - a. Rehabilitation
  - b. Conversion
  - c. Reconstruction
  - d. Rehabilitation and Refinance
2. Acquisition and/or Rehabilitation
3. New Construction

There are three important things to remember about HOME-assisted rental housing:

1. Rents are strictly controlled
2. Tenants must be low-income (80% of Area Median Income adjusted for family size as determined by HUD). In fact, most tenants in HOME-assisted units must be very low-income (50% of Area Median Income adjusted for family size as determined by HUD).
3. Both occupancy and rents must be maintained and monitored for a minimum affordability period of 5 to 20 years depending upon the amount of HOME funds provided per unit and the type of project (new or existing). Actual project affordability may exceed 20 years.

Both the rent and income targeting requirements are enforced by deed restrictions and specify remedies for breach of the provisions.

B. **Eligible Property Types**

1. One or more buildings on a single site that are under common ownership, management and financing.
2. Scattered sites are eligible as one project as long as the sites are under common ownership, management and financing, and receive HOME assistance as part of a single undertaking.
3. There are no limits on the number of units per project.
4. There are no preferences for unit size and style except for what is identified in the applicable Consolidated Plan.
5. Properties may be privately or publicly owned.
6. A letter of notification for proposed development will be sent to the local jurisdiction.

C. **Initial HOME Rents**

Every HOME-assisted unit is subject to rent controls designed to make sure that rents are affordable to very low-income households. These maximum rents may be referred to as HOME Rents. HOME Rents are subject to change annually and will be made available to applicants by WCDA.

Low HOME Rent- 100% of HOME-assisted units must have rents that are at or below the Low HOME Rent. This requirement may be modified on a case by case basis at the discretion of WCDA and within the limits of the Federal Regulations.

The Low HOME Rent is available on HUD's website as disclosed in the Affordable Housing Plan Current Year Summary Attachment "C" Item "1".

**III. Rental Housing Production Provisions**

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The maximum allowable HUD HOME Rents must be reduced if the tenant pays for utilities. Utility adjustments are made in accordance with the HOME program Rules and Regulations. Utility adjustments proposed by owners/developers for specific projects must be approved by WCDA.

**D. Affordability Period**

HUD requires HOME-assisted Rental units be rent controlled for varying lengths of time depending upon the average amount of HOME funds invested per unit:

Rental Housing Activity	Minimum per unit HOME \$	Affordability Period
Rehab or Acquisition of Existing	<\$15,000/unit	5 years
Rehab or Acquisition of Existing	\$15,000-\$40,000	10 years
Rehab or Acquisition of Existing	>\$40,000	15 years
New Construction	All amounts	20 years

Maximum monthly rents and utility allowances must be recalculated annually by the owner. They are reviewed and approved by WCDA. Rent increases may be permitted, but tenants must be given at least 30 days written notice before increases are implemented. Any increases are also subject to other provisions of the lease agreements and subject to approval by WCDA.

**E. Occupancy of HOME-Assisted Rental Units**

There are two Federal constraints on occupancy:

1. **INCOME TARGETING:**  
90% of the units assisted with HOME Funds for rental housing must be used to assist tenants who have annual incomes that are 60% or less of the area median income. The remaining dwelling units assisted with such funds may be used to assist families with household incomes between 60% and 80% of median.
  
2. **PROJECT REQUIREMENT:**  
In projects with five or more rental units, or in the case of an owner of multiple one or two unit projects with a total of five or more rental units, not less than 20% of the rental units must be occupied by very low-income families (50% of area median income) bearing rents not greater than the Low HOME Rents determined by HUD, less any tenant paid utilities.

Owners of rental housing funded with HOME funds are required to have a written occupancy policy in place prior to the occupancy of HOME-assisted units. This policy should outline who is eligible for the units and be consistent with fair housing laws. The HOME regulations list a number of prohibited lease provisions and some required lease provisions with which owners should become familiar. WCDA has a Suggested Occupancy Policy and a list of these provisions that owners can adapt for their project.

**F. Determining the Initial Income Eligibility of HOME Tenants/Homeowners**

The HOME Program beneficiaries under Rental Housing Production are tenants with incomes at or below 50% of the Area Median Income. The income of each tenant/homeowner must be determined initially in

accordance with 24 CFR 92.203 by using Annual Income as defined under the Section 8 Housing Assistance Payments programs in 24 CFR Part 5.609.

**G. Annual Recertification of Income**

The annual incomes of tenants in HOME projects must be re-examined each year during the period of affordability. The project owner must re-examine each tenant's annual income by utilizing third party source documents evidencing annual income.

WCDA will require that the owner of HOME-assisted rental units report at least once a year on the annual income of all tenants.

**H. Increases in Tenant Income**

Tenants occupying HOME-assisted units whose annual incomes exceed 80% of median (that is, they are no longer low-income) may stay in their HOME-assisted apartments. Over income tenants (those who no longer qualify as low income) in HOME-assisted units must pay no less than 30% of their adjusted monthly income for rent and utilities. Adjusted income is calculated according to the rules for the Section 8 Program. In general, adjustments are made by deducting from the annual income certain allowances.

For rental housing with Low-Income Housing Tax Credits and for units under local rent controls, when a tenant's income increases above 80 percent of the area median income, that tenant's rent will not have to be adjusted to 30 percent of the family's income. However, the next available unit of comparable size must be rented to a HOME eligible household, at which time the 80% unit will be re-classified as a Tax Credit unit at the appropriate income and rent level. The rent on the 80% unit may not be increased until the unit is replaced with a qualifying HOME unit.

WCDA will review the owner's recertification of tenant income annually. WCDA will review rent and utility allowances annually. WCDA will perform on-site inspection for compliance with the HOME Investment Partnerships Programs Property Standards cited at 92.251 which includes that the housing be maintained as decent, safe, and sanitary housing in good repair, meet all applicable State and local code requirement and ordinances and in absence of State or local code requirements and ordinances, property must meet HUD's Uniform Physical Condition Standards (UPCS) prescribed by HUD pursuant to 24 CFR 5.705 (except for the scoring, item weight and level of criticality) at least once every three years.

WCDA will review the owner's compliance with Written Agreements annually.

**I. Eligible Activities for Rental Housing Production**

The following activities are eligible for rental housing production with HOME funds:

1. REHABILITATION -
  - a. Rehabilitation of existing structures; and  
Rehabilitation and Refinancing to permit or continue affordability under 24 CFR 92.252.

III. Rental Housing Production Provisions

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- Rehabilitation must be the primary eligible activity requiring at least \$30,000 of required rehabilitation costs per unit.
  - A CNA must be provided by an unrelated Professional CNA provider to include a unit by unit breakdown and budget at time of application. The CNA must include an estimate of the remaining useful life of major systems and estimates of replacement costs. Major systems include: structural support, roofing, cladding, weather proofing (windows, doors, siding, gutters), plumbing, electrical and heating, ventilations, and air conditioning.
  - A review of the owner's management practices will be made in order to determine that disinvestment in the property has not occurred, that the long term needs of the project can be met and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated.
  - Refinancing must be made for the purposes of maintaining current affordable units or creating additional affordable units and the rehabilitation cost must be greater than the amount of debt that is refinanced.
  - The minimum required period of affordability would be 15 years.
  - Refinancing is an eligible activity throughout the State of Wyoming under the HOME Program.
  - HOME funds cannot be used to refinance multifamily loans made or insured by any Federal program, including CDBG.
- b. Conversion - Conversion of an existing structure from an alternative use to affordable, residential housing is an eligible activity and is considered rehabilitation. If conversion involves additional units beyond the walls of an existing structure, the project will be deemed new construction.
- c. Reconstruction - Reconstruction is defined as the rebuilding, on the same lot, of housing standing on a site at the time of project commitment. The number of housing units on the lot may not be decreased or increased as part of a reconstruction project, but the number of rooms per unit may be increased or decreased. Reconstruction also includes replacing an existing substandard unit of manufactured housing with a new or standard unit of manufactured housing.
2. ACQUISITION - Acquisition of an eligible property is eligible as part of a rental housing project.
3. NEW CONSTRUCTION - New Construction is an eligible use of HOME funds. New Construction is also defined as housing that has received an initial certificate of occupancy or equivalent document within a one-year period before the commitment of HOME funds to the project.

If all HOME-assisted units are not rented within 5 months from project completion, Owner must provide WCDA information about current marketing efforts and an enhanced plan for marketing the units so that it is leased as quickly as possible. If efforts to market the units are unsuccessful and the unit is not occupied by an eligible tenant, Owner will be required to repay all HOME fund invested in the unit.

**J. Eligible Costs**

HOME funding is disbursed on a reimbursement basis. After costs have been incurred and paid by the project, a reimbursement request may be submitted for Land acquisition and/or Costs as outlined below. A 10% retainage will be withheld from each draw request until the project is completed, placed in service and all documentation sufficient to WCDA is submitted to close out the project. All draws will be processed once a month.

1. **Land Acquisition Costs**
2. **Development Hard Costs** - The actual construction and/or rehabilitation costs including:
  - a. Costs of actual material and labor
  - b. Costs to meet the International Residential Code or International Building Code (as applicable to the type of housing) of the International Code Council
  - c. Costs to meet rehabilitation standards
  - d. Essential improvements
  - e. Energy-related improvements
  - f. Costs to contain or abate Lead-based paint hazards
  - g. Costs to mitigate hazards including but not limited to mold, asbestos, radon, and drugs
  - h. Improvements for handicapped persons
  - i. Repair or replacement of major systems in danger of failure
  - j. Incipient repairs and general property improvements of a non-luxury nature
3. **Demolition Costs** but only when part of a rehabilitation project.
4. **Site Improvements** and utility connections can be funded with HOME funds only when conducted in conjunction with HOME eligible activities.
5. **Related Soft Costs** - reasonable and necessary costs, including:
  1. Architectural, engineering or related professional services (inspection, work write-ups) to a third party.
  2. Financing costs such as loan points, credit and title costs, recordation fees, building permits, legal fees, appraisals, developer fees.
  3. Relocation costs (permanent and temporary), affirmative marketing, and fair housing information services.

## IV. HOME/WRAP

WCDA administers a single family rehabilitation program similar to the Neighborhood Stabilization Program, Wyoming Rehabilitation and Acquisition Program (WRAP), called HOME/WRAP. This program may consist of Acquisition, Rehabilitation and/or Financing. Financing is subject to Recapture provisions as outlined in the HOME Program Description Section XIV HOME Program Definitions – Recapture.

**A. The Eligible Homebuyer**

The homebuyer must have a gross annual income that does not exceed 80 percent of HUD's median income for the area. Third party written verification of income will be required. Other requirements must be met in order to meet credit worthiness and financial capacity.

**B. The Eligible Property Type**

An eligible property is any single family property which the value of the property, after rehabilitation, does not exceed the HOME Single Family limits in effect at the time of HOME funds commitment.

All properties must also meet HUD's site and environmental requirements summarized below in Section VII Site and Neighborhood Requirements.

**C. Affordability Period**

Minimum Affordability Periods are as follows:

Amount of HOME Investment	Minimum Affordability Period
\$0 - \$ 15,000	5 years
\$ 15,001 - \$40,000	10 years
\$ 40,001 - or more	15 years

**D. Conversion to rental - If the home is not sold with 9 months after rehabilitation is completed it must be converted to a rental property. If units are not occupied within 18 months from completion of rehabilitation all HOME funds must be paid back to HUD.**

Should a property be sold or cease to be occupied by a qualified household during the period of time specified, Recapture provisions as outlined in Section XIV HOME Program Definitions will apply.

## **V. PROPERTY STANDARDS**

Housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In absence of a local code for new construction or rehabilitation, HOME-assisted new construction or rehabilitation must meet: as applicable, the International Residential Code or International Building Code (as applicable to the type of housing) of the International Code Council. All new construction project must all meet the requirements in 24 CFR Part 92.251 (a)(2)(i) through (v).

Construction of all manufactured housing must meet the Manufactured Home Construction and Safety Standards established in 24 CFR Part 3280. These standards preempt State and local codes covering the same aspects of performance for such housing. Applicants providing HOME assistance to install manufactured housing units must comply with applicable State and local laws or codes. In the absence of such laws or codes, the applicant must comply with the manufacturer's written instructions for manufactured housing units.

Since HOME regulations require that HOME-assisted units meet a minimum property standard, HOME funds cannot be used for emergency repair programs.

## VI. ELIGIBLE REHABILITATION COSTS

- A. Development Hard Costs** - The actual rehabilitation costs including:
1. Costs to meet the International Residential Code or International Building Code (as applicable to the type of housing) of the International Code Council
  2. Costs to meet rehabilitation standards
  3. Essential improvements
  4. Energy-related improvements
  5. Costs to contain or abate Lead-based paint hazards
  6. Costs to mitigate hazards including but not limited to mold, asbestos, radon, and drugs
  7. Improvements for handicapped persons
  8. Repair or replacement of major housing systems in danger of failure
  9. Incipient repairs and general property improvements of a non-luxury nature
- B. Demolition Costs** when part of a rehabilitation project.
- C. Site Improvements** and utility connections can be funded with HOME funds only when conducted in conjunction with HOME eligible activities.
- D. Related Soft Costs** - reasonable and necessary costs, including:
1. Architectural, engineering or related professional services (inspection, work write-ups) to a third party.
  2. Financing costs such as loan points, credit and title costs, recordation fees, building permits, legal fees, appraisals, and developer fees.
  3. Relocation costs (permanent and temporary), affirmative marketing, and fair housing information services.
- E. Refinancing Costs** – only when cost of rehabilitation exceeds cost of refinancing.

## VII. SITE AND NEIGHBORHOOD REQUIREMENTS

HOME projects must be located on a site eligible for federal financial assistance. The types of items that are reviewed when looking at a site are listed below:

- A. The site's proximity to noise sources such as railroads, highways or busy streets, and airports or military airfields.
- B. The site and the project must have a clearance from the state historic preservation office.
- C. The site cannot be in a 100-year flood plain.
- D. Lead-based paint and asbestos are concerns and must be dealt with in accordance with HUD and state requirements.
- E. The site's proximity (within 3,000 feet) to a hazardous waste site listed on the CERCLIS list.
- F. The site's proximity to above ground storage tanks with hazardous materials.
- G. Zoning and Uses of land surrounding site (Commercial, Business, and Industrial uses are not appropriate).
- H. Proximity to Services

WCDA will also do a site visit to determine the site's suitability for the type of housing being proposed. All funded projects will have to meet HUD's environmental review process and HUD's site and neighborhood standards requirement at 24 CFR Part 983.57(e)(2) and (3).

Projects with sites that do not meet the cited site and neighborhood standards or do not promote compliance with civil rights laws, or promote greater choice of housing opportunities will be denied funding regardless of ranking or scoring. Site selection is extremely important and is part of the evaluation and ranking process.

## **VIII. ELIGIBLE FORMS OF FINANCIAL ASSISTANCE**

HOME funds can be structured as follows:

- A. Interest-bearing loans
- B. Non-interest-bearing loans
- C. Interest subsidies that leverage other monies
- D. Deferred payment loans
- E. Forgivable loans
- F. Alternative forms must be approved by HUD

## IX. MATCHING REQUIREMENTS

HUD requires that 25% of the HOME funds are matched by a non-federal eligible matching contribution. Matching funds are the local contribution to the partnership. Match obligations must be met in the fiscal year they occur.

### A. Forms of matching contribution.

The match obligations can be met with:

1. Cash from a non-federal source (owner's cash is not eligible as match)
2. Value of waived taxes, fees or charges
3. Value of donated land or real property
4. Cost of infrastructure improvements not made with federal resources associated with HOME projects
5. Proceeds from multifamily and single family affordable housing project bond financing validly issued by a State or local government or an agency or instrumentality of the State or local government
6. Reasonable value of donated site-preparation and construction materials not acquired with Federal resources
7. Reasonable rental value of the donated use of site preparation or construction equipment
8. The value of donated or voluntary labor or professional services
9. The value of sweat equity
10. The direct cost of supportive services provided to families residing in HOME-assisted units during the period of affordability
11. The direct cost of homebuyer counseling services provided to families that acquire a property with HOME assistance

### B. Size of the Match

Every HOME project requires a 25% match contribution meaning that 25% of the HOME funds in a project must be matched by non-federal funds. For FY 2017, applicants will only be required to provide a minimum match of at least 5.0%.

### B. Match Pool Funding

There will not be WCDA Match Pool funding available for this year as there has been in previous years. However, if projects require an additional financing source, they may contact WCDA for additional information on funding alternatives.

### C. Sources of Match

Match providers will include a wide array of local providers, both public and private. These may include:

1. Local tax funded initiatives
2. Tax assessing offices
3. Water and sewer departments
4. Streets and sidewalk departments
5. Redevelopment agencies
6. Public housing agencies
7. State agencies

IX. Matching Requirements

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8. State tax funded initiatives
9. Charitable organizations/foundations
10. Private sector organizations
11. Lending institutions
12. Corporate donations/commitments

## **X. DOUBLE DIPPING ON HOME-ASSISTED PROJECTS**

Except for the first year after project completion, no further HOME funds can be used during the relevant period of affordability. The period of affordability will vary depending on the type of HOME activity.

## **XI. HOME INVESTMENT PER UNIT**

The maximum, average subsidy per HOME-assisted unit is established by HUD. Maximum Subsidy limits for Wyoming can be found in the WCDA Allocation Plan Current Year Summary, Attachment "A".

Only units receiving HOME monies are considered "HOME-Assisted Units". HOME expenditure limits, rent and occupancy rules only apply to HOME-Assisted Units.

## **XII. POLICIES & PROCEDURES**

### **A. AFFIRMATIVE MARKETING**

It is the affirmative marketing policy of WCDA to inform the public, homeowners, landlords and potential tenants about the Federal Fair Housing laws and the affirmative marketing goals by:

1. Making this program available for public review. An overview of the marketing policy is included.
2. Upon qualification and selection of a HOME project, the owner will be notified of Equal Opportunity requirements.
3. All advertising and literature used for the HOME program will carry the Equal Housing Opportunity logo or slogan.
4. Copies of media releases, advertisements and announcements where the HOME program was presented, will be maintained.
5. Affirmative marketing to the general public, landlords, tenants and homeowners will be done by the placement of public notices in the applicable local newspapers. The Casper Star-Tribune is considered the major Wyoming newspaper having statewide circulation.

As projects are completed, owners will send written notices containing information about the project (size of units, rent, etc.) to agencies such as the Department of Family Services and the local Salvation Army.

6. WCDA has a housing program brochure that briefly describes WCDA's housing programs. This brochure will be used to affirmatively market the HOME Program to the general public, tenants, and owners.
7. Throughout the year, WCDA has opportunities to affirmatively market the HOME Program on a statewide basis to realtors, lenders, and other housing and redevelopment officials at meetings and seminars in which WCDA participates.
8. Landlords will be advised that they must comply with Equal Housing Opportunity laws and their literature must contain the Equal Housing Opportunity logo. All projects will be required to display a fair housing poster when advertising vacancies. If it is found that a landlord is failing to follow the affirmative marketing requirements and blatantly ignoring fair housing laws, WCDA may enforce the default section of the HOME Agreement and promissory note.
9. If landlords are seeking tenants to fill vacant units, they will be provided assistance by WCDA in outreach methods for contacting groups and ethnic organizations to ensure equal access is provided. Landlords will be required to send written notices of vacancies to employment centers, places of worship or other community organizations that work with low-income persons.

XII. Policies & Procedures

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10. Landlords of HOME-assisted units will be required to keep records of families who apply for housing and document those cases where someone was denied housing. At a minimum, these records will contain data regarding income, family size, and minority status. Landlords will be required to keep copies of all media releases and advertisements for vacancies.
11. Any alleged housing discrimination complaints will be forwarded to the U.S. Department of Housing and Urban Development.
12. WCDA will monitor units of general local government to encourage their adoption of affirmative marketing procedures. On-site monitoring will be performed as required by HUD HOME Regulations.
13. Homebuyer's Education courses, made available through the Wyoming Housing Network, Inc. (WHN), will provide for a discussion of fair housing.
14. Information on fair housing can be obtained from the regional Fair Housing Office in Denver. The mailing address for this office is Office of Fair Housing, US-HUD, 1670 Broadway, 23rd floor, Denver, CO 80202-4801 and the phone number for Fair Housing complaints is 800-877-7353.

**B. MINORITY BUSINESS ENTERPRISE & WOMEN-OWNED BUSINESS**

**ENTERPRISE (MBE & WBE) OUTREACH PROGRAM (24 CFR 92.350 & 92.351)**

If awarded HOME funds, WCDA will require general contractors on projects being funded with HOME to solicit bids from minority-owned (MBE) and female-owned (WBE) businesses to the extent practicable. Documentation and data on the steps taken to reach out to MBE/WBE businesses will be required to be submitted to WCDA. WCDA will maintain project records on the use and participation of MBE and WBE.

**Davis Bacon and other Labor Laws** - If Davis Bacon and other labor laws apply, include experience with meeting these requirements.

## **XIII. HOME PROGRAM DEFINITIONS**

### **Adjusted Income**

Adjusted income is used in HOME to compute actual tenant rent payment for tenants who are required to pay 30% of their Adjusted Income for rent and utilities. Adjusted income is annual (gross) income reduced by deductions for dependents, elderly households, medical expenses, handicap assistance expenses and childcare.

### **Acquisition Cost/Purchase Price**

Acquisition Cost is defined to mean the cost of acquiring the residence from the seller as a complete residential unit. Acquisition Cost includes the following; (1) All amounts paid, either in cash or in kind, by the mortgagor (or a related party for the benefit of the mortgagor) to the seller (or a related party for the benefit of the seller) as consideration for the residence; (2) If a residence is incomplete, the reasonable cost of completing the residence, including construction loan interest and fees, whether or not the cost of completing construction is to be financed from the mortgage loan; and (3) Where a residence is purchased subject to a ground rent (leased land), the capitalized value of the ground rent, using a discount rate provided by WCDA based on the related bond yield (currently between 5% and 7%).

### **Affordability**

Affordability requirements are the HOME regulations at 24 CFR Part 92 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; new construction vs. rehabilitation).

### **Annual (Gross) Income**

The HOME Program allows for the use of one of two "Annual Income" definitions as described in 24 CFR Part 92.203. Annual Income is used for homeowner, homebuyer and tenant eligibility and targeting purposes. Changes to the HOME Final Rule published in the Federal Register July 24, 2013 eliminates the definition that is based on income reported on the U.S. Census Long Form.

### **CDBG**

CDBG means the Community Development Block Grant program under 24 CFR Part 570.

### **Commitment**

The written, legally binding agreement that includes the date of the signature of each person signing the agreement, between the Participating Jurisdiction (or other entity) and the project owner providing a specific amount of HOME funds for an identifiable project for which all necessary financing has secured a firm commitment, a budget and schedule have been established, and underwriting has been completed and under which construction is scheduled to start within twelve months of the agreement date.

### **Community Housing Development Organization (CHDO)**

A Community Housing Development Organization (CHDO) is a private, non-profit organization that meets a series of qualifications prescribed in the HOME Regulations. CHDOs must receive at least 15 percent of a participating jurisdiction's annual allocation of HOME funds. Changes to the HOME Final Rule published in the Federal Register July 24, 2013 amended the qualifications to become a CHDO. The most significant changes include the requirement

that the CHDO have demonstrated capacity for carrying out housing projects assisted with HOME funds. This requirement may NOT be met with a consultant, volunteer or board members. The CHDO must have paid staff with the demonstrated capacity. For complete qualification requirements see 24 CFR Part 92.2

**Consolidated Plan**

Consolidated plan means the plan submitted and approved in accordance with 24 CFR Part 91.

**HOME-Assisted Units**

A term that refers to units within a HOME project where HOME funds are used and rent, occupancy, or resale/recapture restrictions apply.

**HOME Funds**

HOME funds include all appropriations for the HOME Program, plus all repayments and interest or other return on the investment of these funds.

**Homeownership**

Homeownership is defined as ownership in fee simple title in a 1- to 4-unit dwelling or in a condominium unit, or equivalent form of ownership approved by HUD. Changes to the HOME Final Rule published in the Federal Register July 24, 2013 clarified when a long term ground lease is acceptable and elucidated Contract for Deeds are not an acceptable form of ownership. For further information see 24 CFR Part 92.2.

**Low-Income Families**

Families whose annual incomes do not exceed 80 percent of the median income for the area (adjusted for family size). HUD may establish income ceilings higher or lower than 80 percent of median income for an area on an exception basis. **CAUTION:** Changes to the HOME Final Rule published in the Federal Register July 24, 2013 amended the definition of a low-income family as it relates to students.

**New Construction**

For purposes of the HOME Program, new construction is any project with commitment of HOME funds made within one year of the date of initial certificate of occupancy. Any project that includes the creation of additional dwelling units outside the existing walls of a structure is also considered new construction.

**Program Income**

Changes to the HOME Final Rule published in the Federal Register July 24, 2013 clarified HUD's long standing position that Gross income from the use or rental of real property that was acquired, rehabilitated, or constructed with HOME funds, less costs incidental to generation of the income (Program income does NOT include gross income from the use, rental or sale of real property received by the project owner, unless the funds are paid by the project owner to the PJ.

**Project**

A site or an entire building or two or more buildings, together with the site or sites on which the building or buildings is/are located, that 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. If there is more than one site associated with the project, the sites must be within a four (4) block area.

**Project Completion**

All necessary title transfer requirements and construction work have been performed; the project complies with the requirements of 24 CFR Part 92 including the property standards under §92.251; the final drawdown of HOME funds has been disbursed for the project; and the project completion information has been entered into IDIS.

**Purchase Price**

See Acquisition Cost.

**Recapture**

Any HOME homeownership activity available under the Wyoming HOME Program is subject to Resale or Recapture provisions. To ensure a fair return to the homebuyer based on economic conditions as well as the condition of the home, the homebuyer will receive the balance of the Net Available Proceeds after the entire HOME Investment has been paid.

The Recapture requirement must be stipulated in a lien document separate from the mortgage which must be recorded. These recapture provisions will be achieved by having the following language in the Note and separate lien document, which is recorded in county records; “In the event of a sale (whether voluntary or involuntary) of the Property subject to the Mortgage, Borrower may be relieved from the obligation to pay a portion of amount due under this NOTE, including Principal, only if the deficiency from the sale results from an economic condition or factors beyond the Borrower’s control and not caused by the Borrower, such as unforeseen destruction or damage to the property and in the following, limited circumstance: If the net proceeds from the sale (net proceeds means the sale price minus closing costs of the sale) are not sufficient to pay all late charges, expenses, fees (including attorney’s fees) and any other charges plus the entire Interest and Principal amount then due, payment of the net proceeds resulting from the sale to Lender will constitute payment in full of this NOTE and borrower shall be released from liability for any further payment. Provided, however, that if the sale is voluntary, the amount of the sale price must be equivalent to a price that unrelated, willing buyers and sellers would agree upon according to real estate market conditions that exist at the time and place of sale, otherwise Borrower shall not be released from liability for any further payment, unless otherwise agreed by Lender.”

**Reconstruction**

Reconstruction means the rebuilding, on the same lot, of housing standing on a site at the time of project commitment, except that housing that was destroyed may be rebuilt on the same lot if HOME funds are committed within 12 months of the date of destruction. The number of housing units on the lot may not be decreased or increased as part of a reconstruction project, but the number of rooms per unit may be increased or decreased.

**State Recipient**

Any unit of local government designated by a state to receive HOME funds. The state is responsible for ensuring the HOME funds allocated to State recipients are used in accordance with the HOME regulations and other applicable laws.

**Sub-recipient**

Means a public agency or non-profit organization selected by a participating jurisdiction to administer all or a portion

of the participating jurisdiction's HOME Program. A public agency or non-profit organization that receives HOME funds solely as a developer or owner of housing is not a sub-recipient.

**Substandard Condition**

Any residence that does not comply with the standards noted in the most currently adopted edition of the Uniform Housing Code.

**Substandard Condition but Suitable for Rehabilitation**

Any residence which does not comply with the standards noted in the most currently adopted edition of the Uniform Housing Code, yet is economically practical to rehabilitate. Thus, the cost of acquisition and rehabilitation does not exceed after rehabilitation value of the structure.

**Targeting**

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

**Uniform Physical Condition Standards (UPCS)**

Uniform national standards established by HUD pursuant to 24 CFR 5.703 for housing that is decent, safe, sanitary, and in good repair. Standards are established for inspection items for each of the following areas: site, building exterior, building systems, dwelling units and common areas.

**Very Low-Income**

Families whose incomes (adjusted for family size) does not exceed 50 percent of the median income for the area. HUD may establish income ceilings higher or lower than 50 percent of median income for an area on an exception basis. An individual does not qualify as a very low-income family if the individual is a student who is not eligible to received Section 8 assistance under 24 CFR 5.612.